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Essays on status dynamics in collectivistic institutions

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I hereby declare that this PhD dissertation is my original work

and it has been written by me in its entirety.

I have duly acknowledged all the sources of information

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This PhD dissertation has also not been submitted for any degree

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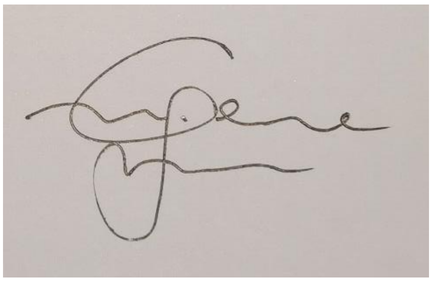

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Essays on Status Dynamics in Collectivistic Institutions

An Introduction

An Arc of Neoliberalism: Boards' Responses to Explicitization of Governance in Europe

From Celebrity to Legacy: How Luck, Expectation, and Humanistic Spirit Contribute to Sustainable High Status

Table of Contents

An Introduction

“How come you got such a gorgeous lawn? … Oh, absolutely. There is nothing to it, old boy; just keep it up for five centuries.”

“In addition, the irresistible *Thorstein Veblen* would have commented, *genuine blue-blooded nobility such as his lordship’s can only be produced through several generations of careful breeding*.” – Dierickx & Cool (1989: 1507 italicized; on Sustainability of Privileged Asset Positions, Imitation of Asset Stocks, and Time Compression Diseconomies)

Why some social actors enjoy long term respect while others do not? How do social actors make decisions in status hierarchies? How do status hierarchies and institutions (co)evolve? If high status positions are so privileged and are a result of “successes” – inherited or gained, ambitious and perhaps self-centered social actors can/will act to gain or to defend status. Yet even the highest status actors do not define the whole of the reality – and institutions, and thus every actor is subject to some selections by the collectivity of the institutions, or the ever-changing institution. A tension between the status hierarchy and the institution always exists, together with a spectrum of self-interested to collective-oriented reasons that initiate and hold back institutional changes.

The empirical investigation *Boards’ Responses to Explicitization of Governance in Europe: An Arc of Neoliberalism* focuses on the influence of the institutional characteristics – specifically the exclusiveness of the elite structure in the local institutions – on the decision making of social actors of various status. Practically, this investigation is pertinent because it underpins elites’ decision making as a corollary of the explicitization of corporate social responsibility (CSR) in Europe overviewed in Matten & Moon's (2008; 2020) award winning essays. Comparatively, the authors illustrated how the Explicit CSR concept, which was originated from the US market-based institution that features firms engaging in voluntary CSR programs when motivated by the perceived expectations of various stakeholders, has experienced debates, if not incompatibility, and has been gradually adopted by the European institutions that originally held the Implicit CSR, which describes corporations' role within the wider institutions for society's interests and concerns while consisting of values, norms, and rules that result from societal consensus on the legitimate expectations for the groups in the society. The current empirical investigation focuses on how the interplay of status and institutional characteristics affects the appointment of directors with top ESG (Environmental, Social, Governance) backgrounds, which is employed here to represent a tentacle of financialization (Carruthers & Kim, 2011) or marketization (Espeland & Stevens, 1998) because ESG turns originally incommensurable social efforts comparable, and tradable.

But this reliance on (capital) market mechanisms has not happened in a vacuum. In the realm of neoliberalism, which sought to dismantle or suppress extramarket forms of economic coordination (Amable, 2011), private financial innovators increasingly assume a heroic role in the neoliberal psyche, while unions and public spending recipients are often construed as villains (Somers & Block, 2005). However, neoliberalism has fallen short from its original promise of leading to shared prosperity and democracy and has led to more inequality ironically (Stiglitz, 2019). The "effects of capital-market liberalization were particularly odious" because policy makers either give in to Wall Street or face a severe financial crisis; citizens either vote for governments that give in and let social welfare protection give way or let their countries lose competitiveness and jobs. While Centeno & Cohen (2012) argue that neoliberalism gains its footing as both a calculated political choice, because it brings mid- to short-term benefits to the political parties who support it, and an easily acceptable or normalized ideology for free choices (in markets) among laymen; what would be the dynamics within the European elite circles in face of this popular culture, or "hegemony" (c.f. Bourdieu, 1999; Gramsci, 1992 [1927])? Would they follow the paths of Ahmadjian & Robbins's (2005) or Fiss & Zajac's (2004), or would they be lured by the incentives to give in to purer market mechanisms as the managers did in Geng, Yoshikawa, & Colpan (2016)?

Theoretically and beside the above practical significance, the empirical investigation corresponds to the changing patterns of association among social actors of various statuses, or dynamism in the elite networks, during an institutional change. ESG score itself represents a commensuration and a quantification (Espeland & Stevens, 1998) that make originally distinct subjects, such as an implicit mode of social coordination versus an explicit mode of legitimacy seeking CSR, comparable when following an established matrix. As Mennicken & Espeland (2019) suggests, such commensuration would likely lead to a re-ordering of the social orders, giving rise to new powers and capacities for professionals or forms of expertise (Miller, 2001; Miller & Power, 2013). The current empirical investigation also has implications on the elites' careers; which is probably worthwhile given elites' resources held and power over the societies in general (Rahman Khan, 2012). Hence, the study contributes to the literature of status.

First, Sauder, Lynn, & Podolny[1] (2012: 277 italicized, as below too) pointed out that "*such transformations in actor-level characteristics are not sufficient* or satisfying explanations of status change." We thus focus on exogenous ESG "scores" that are inherited from one's previous board or employer but are only loosely coupled with individuals' qualities. Second, we directly address Sauder et al.'s (2012: 279) call "*Under what conditions will status pressures toward middle-status conformity hold sway and, alternatively, what characteristics of status systems will create greater status demands for high- and low-status actors? What types of hierarchies will be most vulnerable to the status assessments of third parties?* These types of distinctions are valuable for helping us to understand *how contexts affect status processes*, a question that has fallen to the background of recent status debates (Sauder 2005)" by testing if the imprinted social norm as a pull in the embedded core of elites could resist outside pressure: namely a status/reputation assessment by third parties. We explicitly argue that high-, low-, and middle-status elites face differentiated pressures and thus examine "*whether decision makers process cues in the same way*" (Sauder et al., 2012: 278). We argue that the vulnerability of the traditional status hierarchies depend on their exclusiveness, cohesion, and nested characteristics, thereby we elaborate opportunity structure of groups with respect to how porous their internal and external boundaries are (DiMaggio & Powell, 1983); i.e. we examine "*network*… a platform from which to build new theoretical insights… regarding the basic, descriptive properties of observed status hierarchies (e.g.

[1] The rationales for studying these broad questions are perhaps best justified from Sauder et al. (2012), which references, on top of the published works, a substantial amount of working papers that are later published and are compatible with the ideas developed in the current study.

what is the shape of the hierarchy, how stable is the ordering).” (Sauder et al., 2012: 275)

Simultaneously, our study of status hierarchies draws attention to the “*broad contextual and structural factors that help shape status dynamics within fields*… recognize the *value systems that both undergird and justify status distinctions and explore the processes by which these values are determined*…” and follows three fruitful avenues: “*how the structure or shape of status hierarchies influences status activity, the system-level adjudication (in terms of both its justification and mechanics) of status position and reward, and the interaction of competing status systems*.” (Sauder et al., 2012; 275-276) Accordingly, we recognize the sharp difference between the value in the traditional system of coordination in Europe versus the explicit market value in the emerging ESG scoring (Matten & Moon, 2008) as an external reward system, yet emphasize elite network tie building, i.e. appointment of board members, as the key dynamism in implying local status reproduction, lost, as well as reshuffles as a result of external institutional change. We thus demonstrate how systems of status – European implicit coordination versus capital market neoliberalism – compete by closely examine the substances in the “rights and duties” (Bonacich, 1987: 1172) versus individual incentives (c.f. Geng et al., 2016) and status gain.

Specifically, as in Sauder et al. (2012: 277-278), we note that “a deeper examination of *the assumption that actors rely on status signals to reduce uncertainty*” is needed, so we agree with Fini, Jourdan, & Perkmann (2018) but examine a more proximal outcome: status affiliation when prompted by ESG scores, a signal from a different rationality (More details on reputation and status in the empirical work). To us, that different rationality itself means a great uncertainty to the social actors as collectives because that neoliberalism undermines the social basis of coordination and institution for those collectives. (c.f. "further consideration is needed regarding the *nature of uncertainty faced by decision makers.*" Sauder et al., 2012: 278) Therefore the choices of the high status core elites in their organizations matter a lot for the fate of the whole elites and institutions. We thereby "demonstrate the *transportability of mechanisms across levels* of analyses." (Sauder et al., 2012; 279)

A theory is also proposed to describe, explain, and predict status processes from an institutional perspective above. The theory work of the current collection *From celebrity to legacy: How luck, expectation, and humanistic spirit contribute to sustainable high status* theorizes the value, and the inequality in the distribution of the value, of the rewards given to social actors of various statuses. Specifically, by connecting the durability of the status hierarchies to the stability of the institutions, this theory explains the collectively or socially given role of high status actors or legacies in selecting and approving elements that would lead to institutional or societal changes, i.e. frames carried by practices. In this sense, high status actors occupy, or "are employed by certain value systems to" (c.f. Blader & Yu, 2017; Gould, 2002; Falk, Becker, Dohmen, Enke, Huffman, & Sunde, 2018; Jensen, 2006; Magee & Galinsky, 2008), a different role than do the low status up-and-comers, who will need to demonstrate their expectations and knowledge in the society's needs – or in other words, the ability to assume that role of the high status – in order to gradually establish their "rent" in the society (c.f. Alvarez & Barney, 2004; Coff, 1999; 2010; Barney, 2018). Naturally, contributions made along the proposed frames by social actors follow, to a certain extent at least, time compression diseconomies and thus are similar to “asset stocks” that are hard for others to imitate, and therefore grant the social actors a privileged “asset position” (c.f. Dierickx & Cool, 1989).

In this way, this proposed theory sheds light on how the constraints faced by high status “for the most part act to preserve more general long-term benefits” (Sauder et al., 2012: 272) when enough respect is paid to the “broad contextual and structural factors” including “the value systems that both undergird and justify status distinctions”; i.e. “the system-level adjudication of status position and reward” (ibid: 275-276). We thus answer to Sauder et al.’s (2012: 275-276) call to emphasize “the *broad contextual and structural factors that help shape status dynamics within fields*… recognize the *value systems that both undergird and justify status distinctions and explore the processes by which these values are determined”*… along “three fruitful avenues: *how the structure or shape of status hierarchies influences status activity, the system-level adjudication (in terms of both its justification and mechanics) of status position and reward, and the interaction of competing status systems*.” In doing so, the multi-level theory demonstrates the *transportability of mechanisms across levels* of analyses (Sauder et al., 2012: 279) by explaining how the proposed frames at the individual level will reach the meso level upon the social mobilization and interactions at the field level, as well as how the institution will determine the outcomes of such field level interactions. The theory also redefines what actor-level “qualities” – i.e. superior expectation or the knowledge of what would be acceptable to all, or luck – are relevant and explicates “the assumption that actors rely on status signals to reduce uncertainty”, and reveals “the nature of uncertainty faced by decision makers", who process cues in differentiated ways (Sauder et al., 2012: 277-278). For instance, those with superior expectation will be able to come up with frames and contribute accordingly that will subsequently be proven right. The existing high status actors who had proven their ability will make the selection. Those who have "correctly" chosen the upcoming frames will sustain their status in the long run. This theorization is also justified with the help of a review of both literatures of status and institutions, which points to the fact that status hierarchies are rigid except around institutional changes, and thus "*genuine blue-blooded nobility can only be produced through several generations of careful breeding*". More importantly, the key to explain status dynamics lies not in status gains per se, but in institutional elements that had embedded or nurtured the rise and the maintenance of the status hierarchies [Table 1].

[Overall abstract:

The essays reflect on the relationship between status hierarchies and institutional changes. In the course of accumulating social resources, high status actors lead and become the change in the institution; the relationship between the leaders and their communities is especially fascinating. A theory is proposed to explain the general patterns of status dynamics and an empirical test is conducted to partially test the theorized social relationships. This study highlights the strength of social governance in ensuring collective well-being in the course of never-ending changes in the institution.]

A REVIEW OF THE LITERATURE

This section aims at highlighting lines of research that point to the need to spell out a theory that connects and explains insights from both the institution literature and status literature in a coherent manner. To some, institutionalism has already gained maturity and is readily applicable to a wide array of fields and contexts (e.g. Aguilera & Grøgaard, 2019; Durand & Thornton, 2018); an institutional approach to status has been brewing recently, and it is the subject of the current study. Reflecting upon the commonalities in the two literatures' developmental paths, such an approach will need to focus on the value of legitimate resources with respect to the cultural systems to formulate explanations for both the statuses of the social actors and the dynamics in the status hierarchies (c.f. Sauder et al., 2012).

INSTITUTIONALISM – FROM THE GENERAL TO THE DIFFERENTIATED

Legitimation of Organizational Structures and Practices

Early works of institutionalism provided the basic mechanisms of the institutions. Institutions were defined as processes and influences of coalitions with power and influences, competing values, informal structures, and corresponding regulations that are organized as institutions (Selznick, 1957). Meyer & Rowen (1977), DiMaggio & Powel (1983), Zucker (1977) supplied the cognitive, normative, and regulative structures to explain why practices and structures prevail and reproduce in the field as they gain legitimacy. Also noteworthy is Suchman's (1995) classic treatment of the forms of legitimacy: pragmatic – based on audience self-interest, moral – based on normative approval, and cognitive – based on comprehensibility and taken-for-grantedness; when compared with Aldrich & Fiol's (1994) analysis of both cognitive and sociopolitical legitimacy in the forming of a new field, a "cognitive turn" in institutionalism seemed quite predictable (c.f. Mizruchi & Fein, 1999; e.g.

Zuckerman, 1999); while probably the remainder of the legitimacies required more elaborations in subsequent developments in the literature.

Institutional Changes and Institutional Work in a Self-Reinforcing System

But there was no lack of reflections on the compatibility between the heterogeneity of (interests of) actors and the unifying tendencies for structures or diffusion of practices, especially when sociopolitical legitimacy is taken into account (e.g. Clemens & Cook, 1999; DiMaggio, 1988; Strang & Meyer, 1993). The quest for becoming seen as appropriate and right with respect to a value system (e.g. Haveman & Rao, 1997; Dutton & Dukerich, 1991; Rao, 1994; Elsbach & Sutton, 1992) is especially relevant for those actors who wishes to make a change in the institution; as Scott (1987: 493, 495) put it: “institutionalization as a process of instilling value” and “institutionalization as a process of creating reality” – an acceptable reality – in relation to the (experienced) social order (Berger & Luckmann, 1967).

If an institutional change is not simply attributed to an exogenous shock (Fligstein, 1991; Hoffman, 1999), the theory must rectify how an actor’s work could create, maintain, or disrupt institutions ((DiMaggio, 1988; Oliver, 1991; 1992; Dacin, Goodstein, & Scott, 2002; Lawrence and Suddaby, 2006). “Embedded agency” (Holm, 1995; Seo & Creed, 2002; Greenwood & Suddaby, 2006) seeks the explanation of how actors whose thoughts and action are constrained by institutions are nevertheless able to work to affect those institutions (Garud, Hardy, & Maguire, 2007; Zietsma & Lawrence, 2010: 189).

This intriguing paradox triggered two interconnected broad streams of research in the institutionalism literature that could shed light on how to tackle the current research questions at hand about status:

The first stream engages in breaking the institutions down into elements, namely practices. Readily known is that practices are often organized under the scopes of the powerful ones, within and among organizations in the institutions (Pfeffer, 1994; Zilber, 2002; 2006); yet, the meaning of practices are negotiated locally (Lounsbury and Crumley, 2007); with practices becoming institutionalized as meanings become shared and taken for granted across the wider field (Zilber, 2007). This stream of work reveals the importance of both contested and uncontested efforts at shaping institutions. As Garud et al. (2002) and Garud & Rappa (1994) put it: the road to make a practice *the* practice of the future is a highly political one.

The term institutional entrepreneurship refers to the "activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones" (Maguire, Hardy and Lawrence, 2004: 657 italicized) while DiMaggio (1988: 14 italicized) wrote "new institutions arise when *organized actors with sufficient resources see in them an opportunity to realize* interests that they value highly". In terms of institution, Ingram & Clay (2000) hinted the check and balance function of an institution against transaction costs that may frustrate collective ends, and suggested how institutions are "gently" pushed through the interdependencies to function better in serving collective ends (c.f. North, 1990; 1991). And in line with that choice-within-constraints argument, Cardinale (2018; but see Lok & Willmott, 2019) recently recognizes how agents are likely molded to form certain orientations and take certain courses of actions. In terms of entrepreneurship, whether it is opportunity discovery or opportunity creation

(Schumpeter, 1934; Kirzner, 1973; 1997; Shane & Venkataraman, 2000); or a mix of the two (Sydow, Schreyogg, & Koch, 2009) seems to depend on how one sees agency within unpredicted paths in (ongoing) developments in the fields (Garud, Kumaraswamy & Karnøe, 2010; Alvarez & Barney, 2007; Vergne & Durand, 2010; Sarasvathy, 2001). Garud, Schildt, & Lant (2014), which reemphasizes on legitimacy and depicts how entrepreneurial storytelling is an ongoing effort to set and manage stakeholder expectations, naturally connects to the second broad stream here.

A second stream emphasizes the techniques in the making and the contents of the meanings. Narratives (e.g. Hardy & Maguire, 2010), storytelling (e.g. Polletta, Chen, Gardner, & Motes, 2011), rhetoric (e.g. Green, 2004; Green & Li, 2011), frames and framing (e.g. Kaplan, 2008; Cornelissen and Werner, 2014) can all be seen as tools to explain how ongoing (symbolic) interactions across levels (Goffman, 1974; Gray, Purdy, & Ansari, 2015) shape institutional changes; or communicative institutionalism (Cornelissen et al., 2015) that seeks the micro foundation of institutional phenomena. These tools point to the value of the resources in the cultural systems (Giogi, Lockwood, & Glynn, 2015), especially for cultural entrepreneurs who (Lounsbury & Glynn, 2001; Lounsbury, Gehman, & Glynn, 2019) need to come up with stories that are compatible with the culture.

Meanwhile, institutional logics are "the socially constructed historical patterns of cultural symbols and material practices, assumptions, values, and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity" (Thornton & Ocasio, 1999: 804), thus representing a framework for analyzing the interrelationships among individuals, organizations, and institutions in social systems (Friedland & Alford, 1991; Thornton, Ocasio, & Lounsbury, 2012). While logics are, comparable to the tools introduced above, often used as resources and may lend power to the social actors (Dalpiaz, Rindova, & Ravasi, 2016; Durand, Szostak, Jourdan, & Thornton, 2013; Greve & Zhang, 2017; Tung et al., 2017), they are often employed to illustrate how social actors steer through institutional complexities (Greenwood, D´ıaz, Li, & Lorente, 2010; Greenwood et al., 2011; Pache & Santos, 2010; 2013; Reay & Hinings, 2009; Voronov & Yorks, 2015). Differences in logics may be obvious when comparing across fields (e.g. Zietsma, Groenewegen, Logue, & Hinings, 2017) as well as across geographical systems (Lounsbury, 2007; Geng, Yoshikawa, & Colpan, 2016; Marquis & Lounsbury, 2007; c.f. Jackson & Deeg, 2008 for thick descriptions).

From the above, after the institutional theory was proposed to argue – perhaps in an oversocialized view (Wrong, 1961) – that practices and structures would become similar as they diffuse in the society, versions of theories with differentiated focuses have been developed to answer how changes or maintenance are possible with respect to the extent and the degree of agency in the structure (Dobbin, 2010; Emirbayer & Mische, 1998; Heugens & Lander, 2009). An array of tools has thus been developed to explore both the possible trajectories for and resources available to the individual and collective agents.

This path of development is compared to the literature of status as reviewed below.

TABLE 1
Developments in Institutionalism and Status

Institutionalism	Examples of works	Status

Legitimation of practices and organizational structures	Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Suchman, 1995	Ridgeway & Berger, 1986; Berger, Ridgeway, Fisek, & Norman, 1998; Ridgeway, 1991; Ridgeway, Boyle, Kuipers, & Robinson, 1998	Legitimation of differences from interactions in and among groups
Changes and institutional work in a self-reinforcing system	Clemens & Cook, 1999; Garud, Jain, and Kumaraswamy, 2002; Fiss & Zajac, 2004; Maguire, Hardy, & Lawrence, 2004; Greenwood & Suddaby, 2006; Battilana, Leca, & Boxenbaum, 2009; Tracey, Phillips, & Jarvis, 2011	Merton, 1968; Podolny, 1993; Podolny & Phillips, 1996; Phillips & Zuckerman, 2001; Washington & Zajac, 2005; Jensen & Roy, 2008; Magee & Galinsky, 2008; Castellucci & Ertug, 2010; Pollock, Lee, Jin,	Elaborations of how the status hierarchy works

		& Lashley, 2015	
Systemic- vs Elemental-explanations	Aguilera & Grøgaard, 2019; Greenwood et al., 2011; Thornton, Ocasio, & Lounsbury, 2012; Cornelissen, Durand, Fiss, Lammers, & Vaara, 2015; Giogi, Lockwood, & Glynn, 2015	Gould, 2002; Phillips, Turco, & Zuckerman, 2013; Blader & Yu, 2017; Prato, Kypraios, Ertug, & Lee, 2019	Reflections on elemental constructions of the theories

STATUS – A MESO BRIDGE TO CONNECT GROUP DYNAMICS TO THE SOCIAL REALITY

Social actors' status in the current study is defined with respect to that actor's social standing in a status hierarchy, following Chen et al. (2012: 299), "as sociologists and anthropologists have long noted, whenever social actors gather, a status hierarchy among these actors emerges, and through that process, some actors are afforded higher esteem and social worth than others (Blau, 1964; Emerson, 1962; Homans, 1961)… from an individual actor's position within a group (Tyler & Lind 1992), to a division's standing in an organization, to an organization's network and status position in an industry or a market (Granovetter 1973, Podolny 2005)."

While it is difficult to identify a clear starting point in the history to mark the beginning of the research on status – for many intellectuals such as Marx, Spencer, Veblen, Durkheim, Weber, Foucault, and others have noted the significance of statuses in the society – and it seems that the primary interest for sociologists is not in the advantages associated with inequality but in having "warrant addressed to social needs" (Goffman, 1983: 17); what is more possible is to spot works that built on those early insights and consolidate status into the single focus in the recent literature.

As the following review shall reveal, the literature of status – like the literature of institutionalism – is being developed and prepared to tackle precisely the challenge posed by some of the earliest works in the field on the importance of the value system:

"… for the entire discussion of social values and social status it is of the highest importance to realize that for some individuals and in some periods for a considerable proportion of the population the value hierarchies may be in a condition of great flux *resulting in both ambiguity and ambivalence of status judgments*. No investigation of status and deference could afford to ignore the complications mentioned above… *resulting from ambiguous and ambivalent value systems*." (Goldhamer & Shils, 1939: 182 italicized); and

"If Marx neglected to treat value orientations as an independent variable, since he assumed them to be directly determined by power relations, Parsons neglects the analysis of power relations as an independent variable and thus ignores how value standards are affected by them." (Blau, 1955: 410)

Legitimation of Differences Within and Among Groups

Status, for organizations as well as individuals, is broadly understood as the position in a social hierarchy that results from accumulated acts of deference (Goode 1978, Whyte 1943). To demonstrate how inequality, an impactful part of social reality experienced (Berger & Luckmann, 1967), arises, a stream of early works sought focused on the status characteristics (Berger, Fisek, Norman, & Zelditch, 1977; Wagner & Berger, 1993), and the minimal conditions for status beliefs that support the favor for certain nominal characteristics and inequality, say among/between genders, emerge (Ridgeway, 1991) and diffuse (Ridgeway & Balkwell, 1997; Ridgeway, Boyle, Kuipers, & Robinson, 1998; Ridgeway & Erickson, 2000; Ridgeway et al., 2009). The focuses of these works, often supported by experiments, were often groups (Ridgeway & Berger, 1986; Ridgeway & Diekema, 1989; Berger, Ridgeway, Fisek, & Norman, 1998), which established the basic illustrative form of status structures – with exceptions of course that consider wider social settings (Berger, Ridgeway, & Zelditch, 2002). Two, among others, insights were firmly established: in occasions where certain characteristics or resources are expected to bring value, then the social actors with those characteristics would be deemed as more valuable; when evaluated in a positive light, the more resourceful is a social actor, the higher chance that the actor would be seen as high status, by the alter who holds same status belief in a direct contact or by third parties who indirectly observe deference or status values (Ridgeway, Berger, & Smith, 1985; Mark, Smith-Lovin, & Ridgeway, 2009).

Elaborations of How the Status Hierarchy Works

While it may be concluded that the above works focused on the explanations for social interactional orders, some later works aimed at providing evidence on how status hierarchies function as a social mechanism. Merton's (1968) classic established the Matthew effect that social actors who occupy a privileged position enjoy disproportionate rewards that are considered legitimate for a long term. The literature provided a constellation of examples that status advantages enhance the changes for organizational survival, they include: higher growth for a given level of performance or quality (Benjamin & Podolny, 1999; Fombrun & Shanley, 1990; Podolny, Stuart, Hannan 1996); offering a sense of security to potential exchange partners (Podolny, 1993); and securing access to survival-enhancing opportunities and assets (Jensen, 2003; Stuart & Ding, 2006; Stuart, Hoang, & Hybels, 1999). Then, through the cumulative advantages, such as awards and opportunities, high status is preserved (DiPrete & Eirich, 2006).

In terms of network ties formation, high status actors risk losing some advantages or jeopardizing own reputation or position when they accept lower status actors' affiliations (Podolny, 1993; Fombrun, 1996; Jensen & Roy, 2008), so ties are more likely formed between actors of similar status (Chung, Singh, & Lee, 2000; Li & Berta, 2002; Podolny, 1994), or status homophily. Yet, in collaborations with status asymmetry, such as when a higher status actor aims at acquiring some unique resources from a lower status actor, including intellectual property, superior R&D, or access to a nonredundant deal flow (Ahuja, 2000; Hallen, 2008; Powell et al., 2005; Shipilov, Li, & Greve, 2011), the higher status actor may demonstrate dominance (Ahuja, Polidoro, & Mitchell, 2009) or demand extra efforts in resource commitment from the lower status partner (Castellucci & Ertug, 2010). Unfair it may sound to some; social actors still strive to build up own reputation and wait for a highly visible opportunity to perform (Pollock, Lee, Jin, & Lashley, 2015) and affiliate with higher status actors often due to the immediate benefits associated with high status (Chen et al., 2012; Graffin, Wade, Porac, & McNamee, 2008; Podolny, 2005).

This picture that sees collaboration partners as separate entities seems to find echoes among the works that examine internal organization environments, for example high-status individuals are listened to and accorded more influence (Nelson & Berry 1965, Masling, Greer, & Gilmore, 1955), enjoy more interaction partners (Hardy & Van Vugt 2006), receive more help and support (Van der Vegt, Bunderson, & Oosterhof, 2006), have greater opportunities to develop their skills (Blau 1955), and receive more praise or credit for their performance and successes (Fan & Gruenfeld 1998). However, perhaps because of the influence of a shared social norm (Simpson & Willer, 2015) as well as the importance of perceived competence in meeting collective needs (Ridgeway, 1991), studies at this level of analyses also suggest that prosocial behavior is a way to attain prestige-based status (Flynn, Reagans, Amanatullah, & Ames, 2006; Willer, 2009). This leads to the review of some of the latest developments in the literature.

Evidence for the downside or constraints of (high) status is scarcer in the literature (Sauder et al., 2012; Chen et al., 2012). Jensen (2008) demonstrated that market incumbents see aspiring high status actors who wish to enter their field as a greater threat than would for a low status entrant so they would make it more difficult for the former. Bothner, Kim, & Smith (2012) found that high status may lead to complacency and self-satisfaction, which will in turn have a negative effect on performance. High status actors with great visibility also face more severe scrutiny during misconducts or scandals (Fine, 1996; Adut, 2005; Giordano, 1983; Graffin et al., 2013).

Reflections on Elemental Constructions of the Theories

Naturally, the next question that comes after knowing the general functioning in status hierarchies is to seek systemic explanations for variations across status hierarchies (Sauder, 2006), and hint why status hierarchies function in the well documented ways. While Sauder et al. (2012) labelled it as constraints on behavior, the series by Zuckerman demonstrates the relevance of this latent or secondary question: Phillips & Zuckerman (2001), as a hierarchy-wide observation of the hierarchy's general function, illustrated that due to concerns of legitimacy, choices of middle-status actors are often more constrained than those of their high- and low-status counterparts. In that study, high status actors enjoy more freedom or leeway (for a similar argument concerning categories of different statuses, see Sharkey, 2014) thanks to unquestioned legitimacy; low status actors on the other hand assign lower value to the current membership due to their locally disadvantaged positions and thus conform to a lesser extent. Phillips, Turco, & Zuckerman (2013) refined the explanations and showed that high status actors are able to violate some types of norms (membership norms) without risking their status position but cannot violate other types (loyalty norms). Strong explanations are found in Hahl & Zuckerman (2014), Hahl, Zuckerman, & Kim (2017), and Hahl, Kim, & Zuckerman (2018). These works show that high status could be associated with high levels of authenticity-related insecurity especially when high status was attained in a context where extrinsic incentives are salient. Furthermore, these works hint the roles of perceived authenticity in the maintenance of status hierarchies – especially for high status leaders who need to be seen as a culturally applauded authentic champion even in a disputed system. The implication is that status anxiety (Jensen, 2006) can be tightly connected to the high "socially constructed, inter-subjectively agreed-upon and accepted" (Washington & Zajac, 2005: 284) order or rank in a social system, and benefit from accorded prestige (Jensen & Roy, 2008) because of that hierarchical position; i.e. high status.

Relatedly, the costs for high status become much more pronounced when the focus is on the membership in a collective. Ertug, Yogev, Lee, & Hedstr¨om, (2016) explores how the identity inform choices made with respect to the audiences' expectations. While Durand & Kremp (2016) justify the middle-status conformity with different types of conformity, Prato, Kypraios, Ertug, & Lee (2019) emphasize the sense of security and shows that actors with high achieved status in low ascribed status need to avoid exposing their status-inconsistent standing while it is the combination of low achieved status and high ascribed status that gives such actors the inherited legitimacy and freedom to behave unconventionally with little risk. More symbolically, Moore, Payne, Filatotchev, & Zajac (2019) advances that besides economic competition, social actors also engage in social ceremony for status gains. But such an engagement to manage the ascription of high status is costly.

Meanwhile, following Sauder's (2006) exploration on the shape, the structure, and the third parties of status hierarchies, attention has very recently been placed on the roles of third-party rankings (Bowers & Prato, 2019); i.e. third-parties have powerful influences on the stability of the focal rankings in the status hierarchy because they are also an integral part of the cultural system (Rao, Monin, & Durand, 2005). Similarly, Bowers & Prato (2018) shows that status change can happen due to category changes rather than because of an actor's own quality. It supports the fluidity of the status hierarchies (Sauder et al., 2012, Tilly 1998). Correll et al. (2017) once again brings the focus back to the relevance of the common beliefs and cultural acceptability (in signaling status and responding to ratings in the case of Askin & Bothner (2016) in the maintenance of the status hierarchies (by both internal members and external audiences as in Askin & Bothner (2016)).

TOWARD A CULTURALLY AND INSTITUTIONALLY PRESCRIBED JUSTIFICATION OF SOCIAL VALUES IN STATUS

Theorizing on the types of social judgments (cognitive, legitimacy, sociopolitical legitimacy, status, and reputation), Bitektine (2011) elaborated the processes – both in an ideal case or in bounded rationality – of how social actors evaluate entities and respond accordingly, such as scrutiny, formation of an opinion, selection of exchange partners, etc. in various situations. The theory is further completed by recognizing that judgments are often made in a silent mode – similar to suppressed opinions in the case where an evaluator does not agree with the mainstream belief, but the stability of those judgments corresponds to the stability of the institution (Bitektine & Haack, 2015). In times of stability, propriety evaluations, if any via the selection of social norms, are kept to one's heart; but during institutional instability, evaluators are less suppressed and therefore more public judgments, opinions, and actions emerge and influence the stability of the institutional order.

From the above review of the status literature, status orders are generally stable because of accumulated advantages; a culturally justifiable negative judgment is the only thing that high status actors would fear. Judgments could be around the background values of those identities as Prato et al. (2019)

reintroduced, what constitute betrayal and authenticity in the first place (Phillips et al., 2013; Hahl & Zuckerman, 2014), as well as a general preference for Winner-takes-all versus Equality (Gould, 2002). From the review of the literature of institutionalism, cultural resources and tools are particularly relevant to any agency under a self-reinforcing structure (Giogi et al., 2015; Heugens & Lander, 2009).

When viewed together, a tentative conclusion can be drawn: instability in the status order is largely associated with institutional instability, when cultural tools and resources have been employed to influence social judgments when the time comes. Whether those resources were employed to sustain a high status or to disrupt a current status order seems to be a matter of *expectation of both the time as well as the "movements" in the society*. While Zhao (2009) explicitly attributed status to dedicated institutional efforts and infrastructures that hint distinctive identities, Neeley (2013) and Neeley & Dumas (2016) documented the association of status change with an institutional change; a general theory can be proposed on the relationship between status and institution following and beyond Durand, Hawn, & Ioannou (2019), which already cited Barney (1991; 1986) – though in a trivial way, and Cardinale (2018) that introduced, on top of how the institutions both constrain and enable, "protention" that results from the pre-reflective "feel for the game" (Bourdieu, 1990: 66) that reflects actors' … Extraction of pertinent schemes refers to the process by which actors "locate correctly where [unfolding] . . . experiences fit" (Emirbayer & Mische, 1998: 980) within the schemes that are part of their habitus" (Cardinale, 2018: 141; 137): or "a pre-reflective engagement with structure, whereby courses of action appear as self-evident".

The current study thus aims at exploring a cultural explanation to status activities. Ample emphases are also given to culturally relevant judgments by social actors around the ones who perform those status activities. The empirical work *An Arc of Neoliberalism: Boards' Responses to Explicitization of Governance in Europe* considers how elites, who are influenced by the social norms of their informal hierarchy, together make judgments on the appropriateness of approving a practice that comes from a different culture and would give way to a contradicted social coordination system, and may therefore bring changes to the original status order. The theory work *From celebrity to legacy: How luck, expectation, and humanistic spirit contribute to sustainable high status* presents a general theory of durability of the status hierarchies by recognizing the ability of frames to redefine realities, change institutions, and thus spur reshuffles in the status orders. In other words, similar to the assertion "people may derive status from knowing and showing that some good they own fetches a high price – sentiments… of the prime reasons for the very existence of the arts market." (Fourcade, 2011: 1728), and embracing Schumpeter's spirit, the theory argues, by exploring the roles of high status given by the collectives in a culture, that superior expectation is the key to a legacy; and the subject for the "connoisseur"'s inspection is frames.

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An Arc of Neoliberalism:

Boards' Responses to Explicitization of Governance in Europe

"One day Deng Xiaoping decided to take his grandson to visit Mao. "Call me granduncle," Mao offered warmly. "Oh, I certainly couldn't do that, Chairman Mao," the awe-struck child replied. "Why don't you give him an apple?" suggested Deng. No sooner had Mao done so then the boy happily chirped, "Oh thank you, Granduncle." "You see," said Deng, "what incentives can achieve." ("Capitalism in the making." in Time, 1984: 62)" (quoted in Eisenhardt, 1989: 57)

ABSTRACT

The current study examines how board select members upon the introduction of ESG (environmental, social, governance) scores – a quantification and commensuration of social efforts across boards of various levels of status in the European institution, where corporations had had a tradition of collective collaboration with a spirit of Implicit CSR (corporate social responsibility). While implicit CSR emphasized social values, obligations, and consensus on the corporations' roles, we argued that given the popularity of ESG scores in the capital market, an appointment of a director with a background of top ESG SCORES signals an orientation to engage in market competition. We predicted that in an embedded structure, the traditional communal sharing norm in coordinating social efforts may deter some boards from adopting such a competitive orientation. Moreover, the more the elite circle resembles a nested world, the stronger the behavioral governance norm on the boards around

highest status given in our context. We tested the predictions with data from BoardEx from the European domain in 2014-2017. We found that nestedness significantly moderates an inverted U-shaped relationship between board prestige and the concerned type of appointments. We reflect on the impact of such a commensuration and marketization on the relationship among social actors in a status hierarchy and the implications on status dynamics.

INTRODUCTION

A social hierarchy, defined (Magee & Galinsky, 2008: 354 – 357 italicized; c.f. Gould, 2002) as an implicit or explicit rank order of individuals or groups with respect to *a valued social dimension*, is both a mechanism of social governance that provides a powerful antidote to uncertainty and chaos (Durkheim, 1893[1997]; Marx, 1844[1964]; Parsons, 1961) by satisfying human's desire for order, structure, and stability as well as an effective mechanism of coordination that provides clear lines of direction and *deference* (Weber, 1946) and prescriptions on the dominance-submissiveness (i.e. control/agency) dimension of social relationship (Wiggins, Trapnell, & Phillips, 1988); while it motivates social actors to increase their effort toward accomplishing some *"organizational goals"* (Pfeffer & Cohen, 1984; c.f. Powell, 1990) to climb up the hierarchy to better satisfy control-related needs such as autonomy and power (e.g. Deci & Ryan, 1987; McClelland, 1975). In a social hierarchy where social actors' status positionings are clear and relatively stable, social coordination is effective.

Neoliberalism seeks to dismantle or suppress extra-market forms of economic coordination (Amable, 2011), such as those described above. Commensuration, or/and rankings, which reduces distinctive qualitative differences into some quantitative distances and compares entities according to a common matrix (Stevens & Espeland, 1998) puts everyone in the same relative, competitive scale (Rindova, Martins, Srinivas, & Chandler, 2018; Veblen, 1899[1994]) and de-contextualizes[2] and "distorts social relations" (March & Simon, 1958; Stevens & Espeland, 1998), such as confirming or disconfirming some existing status hierarchical or communal relations.

The *scoring* of ESG (Environmental, Social, Governance) represents such an opportunity to study the diffusion of an (e)valuation practice and its logic under neoliberalism across institutional and cultural boundaries. As market investors become sensitive to ESG scores (e.g. Aouadi & Marsat, 2018; Du, Bhattacharya, & Sen, 2011), it becomes a strategic aspiration for organizations that wish to thrive in the market. This picture resembles that of Explicit CSR (corporate social responsibility), which "consists of voluntary corporate policies, programs, and strategies; and incentives and opportunities are motivated by the perceived expectations of different stakeholders of the corporation" (Matten & Moon, 2008: 410), that is historically grounded in the U.S. As Matten & Moon (2020) explained, this orientation was at odd with how European business leaders defined their responsibilities, or Implicit CSR that consists of values, norms, and rules that result in (often codified and mandatory) requirements for corporations, and is by the societal consensus on the legitimate expectations of the roles and contributions of all major groups in society, including corporations. "The term "CSR" did not even exist in the European institution." (Matten & Moon, 2008; 2020) Once corporations of the two sides of the Atlantic are rated

[2] such that everyday experience, practical reasoning and empathetic identification are rendered increasingly irrelevant

with ESG scores, the raters compare business practices and policies of different national business systems (NBS) using a common matrix (Whitley, 1997; 1992; 1999; 2002a,b; Hall & Soskice, 2001; Jackson & Bartosch, 2016; Jackson, Brammer, & Matten, 2012; Kang & Moon, 2012); and thereby compare social actors with different sources of local status (c.f. Bowers & Prato, 2019; Espeland & Sauder, 2007). With no assumption on the voluntariness of getting rated; appointing a director with a background of top ESG SCORES in his/her employment or directorial experience represents a board's engagement with the ESG game (c.f. Acharya & Pollock, 2013; Pfeffer & Salancik, 1978[2003]; Hambrick & Mason, 1984). The current study thus asks the question: How would boards of various levels of status[3] respond to ESG scoring by appointing directors with a background of top ESG SCORES?[4]

This question hence puts the following assumptions to test. We assume that elites of the European institutions, coordinated market economies (CMEs) especially, are well versed and understand clearly that the competitive advantages of their institutions stem from their long-held effective and cooperative mode of coordination for collective goals, which include environmental protection, social wellbeing, as well as good corporate governance (Whitley, 1997; 1992; 1999; 2002a,b; Hall & Soskice, 2001; Matten & Moon, 2008; 2020). Relatedly, we assume that some elites, leaders particularly, have internalized the social values and obligations as they participate and coordinate in the business system, also known as the "*Noblesse*

[3] Following the literature, the term "prestige" is used interchangeably with "status" of the board.

[4] Background of top ESG SCORES defined as having employment or directorial experiences in corporations whose ESG scores are among the top 10% of the rated in each industry root.

oblige". We further explicitly assume that elites are reflective and are aware of[5] how such a scoring would lead to a purer form of market competition: Whilst ESG's advertised frame supports good governance; the consequential mode of coordination that follows the *scoring* of social efforts could represent a shift from a negotiated and coordinated system to a competitive market (Matten & Moon, 2008; 2020; Midttun, Gautesen, & Gjølberg, 2006; c.f. Bromley & Powell, 2012).

Generally, deeply embedded ones seek to defend the status quo where it serves a normative environment that facilitates trust and cooperation between actors (Coleman, 1988; 1990), where actors act in the interest of others or even against the short-term interests of selves to collectively give rise to economic opportunities and capture capabilities (Uzzi, 1996; 1997), where they enjoy legitimacy, social support, approbation from others, and high survival rates (Baum & Oliver, 1991; 1992; DiMaggio, 1988; Meyer & Scott, 1983). Meanwhile, the higher the status of a board, the higher the proportion of board members are also members of the "inner circle" (Useem, 1986), or often those who hold more board memberships especially at more prominent corporations and who enjoy higher respect and recognition from the elite community (D'Aveni, 1990; Davis, Yoo, & Baker, 2003; Mace, 1986; Mizruchi, 1996). We assume that there exist prestigious boards and high status elite members who are more embedded in the locality and do not deem *a scoring of* ESG "right" as a coordination mode because those members have had contributed significantly to an embedded mode of coordination such as around inter-organization partnerships and agreements via realizing social obligations, forgoing short-

[5] We revisit this assumption in the discussion.

term self-benefits, and accepting a positive sum negotiations and collaborations. Indeed, Uzzi (1997) explicates that social actors that build their competitive advantage on the use of embedded ties will be at a high risk of failure if institutional changes fundamentally rationalize the basis of, or preclude the formation of, new embedded ties.[6]

Specifically, while an economic rational perspective would generally predicts an association between board prestige and high reputation in ESG; in this context where prestige of the board correlates with the level of embeddedness of the board members in the traditional system of coordination, we expect that the higher the prestige, the stronger the demand exists for elites to demonstrate loyalty to the traditional collaborative relational norm while avoid signaling of a competitive orientation – only when the elite circle has a level of embeddedness above a minimum threshold. Where the elite circle starts to resemble a social organization (c.f. Powell, 1990) with its traditional values, we expect an inverted U-shaped relationship between the status of the board and its probability in appointing a director with a background of top ESG SCORES.

We argue that the signaling of a competitive orientation, as reflected in appointing directors with a background of top ESG SCORES, would depend on the combination of cohesion and exclusiveness of an elite circle (c.f. Oehmichen,

[6] It is not our intention to conclude that new embedded ties will not form after ESG scores become prevalent (Matten & Moon, 2020) – European elites and other actors in the fields may well come together and up with new theories or narratives for the scoring or practices become reconfigured or adapted with levels of fidelity and extensiveness into the context (Strang & Meyer, 1993; Ansari, Fiss, & Zajac, 2010).
Instead, by presenting that ESG scoring as a governance mechanism is different from the original embedded mode of collectively negotiated governance in Europe (Matten & Moon, 2008), we speculate that ***some*** social actors who had built their competitive advantage on the embedded institution would face a high risk of failure when the basis of connections is fundamentally rationalized; or put differently, when some of their fellow members in the circle "fail" them when lured by the ESG incentives (Bridoux & Stoelhorst, 2016).

Braun, Wolff, & Yoshikawa, 2017). Following Davis & Greve (1997), we predict that when cohesion is high, the adoption would model after high status actors in a community and could be quite swift as social actors quickly come to an agreement regarding the situation given the high levels of interactions and shared framework and mental models (Davis et al., 2003). On the other hand, in the case of high exclusiveness where there is a clear distinction between in-group members and others – depending on how the elites draw internal and external boundaries across subgroups (Frank & Yasumoto, 1998) and levels in the informal hierarchy (Park, Westphal, & Stern, 2011; Westphal & Stern, 2007) – and in-group trust enforcement (Frank & Yasumoto, 1998), opinion conformity (Cialdini & Goldstein, 2004; He & Huang, 2011; Simpson, Willer, & Ridgeway, 2012), and social sanctioning (Westphal & Khanna, 2003) mechanisms are in place, the solidarity of the elite circle would then depend critically on how the high status leaders approve or disapprove the incoming change. In this vein, both the high status leaders and fellow elites would likely adopt a more cautious stance, which resembles the opportunity structure of groups whose boundaries are "not very porous" (c.f. DiMaggio & Powell, 1983; McPherson & Smith-Lovin, 1987). As both elite cohesion and exclusiveness moves from low to high beyond the minimal level, the more pronounced the inverted U-shaped relationship that we would expect, thanks to the sufficient density and hierarchical differentiation around the "nested core" (Mani & Moody, 2014).

We think the interaction between elite cohesion and elite exclusiveness can serve as a sufficient proxy to the hierarchical structural variation in Moody & White (2003). As Mani & Moody (2014) suggests that such a variation exists in

India – where entities find their places in a disconnected periphery, isolated clusters, a small world, or a nested world; we argue that the more an elite network structure of an institution resembles that structure, the more conservative about ESG scoring the core actors would be – if Matten & Moon (2008) was right, and the European elites had had their own tradition in coordinating social efforts with the wider business system.

THEORETICAL BACKGROUND

Commensuration, or/and rankings, which reduces distinctive qualitative differences into some quantitative distances and compares entities according to a common matrix (Stevens & Espeland, 1998) puts everyone in the same relative, competitive scale (Rindova, Martins, Srinivas, & Chandler, 2018; Veblen, 1899[1994]) and de-contextualizes[7] and "distorts social relations" (March & Simon, 1958; Stevens & Espeland, 1998), such as confirming or disconfirming some existing status hierarchical relations. While an abrupt loss of control or *deference* for the high-status actors; and a sudden gain of autonomy for the low[8] (c.f. "engines of status anxiety" Sauder & Espeland: 2009: 74; Espeland & Sauder, 2016) is often the case; and thus ratings and rankings are seductive and coercive to all (Espeland & Sauder, 2007; Fourcault, 1977; Corley & Gioia, 2000)[9]; few have compared this uniform force driving a new set of

[7] such that everyday experience, practical reasoning and empathetic identification are rendered increasingly irrelevant

[8] Status defined as "the position in a social hierarchy that results from accumulated acts of deference" by Sauder, Lynn, & Podolny (2012: 268); c.f. "*a socially constructed, intersubjectively agreed-upon and accepted ordering* or ranking of individuals, groups, organizations, or activities in a social system" by Washington & Zajac (2005: 284 italicized)

[9] e.g. Askin & Bothner (2016): alterations to prices as signals; Chatterji & Toffel (2010): conformity or adjustments to performance accordingly; Elsbach & Kramer (1996): attempts to reemphasize important dimensions in the identity to stay away from force as much as possible; Fini, Jourdan, & Perkmann (2018): members of a focal category judge a member's ability and identity in the category when that member receive outside valuations; Sauder

goals or the “very visible hand” (Martins, 1998) with the picture of stable status hierarchy for effective social coordination (i.e. featuring relative control and order conformity) as described at the very beginning.[10] [11] It may have already become obvious up to this point that ratings and rankings “attenuate” status hierarchies by driving the collectives away from a coordination mode facilitated by status orders in which organizational goals are directed by the higher status actors and are unquestioned, i.e. deference. Indeed, while the proliferation and power of quantification and rankings stem from the relentless demand for mechanical objectivity across fields (Porter, 1995; Power, 1994), neoliberalism seeks to dismantle or suppress extra-market forms of economic coordination (Amable, 2011).

The current study therefore recognizes the traditional coordination system with its long-held values of implicit social obligations and values, and follows Hall & Lamont (2013) and Stark (2009) to examine if definitions of worth that are not only based on market performance lose their relevance by paying attention on institutional mechanisms as well as cultural judgments among elites in their local circles in Europe. If such a marketization would lead to a re-ordering of the social order; new powers and capacities for professionals, or

(2006): tiers in the rankings have binding influence on the conceptualization of the shape and stratification of the hierarchy; Sharkey & Bromley (2015): disciplinary force for all beyond those rated

[10] An instant reaction may be to attribute the picture described in the first paragraph to an internal organization where a uniform ranking of different entities is nearly non-existent. (Why not?) We believe this would lead to a discussion around “an organization” and organizational goals as italicized in the first paragraph, and it will be covered below.

[11] Phillips & Zuckerman (2001); Phillips, Turco, & Zuckerman (2013); Prato, Kypraios, Ertug, & Lee (2019); Durand & Kremp (2016); and/or Philippe & Durand (2011) insightfully explored some of the autonomy-deference related (psychological) dimensions; we believe this specific link is important though not obvious for the relationship between a status hierarchy and an introduction of rankings.

forms of expertise rise (Miller & O'Leary, 1987; Miller & Power, 2013)[12]; and opportunities for "entrepreneurs" exist at the gap between objectivity and subjectivity (Zuckerman, 2012); the current study examines how likely would boards of different status appoint directors with a background of top ESG SCORES.

In the following review of the literature, we first supply an economic rational perspective; then we build on a behavioral view of embedded agency (e.g. Coleman, 1988; Powell, 1990; Westphal & Zajac, 2013) that there are differentiated costs and benefits for individual elites and boards to engage an ideology that is different from the normative and cognitive prescription of the home communities.

Appointment of Reputable Directors by Prestigious Boards

Corporate audiences routinely rely on the reputations of firms in making investment decisions and participation choices (Fombrun & Shanley, 1990). Some observable attributes serve as signals of the corporates' quality and characteristics to reduce audiences' uncertainty in competitive markets (Spence, 1974). Often audiences turn also to ratings, rankings, technical evaluations, or certifications provided by institutional intermediates based on their collection of information and expertise (Fombrun, 1996; Rindova, Williamson, Petkova, & Sever, 2005), where these reports have the ability to focus public attention on the issues and entities that are selected and reported (Deephouse, 2000; Pollock & Rindova, 2003) and heighten others' recognition regarding an entity (Rao,

[12] The rise of financial executives could be attributed to the serendipities in the last hundred years that allowed those executives to claim their unique faculties to treat headaches faced by corporations and their owners in the US (Fligstein, 1987; Zorn, 2004). After the decline in the importance of production, owners were faced with the funding crisis in 1970s as well as an ambiguous regulatory change, which both placed the CFO as a solution. And the CFO only became a symbol of shareholder value after that.

Davis, & Ward, 2000; Rao, Greve, & Davis, 2001). Reputation can lead to more favorable initial response (Lee, Pollock, & Jin, 2011) and reactions to earnings surprises (Pfarrer, Pollock, & Rindova, 2010), invitations to tournaments (Washington & Zajac, 2005), formation of alliances (Pollock & Gulati, 2007), and when the social actor rises to the occasion, reputation can lead to affiliation with high status others, or an improvement of status (Pollock, Lee, Jin, & Lashley, 2015). Nevertheless, it also becomes part of how the social actor is identified by the stakeholders (Brammer & Pavelin, 2006).

When reputation is defined as "a prevailing collective agreement about an actor's attributes or achievement based on what the relevant public "knows" about a social actor"; or "a characteristic or an attribute ascribed to an actor on the basis of its past actions" (Lang & Lang, 1988; Camic, 1992; Raub & Weesie, 1990; Kollock 1994; Rindova et al., 2005: 1036); a top notch ESG score (c.f. Pollock, Lashley, Rindova, & Han, 2019: ESG is a rational assessment by the third parties regarding the three areas with multiple items; c.f. Deephouse & Carter, 2005; Hallen & Pahnke, 2016; Lee et al., 2011)[13] received by a firm is to a large extent transferrable to those directors and top managers who are responsible for the corporate governance of that corporation (c.f. Love, Lim, & Bednar, 2017; Cianci & Kaplan, 2010; Yermack, 2004; Eminet & Guedri, 2010), especially around experiences in the rated dimensions (Mannor, Shamsie, & Conlon, 2016), and thus is path dependent (Mishina, Block, & Mannor, 2012).

[13] We believe a focus on "top" should not alter the nature of the ESG score as a rational assessment of reputation, for two more reasons: First, the top concept employed here is not a publicly published ranking such as Most Admired Companies (Rindova et al., 2018: 456; 458) that could confound with a measurement of status instead. Second, we believe that ESG scores around the top have stronger signaling and identification effect for the social actors, as reviewed above. Thus, the concept of top ESG is invoked and we will detail the measurement in the method section (c.f. Acharya & Pollock, 2013).

Meanwhile, as defined by Gould (2002: 1147), status: "the prestige accorded to individuals because of the abstract positions they occupy rather than because of immediately observable behavior" results from accumulated acts of deference (Goode 1978; Munroe 2007; Ridgeway 1984; Whyte 1943). Privileges of high status include access to capital (Stuart, Hoang, & Hybels, 1999), access to new markets (Jensen, 2003), extra effort from a collaborator (Castellucci & Ertug, 2010), disproportionate credits in collaborations (Merton, 1968) and so on independent of performances (Washington & Zajac, 2005), and simultaneously via accumulated advantages (DiPrete & Eirich, 2006). High-status actors risk losing some advantages (Podolny, 1993; 2001) when they accept low-status actors' affiliations, so ties are more likely formed between firms of similar status (Chung, Singh, & Lee, 2000; Li & Berta, 2002; Podolny, 1994); or in other words, high status actors are "selective and capable evaluators" with high selectivity (Stuart et al., 1999). Among potential partners for high status actors' selection (Jensen & Roy, 2008), congruence (and high) in status and reputation is preferred (Stern, Dukerich, & Zajac, 2014); or high status social actors will generally be confined to affiliate with others with high reputation (Pollock & Gulati, 2007; Pollock et al., 2015).

In the context of selection of directors into a board, Withers, Hillman, & Cannella (2012: 244) categorized the literature into two distinct perspectives – a rational economic perspective that focuses on the organization-level benefits driving the selection decision, such as meeting the governance and resources needs of the firm and its shareholders (Hillman & Dalziel, 2003; Johnson, Ellstrand, & Daily, 1996; Zahra & Pearce, 1989), and a socialized perspective that emphasizes the social processes that influence the director selection process (e.g. Westphal & Stern, 2006, 2007; Westphal & Zajac, 1995; Zajac & Westphal, 1996). In the rational economic perspective, firms value types of directors who bring in their knowledge, skills, and experiences (Kor & Misangyi, 2008; Kor & Sundaramurthy, 2009), such as human and social capital in the finance area (Davidson, Xie, & Xu, 2004; Stearns & Mizruchi, 1993). Firms also signal by having reputable directors (Deutsch & Ross, 2003) – and those whose own firms have done well in terms of internal decision control (Fama & Jensen, 1983) – on board.

Therefore, the baseline hypothesis follows the rational economic perspective; and we recognize that in the (capital) market, entities have the incentive to upkeep their "sterling reputation" (Davis, 2005). Haans, Pieters, & He (2016) advocate for the explication of the latent mechanisms in case of any moderated non-linear effects; Figure 1a thus illustrates this baseline hypothesis: Without considering the social characteristics of an institution, a new reputation is akin to a new qualifying criterion given the high selectivity of the prestige boards. In that sense, we suggest that the relationship between status of board and that board's intention to acquire such a new reputation is a positive one. The social embeddedness perspective only becomes clearer after the next section.

***H0**: There is a positive relationship between the director's possession of employment or directorial experience with a top ESG score and the status of the board where he/she is appointed to.*[14]

[14] We note that a positive relationship (that curves *upward*) is also probable if we were "too late" to capture the effect of the hegemony; i.e. institutions, cohesive ones particularly, could had absorbed the exogenous shock well before it came to strike as ratings around 2014. In that sense, neoliberalism would be even more impactful than could be measured; and those cohesive networks that are quick in consensus building internally and are well connected as well to the outside (i.e. low exclusiveness at the boundary of the institution) could adapt and survive more smoothly, such as without a reshuffle in the (relatively flat) status hierarchy.

Figure 1a. Explication of Latent Mechanisms

On the other hand, the social embeddedness perspective features much higher complexity. The directors who are selected to join a board likely reflect boardroom norms (Khurana & Pick, 2004), and elites often seem to know one another (Mills, 1956), including ones' inclinations (Westphal & Zajac, 1995). Various orientations and inclinations make this perspective much more complicated because it does not have a definitive more-profit-the-better logic as does the rational economic perspective. Meanwhile, high statuses are not without costs – even beyond a resting-on-one's-laurels effect (Bothner, Kim, & Smith, 2012) and the costs to maintain the level of ceremonial involvement (Moore, Payne, Filatotchev, & Zajac, 2019) – especially when there is a dissonance or shock in others' impression (Adut, 2005; Fine, 2001) around loyalty to norm (Phillips, Turco, & Zuckerman, 2013; Hahl & Zuckerman, 2014), so high status social actors constantly face status anxiety and must maintain a high level of control (Jensen, 2006). Hence, a closer look at the local, i.e. where the status is established, norm is necessary.

Social Embeddedness in Communities, Imprinting of Traditional Values, and when High Status and Embeddedness Correlate in the Social Organization

We start by recognizing that the roles of high-status actors or leaders differ given the context: market, network, or hierarchy (c.f. Borgatti & Halgin, 2011;

Powell, 1990). The more a "network" resembles a social organization, the more salient are authority held by and deference provided to high status given the organizational coordinating force and the organizing principles that are intertwined with the group's shared identity (c.f. Bonacich, 1987; Kogut & Zander, 1996; 2003; White, 1981). We note that mere embeddedness or dense connectedness are not sufficient for expectations to be developed around high status actors to identify them as leaders; a clear and shared identification of the common values and principles are necessary. In this section, we argue that the European institution is such a context where leaders hold "*Noblesse oblige*" to lead the organization and coordination of social efforts in the business system, while we acknowledge that such a community resembles a social organization.

The Imprinting of Traditional Values of the Community. Studies have revealed the influences of local communities and networks on institutionally-relevant phenomena (DiMaggio & Powell, 1983; Marquis & Battilana, 2009: 284; Scott, 2001), such as on board of director structure (Kono, Palmer, Friedland, & Zafonte, 1998; Marquis, 2003) and corporate governance practices (Davis & Greve, 1997) amid local competitive and market-based processes (Audia, Freeman, & Reynolds, 2006; Stuart & Sorensen, 2003; Freeman & Audia, 2006). Despite globalizing trends, local influences are maintained.

In a local community[15], socio-normative influences exist and are maintained because "relational assets" are embedded within communities (Storper, 1997; 2005; c.f. Coleman, 1988); similarly, relational systems cannot be easily transferred from one local community to another (e.g. Putnam, 1993).

[15] Storper (2005: 34) defines community as a "wide variety of ways of grouping together with others with whom we share some part of our identity, expectations, and interests.''

Organizational processes and decisions are frequently influenced by local interpersonal connections (Ingram & Zou, 2008) particularly in a tight elite network such as a "small world" where there is local clustering and occasional bridges between clusters and features trust, sharing of information, and communication (e.g. Fleming, King, & Juda, 2007; Uzzi & Spiro, 2005; c.f. Oehmichen et al., 2017).[16]

The literature also establishes that there are cultural-cognitive influences of communities (Marquis & Battilana, 2009). Davis & Greve (1997) found that the adoption of different corporate governance practices depends on the corresponding cognitive legitimacy in the communities, and elites often model after high status social actors in subscribing to certain local frames of reference. Meanwhile, communities hold their "legitimate templates of actions" (Marquis, 2003) and develop mutual funds strategies (Lounsbury, 2007), focuses of corporate social actions (Marquis, Glynn, & Davis, 2007), and resistance against the diffusion of foreign practices (Marquis & Lounsbury, 2007). These frames, or (institutional) logics, "supraorganizational patterns of activity by which individuals and organizations produce and reproduce their material subsistence and organize time and space… They are also symbolic systems, ways of ordering reality, *thereby rendering experience* of time and space *meaningful*" (Friedland & Alford 1991: 243 italicized).

We however note that members of a community are not all equally ready to defend the values and principles that render the experiences of the embedded

[16] In some communities where local elite connections are durable and organized, elites act as a strong coalition (Kadushin, 1995; Zalio, 1999) within local institutions. Indeed, elite power is best realized from dense connections as it mediates how globalization pressures impact local institutional practices (Heemskerk, 2007).

meaningful.[17] Reasonably, when these deeply embedded social actors have survived longer in the community (Baum & Oliver, 1991; 1992), or are more central in the community (Galaskiewicz, 1979), or hold positions higher up in the hierarchies (Baron, Hannan, & Burton, 1999), or commit to certain ideologies (Ingram & Simons, 2000; Freeman & Audia, 2006) and norms regardless of whether they occupy a central position in the network (Owen-Smith & Powell, 2004), they could influence how their affiliated organizations and the community as a whole stick to the community tradition as they exert various constraints and provide different resources (c.f. Scott, 2008).

Hence, the approval of a foreign practice that may defect fellow community members from the community's traditional values depends substantially on the level of embeddedness of the key actors – the leaders of the community. In the next subsection, we argue that high status elites are those who had been more embedded in the focal institutional context.[18]

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[17] The proportion of people with longer tenure in the community and/or who never worked outside the community may influence organizational responsiveness to foreign influence. Scott (2008) warns that it could be over-simplistic to equate elites to a single homogenous class, because elites can hold different modes of power – coercion and inducement under constraint, and expertise and command under authority – and these powers are not effortlessly transferrable among the elites. Studies have also revealed both organizational and individual differences. For instance, early embeddedness in communities may create a persistent connection between organizations and their founding community (Stinchcombe, 1965) in an imprinted social form or structure that in turns support the legitimate template of actions (Marquis, 2003); and from Marquis & Battilana (2009: 296-297) an "organization member's degree of embeddedness (Dacin, Ventresca, & Beal, 1999) in the local community will also likely influence the organizations' responsiveness to community pressures (c.f. Kono et al., 1998). For example, organizational members with longer tenure in the community are more likely to take for granted local institutions, and in some cases, to defend them (Marquis & Lounsbury, 2007). Similarly, organizational members who never worked outside a given community are more likely to take for granted local institutions. (Battilana, 2006; Boxenbaum & Battilana, 2005; Emirbayer & Mische, 1998; Kraatz & Moore, 2002; Sewell, 1992)."

[18] Up to this point, we have not assumed that that those members who are deeply embedded in a community – such as a national system and its elites – are also the dominant occupants of positions of high centrality (c.f. Galaskiewicz, 1979; Marquis & Battilana, 2009: 296 on the hegemony of globalization); a weaker assumption would have been only around the embedded social actors while not equating them to higher status ones: there exist more

The European Institutions: Where High Status and Embeddedness Correlate. To develop a set of realistic arguments, we borrow from the Business-Systems Approach such that we can adequately consider historical or path dependent characteristics of the European context that we are looking at, as inspired by Matten & Moon (2008; 2020). Following Tempel & Walgenbach (2007) and Aguilera & Grøgaard (2019), we feel that such considerations are necessary to reveal any difference, between the European institution and the originating institution of explicit CSR, in terms of the rationality in coordinating economic activities as well as social efforts.

Comparative capitalism suggests how different socio-economic arrangements such as the educational system, labor market, financial system, legal system, etc. interact within a country to grant institutional comparative advantages and culminate in some sort of equilibrium (Hall & Soskice, 2001; Streeck & Thelen, 2005). Similarly, Whitley (1999) emphasizes how the national business systems are created from the authority or interdependent relationships among different dimensions, particularly those that operate at the national level (Amable, 2003; Aoki, 2001). Those "constituted groupings of social actors control economic activities and resources" (Whitney, 1999: 32). In terms of historical heritage of control, Hall & Taylor (1996: 938) further defines institutions as "the formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political

embedded ones who take traditional legitimate templates of actions or institutional logics as granted and would defend them – otherwise, their previous experiences may become "meaningless". Yet, from the above review, we somehow believe that these embedded ones tend to take up middle to high positions in local status hierarchies. And supports also come from the literature on national business systems (NBS) (e.g. Hall & Soskice, 2001; Whitley, 1992; 1999; 2002a; b); the following subsection shows why that could practically be assumed in a realistic fashion.

economy", and "institutions generate and sustain asymmetries of societal power" (Aguilera & Grøgaard, 2019: 28). Similarly, Scott (2013: 34) viewed institutions as "governance or rule systems, arguing that they represent rationally constructed edifices established by individuals seeking to promote or protest their interests."

Specifically, liberal market economies (LMEs) are Anglo-Saxon countries where economic transactions are coordinated primarily by competitive markets. While markets are also important in coordinated market economies (CMEs), market mechanisms are relatively supplemented by different forms of cooperation, networks, and collaborative actions (Midttun, Gautesen, & Gjølberg, 2006). On a similar scale, European societies except those Anglo-Saxon countries are categorized as socially embedded economies because at high levels of "societal corporatism" for some countries, the state is recognized as co-responsible "partners" in governance and societal guidance (Schmitter, 1981) and consents among corporates, private, and autonomous associations are necessary for policies to be adopted – and parties negotiate on a regular, predictable basis. The neoliberal model, as featured in the Anglo-Saxon countries, is the polar opposite: in a disembedded economy, corporates comply to a minimalist set of basic market rules that limits otherwise free pursuit of efficiency, competitiveness, and profitability along the basic market logics (Lane, 1996; Savas, 1987; Kikieri & Nellis, 2004).

Given high dependence to the institution, and central actors in the institution control critical resources for survival, then the stronger the linkage to the institution the higher the founding and survival rate (Baum & Oliver, 1991; 1992). As those entities that are closer to the center of the institution survive over time, critical resources accumulate in them, and they themselves become access to critical resources for newer and smaller others. And thus, those institutionally linked social actors gain dependence from non-core actors. Yet, as the comparative capitalism view emphasizes coordination and negotiation for consensus for policies to work, interdependence (Pfeffer & Salancik, 1978; c.f. mutual dependence in Casciaro & Piskorski, 2005) develops from the core; and so does embeddedness as social actors try to manage interdependence. In this sense, a favorable status belief develops for core actors who hold resources needed by less central actors (Ridgeway, 1991; Ridgeway & Erickson, 2000), and the higher the status, the higher the embeddedness around them.

Furthermore, social actors in such embeddedness develop a rationality similar to Uzzi's (1996; 1997): the distinctiveness of embeddedness lies in the fact that the economic goals of individuals are aligned to the collective goals; or "comparative advantage" (Whitley, 1999).

Research Context: ESG Scoring as a Commensuration Across NBSs

In this section, we argue that in the current institutional context, high status does not only correlate with high levels of embeddedness, but it also correlates with *Noblesse oblige*, equivalently "implicit CSR" for the high status.

Commensuration is a social process (Espeland & Stevens, 1998). When social actors or subjects with characteristics normally represented by different units are juxtaposed and compared relatively and mostly quantitatively in a common matrix, relations of authority are reconstructed, new political entities are created, new interpretive frameworks are established (Mennicken & Espeland, 2019). It is inherently political as seen from the reaction of the angry homemakers when feminists advocate to commensurate housewifery with other occupations: the core actors – the housewives – believe that workplace logic diminishes them and their blood and tears into matrices (Mansbridge, 1986). It is a world of standards but not a standard world (Timmermans & Epstein, 2010); and for DiMaggio (1987) and Wimmer (2008; 2013), the legitimation of (in)commensuration in valuation and evaluation depends on whether or not it is widely consensual or contested in the field, which can vary in the strength of the hierarchy, stability, and the permeability of the boundary. As such, Lamont (2012: 212) called for studies to contribute to a comparative sociology of valuation and evaluation by considering how evaluative practices are molded by radically different political institutions and cultures (c.f. Musselin, 2009 compared French, German, and American academic hiring, in which personal ties and considerations are dealt with differently; Fourcade, 2011 compared French and American in conceptualizing the relationship between human, instruments, and environments), and whether evaluators follow customary rules, which likely depends on how strongly the social actors have invested in what defines a proper evaluation in relation to the evaluators' self-concept.

An institutional analysis of corporate social responsibility (CSR) constitutes a strong case for arguing that forms of CSR differ across national contexts (Gjølberg, 2009; Maignan & Ralston, 2002; Blindheim, 2015). Building on the national business system (NBS) approach (e.g. Whitley, 1992; 1999; 2002a; b), Matten & Moon (2008) argued that national differences in CSR can be understood and accounted for with reference to the historically grown institutional frameworks of countries. Their arguments are compatible with Hall & Soskice's (2001) typology that captures liberal market economy, which encourages individualism and voluntary strategies (and therefore Explicit), and coordinated market economy, which encourages collectivism and embedded obligations (and therefore Implicit) that establish from negotiation, agreements, representations, and coordination.[19]

Explicit CSR from/in the Individualistic Market. (The US-style) "CSR has won the battle of ideas" (Crook, 2005) and Matten & Moon (2008) explained why the now popular term CSR was only adopted by European firms around that time. Explicit CSR normally consists of deliberate and voluntary strategies by corporations (Porter & Kramer, 2006) to communicate the fulfilment of stakeholder expectations, as in the liberal market, there is relatively high confidence in the moral worth of capitalism (Vogel, 1992), private hierarchies are believed to be able to control economic processes, and managers are in the

[19] Interestingly, researchers have also participated in commensurating CSR policies and scores across NBSs (e.g. Midttun, Gautesen, & Gjølberg, 2006; Gjølberg, 2009) in this paradigm of Explicit-Implicit CSR. These studies often rely on building more representative – in terms of capturing more comprehensive sets of dimensions relevant to different institutions – indices on which countries' "performances" are compared.

Midttun et al. (2006: 370 italicized) made an important step in advancing two hypotheses: Symmetric embeddedness hypothesis that expects the "traditionally most embedded welfare states with old neocorporative relations and co-ordinated market economies to be the strongest CSR performers" and Business-driven detachment hypothesis that predicts that "CSR and more traditional socio-political initiatives to embed the economy socially are completely decoupled or even inversely related", and found, among mixed findings, that perhaps a "strong and clear-cut advanced welfare state and labour market policy support strong industrial CSR on implicit grounds, while a more clear-cut liberalist order might support industrial CSR as part of an explicit CSR policy" (380). The authors also acknowledged the possibility of "problematic combinations of symmetric embeddedness and detachment oriented factors, thereby introducing contrasting orientations" experienced in some national systems (380).

To us, these precisely hint the potential problem in commensurating practices and ideologies while community members experience dynamics, contestations, or struggles when they experience how some theories do not merely describe but also shape social reality – performativity (e.g. Marti & Gond, 2018).

When the reduction of emissions is the dependent variable, Sharkey & Bromley (2015: 69) are reasonable and cautious in refraining from hypothesizing about how the environment influences social actors' responses to peer being rated, and in questioning if the actors are only symbolically responding. To us, while we admire that study, that inconclusiveness is inevitable given the dependent variable, precisely because important dynamics are undergoing in the construction of the (collective) responses since this problem lies at the boundary of the tradition understandings of the natures of the corporations (Bromley & Powell, 2012) and the materiality of responses can only be better assessed behind the screen (c.f. Palmer, Friedland, & Singh, 1986), such as in the dynamics in the elite communities.

position to respond to various demands. Hence, a wide spectrum of strategies has proliferated, such as partnerships with governmental "(e.g. the United Nations [UN] Global Compact)" (Matten & Moon, 2008: 409)[20] and non-governmental organizations, and alliances with other corporations and so on – at corporates' discretion. Strategies and actions that connect the success in a free market with the moral worth of capitalism and are encouraged and legitimate (Jones, 1995; 2011; c.f. Friedman doctrine).

Implicit CSR in the Embedded Coordination Systems. Matten & Moon (2008: 408-410) recognizes the importance of the European institution. Its financial systems feature tight networks of mutually interlocking owners with a focus on long-term preservation of influence and power amid the important roles of stakeholders (Fiss & Zajac, 2004). Its education and labor systems feature relatively integrated, nation-wide, and hierarchical structures of business and labor interests. Labor-related issues are negotiated at a sectoral or national, rather than corporate, level; collective interests are pursued through national business associations and federations (Molina & Rhodes, 2002; Schmitter & Lehmbruch, 1979). Its cultural systems rely on representative organizations, be they political parties, unions, employers' associations, or churches, and the state (Lipset & Rokkan, 1967). It also supposes firms are owned directly or by alliances, such as networks of banks, insurance companies, or even governmental actors (Coffee, 2001), and thus European corporations have had

[20] The UN Global Compact has spurred scholarly discussion on whether it has achieved its original promise. It features low or no entry barrier such that ***firms***, including many in the Europe, ***of all sizes can join*** the discussion and collectively develop and share best practices and standards (Williams, 2004; Rasche, 2009; Rasche & Waddock, 2014).
It is highlighted here to note that its lack of entry barrier is particularly functional in terms of building a new institution or spreading institutional ideas (c.f. Battilana et al., 2009; Strang & Meyer, 1993; Rindova et al. 2018 on ranking entrepreneurship).

a range of embedded relations with a relatively wide set of societal stakeholders. The European institutions are much closer to the alliance extreme regarding coordination of economic relations. Markets have tended to be organized by producer group alliances, which either reflect consensual representation and mediation of labor and capital or strong government leadership. Finally, the European institutions feature higher degree of integration and interdependency of economic processes, including strong employee representation and participation over a significant number of issues, which in the US would be part of explicit CSR strategy. Thus, Matten & Moon (2008) defines Implicit CSR to consists of values, norms, and rules, that result from the above tight integrations and collectively defined proper obligations for corporations, i.e. not in individual terms.

Matten & Moon (2008: 415-417) then drew on institutional theory to elaborate how explicit CSR spreads to other institutions (certifications, best practices, business schools, etc.), and Europe, including recent questions regarding the legitimacy of the European systems (Hiss, 2009) – which led some corporations to distance themselves from scrutiny by promoting their explicit CSR, transformation in the government-business interactions in the EU, privatization of industries and public services, financialization of their economies (Tainio, Huolman, & Pulkkinen, 2001) that moves control from banks and major block holdings to capital markets – which encourages shareholder-oriented corporate governance (Albert-Roulhac & Breen, 2005), MNCs experimentations with explicit CSR, deregulation of business and the liberalization of markets, encouragements from the European Commission for explicit CSR through Green Papers, communications, funded projects, and incentive schemes (e.g. Commission of the European Communities, 2001; 2002).

Our sole purpose of reviewing the natures of implicit and explicit CSR at length is to point to the need for an approach that is neither “undersocialized” or “oversocialized” in explaining dynamics around the “customary ethics” (Granovetter, 1985; c.f. Matten & Moon, 2008) of the European institutions, coordinated markets particularly, which resembles a “social organization” for social causes with economic coordination. We argue that while such an institutional change, i.e. the diffusion of explicit CSR, has underpinnings on the social relations of the originally embedded social actors; it is on the other hand the results of the preceding conditions – the strength of the social organization (Strang & Meyer, 1993). (The following section presents a set of straight-forward arguments for our Hypothesis 1 and 2; interested readers may find an alternative while complementary set in the Appendix that leads to the same theoretical conclusions.)

MODEL DEVELOPMENT – Social Organization of the Embedded: Diffusion and Adoption

The above review suggests that the elites in the business system are embedded to a certain extent to organize their social efforts as stipulated by their social values and obligations. Hence, we suggest that social actors differ in their individual embeddedness; and different parts of the European institution feature various level of social embeddedness or strength of social organization; and thus, social actors of various status would demonstrate differentiated levels of legitimacy challenge against the signaling of a competitive orientation, which is to be compared with the baseline hypothesis.

The Loyalty of the Embedded Core and the Scoring of ESG as a Break from the Past for the Embedded

When the level of social organization is at the minimal threshold, we expect that only the highest status elites who had built the coordination system were in the core and they only commanded a thin stratum of others who acted as followers. This resembles the situation in Ahmadjian & Robbins (2005) and Ahmadjian & Robinson (2001) where only a few historically prominent corporations remained loyal to the traditional practices in face of the “clash of capitalism”.

Should the implicit CSR spirit and social obligations had been internalized in those highest status elites, they sought an authentic demonstration of the “Noblesse oblige”. It is “implicit” since any extrinsic reward could invite doubt around their genuine social orientation, especially they themselves were those who had built the social organization to coordinate also for the social good while establishing the institutional competitive advantage. They thus sought real social impacts, likely beyond what could be quantified into scores with a common matrix (c.f. Yoshikawa, 2019). As far as those elites were aware (Voronov & Vince, 2012; Voronov & Yorks, 2015; c.f. Matten & Moon, 2008), the *de facto* implication of the quantification of social efforts according to a foreign matrix is a serious challenge to the values of social coordination and hierarchical organization led by those highest status elites – a penetration of neoliberalism into the coordinated system.

From the above perspective of the “embedded some” in the core group of social actors, ESG scoring likely triggers doubts around legitimacy (Suchman, 1995). Pragmatically, this is because the unified embedded core has been representing, negotiating, coordinating a wide range of stakeholders, and has contributed to the widely adopted policies and agreements. Doubts would be around the effectiveness of the ESG scores to minimally, if not accurately, reflect the substance of involvements, participations, and efforts made by the embedded some because ESG is a score for an individual entity from a strategic orientation undeniably. Within the embedded core, ESG scoring also invites doubts around moral legitimacy, no matter from evaluations of outputs and consequences, techniques and procedures, categories and structures, or evaluations of leaders and representatives when the members of the embedded core are clear that it will break the collectively built system and its merits (Uzzi, 1997). For those who have participated so heavily in collective consensus building and agreements, it is hard to imagine how voice would become procedurally or ceremonially relevant. The embedded core group members who have internalized the collective "organizational" goals would face difficulties in evaluating the consequence of ESG scoring from all "what we know", "who we are", and "what we do" (Nag, Corley, & Gioia, 2007), and thus the cognitive legitimacy is questionable too (Matten & Moon, 2008; 2020).

The second half of Figure 1a comes into picture: a social embeddedness perspective – that we argued at length – suggests that social actors – and the boards they occupy – of various statuses face differentiated levels of legitimacy challenge against any deviation from the traditionally established behavioral norm as far as those social actors are embedded somehow. In an institution with embeddedness at a minimum threshold, those social actors around the highest status would be the only ones that face such legitimacy challenge in our context.

H1*: In an embedded structure, there is an inverted U-shape between status of* *board and the appointment of directors with a background of top ESG SCORES.*

The Strength of the Social Organization

We further acknowledge that the level of embeddedness and the strength of a social organization vary across different parts of the European institution. To better delineate the concepts, we introduce constructs of institutional characteristics: elite cohesion and elite exclusiveness, and elite circle nestedness.

Elite Cohesion. We employ elite cohesion to represent the connectedness among the elites. In the case of strong elite cohesion, elite members are well connected so proprietary information spread effectively, diffusion of practices is facilitated, and a cohesive network features effective consensus building (Davis et al., 2003). An efficient elite circle is characterized by a cohesive or dense network of its members— also often called the 'small world' (Cohen, Frazzini, & Malloy, 2007; Nguyen, 2012).

As members of a cohesive elite meet often and can share their worldviews and observe their codes of honor (Davis et al., 2003; Mills, 1956), they are better informed given the dense network of directors that represents an efficient information channel. This elite cohesion among directors often emerges when individual directors occupy multiple directorates in different corporations and therefore build dense ties among directors (Mizruchi, 1996). Business practices of different kinds diffuse across firms through networks created by shared directorates (Bizjak, Lemmon, & Whitby, 2009; Davis and Greve, 1997; Haunschild, 1993; Westphal, Seidel, & Stewart, 2001). While Bizjak et al. (2009) finds that the practice of option backdating can spread through the directors' network, when directors turn to their peers to legitimate their decisions (Davis & Greve, 1997), Haunschild (1993) showed that the imitation interpretation holds amid rival interpretations. These studies indicate that the legitimacy of business practices spreads through the director network, and the diffusion is likely more efficient in a dense network.

Here we depart from Oehmichen et al. (2017) and adopt a slightly stricter conceptualization of elite cohesion to specify the tight connections among elites.[21] In this sense, we acknowledge the effective consensus building function of such a character and suggest that in the case of high cohesion, collective decisions regarding practice adoption can quickly diffuse to all. As Davis & Greve (1997: 14) suggest, elite members often model after the high status members' actions, "executives in St. Louis are likely to be particularly attuned to the practices of Anheuser-Busch, a highly prominent local business, even if they do not share drinks with the latest scion of the Busch family to run the company".[22] We predict a leadership or an advocator role among high status elite members, who reasonably associate mostly with high status boards.[23]

Consider organizations of various degrees of connectedness within and across departments. Generally, when the connectedness increases, the departments become more responsive and less distinctive (c.f. Orton & Weick, 1990).

Elite Exclusiveness. Following Oehmichen et al. (2017), we believe elite exclusiveness is important to the function of hierarchies in a community. Yet,

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[21] Although we do not see a need for alternative measurements for elite cohesion.

[22] The European institution exhibits patterns comparable to this one: negotiations and collaborations on social efforts have often been led by prominent corporates and high status elites, a picture compatible with Matten & Moon's conceptualization of implicit CSR as socially prescribed roles within formal and informal institutions that represent values, norms, rules, and social obligations.

[23] Due to the sharp decision making by the collective in the case of high cohesion, but uncertainty in when they come to a conclusion, we do not have a hypothesis for elite cohesion alone. Consider for instance two communities that exhibit high elite cohesion and share all other characteristics. Both are fast in building consensus: members of one could swiftly decide to all pursue ESG scores, while members of the other community could quickly determine to all together create a new matrix. We make no prediction here.

we again adopt a stricter conceptualization of exclusiveness to include both elites' relationships with individuals outside the elite circle as well as elites' low mobility within the elite "circle". To us, based on the review above, we do not assume that an elite circle is flat. Instead, we assume that the "circle" is hierarchical or at least rugged such that there are known hierarchical differentiations and boundaries inside (c.f. He & Huang, 2011; Westphal & Zajac, 1995; Zajac and Westphal,1996); indeed, the world is not small for everyone (Singh, Hansen, & Podolny, 2010) so there exists inequality even in a cohesive network in terms of resources available, knowledge of the collective, and mobility could be limited. If there were not hierarchies and internal boundaries, why would there be McDonald & Westphal's (2003; 2010; 2011) take on necessary mentorship and "appropriate" ingratiation techniques and styles (Park et al., 2011; Westphal & Stern, 2006; 2007)?[24]

Being exclusive implies having a clear distinction between in-group members and others. The more exclusive the hierarchical groups within an elite circle are, as supported by exclusive group-specific norms and reinforcement measures, the lower the mobility across hierarchical levels. The more exclusive an elite circle as a whole is, the less porous is the boundary between the circle and the external world (c.f. Oehmichen et al., 2017; DiMaggio & Powell, 1983). The higher the elite exclusiveness, the more the community resembles a hierarchically differentiated organization that features roles and levels of various authority.

[24] It could also be said that we have a more inclusive conceptualization of "elite" than in Oehmichen et al. (2017). Scott (2008) requires that elite be someone with certain mode(s) of power for better conceptual clarity. We believe that board members at least have some legitimate command of power as well as the ability to create interdependencies, although they are heterogeneous in that they differ in terms of the magnitude as well as modes of powers possessed.

We follow Oehmichen et al. (2017) and argue that elites can protect their exclusiveness by allowing as little mobility between hierarchical groups as possible. In this way, the members of the elite always belong to the same hierarchical group. Even in a small world, researchers who have examined the aspect of information flows have shown that greater social distance can restrict social communication (Milgram, 1967).

Allowing as little social mobility as possible is also achieved through the homosocial reproduction in the elite. Following Bourdieu's theory of the reproduction of social class structures, members of the various "classes" maintain their class-specific habitus that stabilizes social structures (Hartmann, 2000; Lawler, 2004), which account for the regularity, coherence, and order without ignoring its negotiated and strategic nature (Crossley, 2001). Thus, elite exclusivity can be seen as the institutional-level equivalent of homophilous behavior based on status (Chen, Hambrick, & Pollock, 2008; McPherson and Smith-Lovin, 1987).

Prestigious directors' behavior is likely influenced not only because they share elite-specific rules and norms but also because their deviant behavior would likely be more easily detected by other members in small cohesive groups, as well as when measures that preserve exclusivity are in place, such as social sanctions. For example, in cases of defection from the rules of the group, the elites become charged to use social distancing to punish non-compliant members (Westphal and Khanna, 2003). Social distancing in the case of directors includes "acts of avoidance and snubbing as neglecting to invite directors to informal board meetings, not asking their opinion or advice in formal meetings, not acknowledging or building on their comments in discussion, and engaging in exclusionary gossip whereby board members talk about other people and events with which the focal director is not familiar" (Westphal and Khanna, 2003: 365).

The more exclusive is a community, the more are opportunities confined according to the opportunity structure. In the case of low exclusiveness, literally everyone is welcomed to the club, the image would to a large extent, we argue, follow our baseline hypothesis: there is a positive relationship between the status of the appointing board and the appointment of a director with a background of top ESG SCORES; which is also the prescription of the economic rationality perspective.

However, in case of high exclusiveness, opportunities are more confined to inner groups or ranks, while providing order and stability to all. Achieving the inner groups or ranks brings greater opportunity than others to satisfy control-related needs such as autonomy and power (Deci & Ryan, 1987; McClelland, 1975), and tendency and ability to see better "opportunity dancing in front of them" (Keltner, Gruenfeld, & Anderson, 2003), capture and accumulate these opportunities (Baron, Davis-Blake, & Bielby, 1986; Baron & Newman, 1990; DiPrete & Eirich, 2006; DiPrete & Soule, 1988; Merton, 1968; Ospina, 1996; Magee & Galinsky, 2008).

Perhaps as time goes on the elite "circle" becomes less exclusive, such as in Chu & Davis (2006) or as Khanna & Palepu (2000) suggest that market imperfections reduce as countries develop; but in a scale of low to high exclusiveness – i.e. either less open or more open*ed* up, the embedded some – those who are more connected to the founding and the core of the institutions (Marquis, 2003) as reviewed above – would likely occupy the "inner circle" when exclusiveness is high. Otherwise, the term "exclusiveness" would become empty if opportunities, interests, and decision making are not confined to the core group.

And the high status embedded some would strive to defend their legacy and tradition. Therefore, when the interests are more confined within the high status in case of high exclusiveness, we expect a greater differentiation between high status and others. Accordingly, holding other variables constant, high status elites would experience much greater interpersonal norms than do their lower status counterparts.

Two reflections are warranted before we venture into our moderator construct. First, in the current argument, in case of high cohesion, we predict though we do not hypothesize that high status boards will be the ones that are most probable to appoint more directors with a background of top ESG SCORES, and boards of lower status would model after them, showing a U-shaped upward or convex curve. This suggests that the high status "social actors" are also the ones who deviate the most from the norm – the old traditional norm. Meanwhile, the low status boards would less likely deviate as much as would the middle boards because of the former's lack of attractiveness.

Since in the case of high cohesion alone, elites come to a shared decision sharply and regardless of (who initiated) the consensus building process, leaders assume their leadership role. This is consistent with Prato et al. (2019) and Phillips & Zuckerman (2001) that social actors are freer to deviate when there is low risk of scrutiny, especially around membership and legitimacy (c.f. Phillips, Turco, & Zuckerman, 2013; Graffin, Bundy, Porac, Wade, & Quinn, 2013) – and when those challengers are well connected as Palmer & Barber

(2001) demonstrates. In our case, we suggest, this low level of risk correlates with a network that features collective consensus building and decision making, i.e. high cohesion.

As the second reflection, the image presented is simultaneously consistent with Fini, Jourdan, & Perkmann (2018) because ESG scores, as a social valuation given by an alternative audience, like those in Fini et al. (2018), are capable to positively influence peer valuation by pointing to candidates' qualities, yet, since they are conferred by an external audience, they are also indicative of candidates' deviation from an expected peer identity. Precisely as Fini and colleagues suggest, this effect is moderated by the identity proximity between peers and the alternative audience, as well as the availability of previous peer evaluations; i.e. elite exclusiveness in our case.

Nested World of Elites. To further capture the image of social solidarity in some institutions, we draw on the concept of nest worlds (Durkheim, 1893[1997]; Moody & White, 2003).

While a small world network combines the paradoxical qualities of large, sparse network with high connectivity (Watts, 1999; 495-96), it features swift diffuses of information without the need for a globally dense network and generates synergies among clusters (Uzzi & Spiro, 2005). It provides benefits of brokerage to social actors that bridge between otherwise disconnected clusters, as well as benefits of closure to actors within clusters (Burt, 2005; Schilling & Phelps, 2007). However, it struggles "to account for trusted, embedded exchange (Uzzi, 1997) characteristic of closed groups (Coleman, 1990). Trust is essential to newly emerging markets (Keister, 2001) and to any context in which opportunism can erode standard market-based transactions…

the small world model has to rely on potentially weak distance diminishing short paths to spread trust-relevant information to the wider community, which may not be knowable (Goel, Muhamad, and Watts 2009).” (Mani & Moody, 2014: 1635)

On the other hand, the concept of a nested world is built directly on the notion of structural embeddedness from Granovetter. In a nested world (Mani & Moody, 2014: 1636), structurally cohesive sets are nested within one another, with strongly connected subsets deeply embedded within a wider structure, which therefore features differential involvement that is key to core-periphery networks. This notion of differential embeddedness is also found in core-periphery (Borgatti & Everett, 1999) and overlapping community (Vedres & Stark, 2010). Meanwhile, the structural cohesion in a nested world accommodates clustering, which is key to small worlds, by charting how difficult it is to disconnect clusters in the network.

In other words, a nested world is a multicore network with positional differences between cores. Correspondingly, information about (un)trustworthy behavior passes quickly through clusters, as the same piece of information is validated from multiple sources as piped by multiple independent paths between clusters. Norms and sanctions can be imposed because information about untrustworthy behavior reaches far beyond the local closure, so distal others may be less willing to transact with the offending party. “The converse effects apply for actors with a consistent record of trustworthy, helpful behavior. Such actors are attractive partners and, over time, occupy more nested positions in a hierarchically embedded cohesive structure. The idea of structural cohesion underlying this model implies stability over time and predicts that firms in nested worlds will engage in embedded exchanges that reinforce connections with historical partners." (Mani & Moody, 2014: 1636)

Research in (business groups) institutions other than the US has long recognized the importance of strong ownership ties and long-term commitment that substitute for "weak" institutions (La Porta, Lopes-de-Silanes, & Shleifer, 1999; Khanna & Rivkin, 2006; c.f. Hall & Soskice, 2001; Jackson & Deeg, 2008), where business groups function and evolve along those social relations (Keister, 1998; Luo & Chung, 2005). While emphasizing embeddedness within a large dense network (Khanna & Rivkin, 2006), research has also placed a special focus on prominent business groups as distinct from smaller business groups (White, 1974; Keister, 1998; Chang, 1999; Chung, 2000; Campbell & Keys, 2002; Choi & Cowing, 2002). In other words, even in intercorporate relations characterized by high levels of trust and low transaction costs (Dyer, 1997), hierarchical differentiation can simultaneously exist.

Accordingly in our case, where an institution features both hierarchical differentiation (elite exclusiveness) as well as embeddedness within a larger dense network (elite cohesion), (global) high status correlates with deep embeddedness in the core while actors with status at the next (lower) level could as well be embedded in the wider space. Indeed, in a network with both exclusiveness and cohesion, we expect that the norm that originates from embeddedness to more widely prevail than in another network with the same level of exclusiveness but lower level of cohesion. By "more widely prevail" we mean that same norm shared by the high status embedded ones are also shared by more lower status actors as far as they are embedded. Therefore, we envisage an image comparable to that in Ahmadjian & Robinson (2001) where after all the prominent firms struggle to stick with the tradition until others have made their changes; as well as to that in Palmer & Barber (2001) where well-connected challengers advance their desire (such as for more prominence) when they are not guarded by their superiors. In other words, non-conformity (to the traditional norm) mostly likely originates from where the low status actors were not embedded; but diffuses where those change agents were connected.

***H2**: The inverted U-shaped relationship between the status of an appointing board and the probability of an appointment of a director with a background of top ESG SCORES becomes more pronounced in institutions with a higher level of nestedness.*

Combining with our baseline hypothesis, which suggests that there will be a positive (upward sloped) relationship between the status of an appointing board and the probability of an appointment of a director with a background of top ESG SCORES, we argue here that the nested world property, which is based on the concept of and hinges on embeddedness, moderates that positive relationship given by the "rational economic perspective".

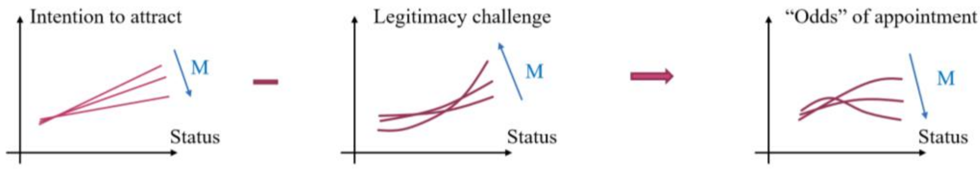


Figure 1b. Moderation of Latent Mechanisms (Direction of moderation indicated by M)

Consequently, we hypothesize that the peak where such probability is highest would travel from the region of highest status to the region of middle status, thus forming an inverted U-shape, as the level of moderation increases. Figure 1b illustrates the hypothesized changes with respect to the moderation (c.f.

Haans et al., 2016).

Recall that Figure 1a depicts the case when embeddedness or nestedness is low, around a minimum threshold. Now consider an institution with the nested world property. The originally positive relationship between board status and its intention to attract directors with a background of top ESG SCORES becomes weaker because in this institution, the higher the status is the board and thus is its directors, the more he/she is embedded in the long-held institutional arrangements that are beneficial to them. With all the deference that they have been enjoying from fellow social actors in the collectivistic mode of coordination, the leaders would not readily forgo such a social organization that they have established.[25]

If the social organization is sufficiently cohesive and features a considerable level of hierarchy, or when there is loyalty to the traditional communal spirit in the embedded core as well as a strong and effective hierarchical coordination over others who are also substantially embedded around the sizeable core, we expect stronger surveillance and sanctions against deviations that cover farther in the community. Any behavior that exhibits a competitive orientation faces legitimacy challenges – for the higher the status in the community is the "aggressor", the more severe the legitimacy challenge; and similarly, the more remarkable the sanction, given the relatively higher level of embeddedness among these social actors. Therefore, we expect that the relationship between status and the legitimacy challenge becomes more upward-curving when it is in

[25] We note here that depending on the expectation of the leaders, some of them may wish to be the one to initiate a longer-term substantial change to the system. This resonates with the concept of superior expectations versus luck in the theory work and thus this empirical investigation could be considered a partial verification of that theory: How do social actors demonstrate superior expectation to disrupt the system in a direction that will be proven right only later in time?

a more nested institution. Combining the two diagrams into Figure 1b, we predict such a moderated inverted U-shape in H2.

Power Distance. While the above moderations focused on the network properties of the sampled institutions, some of which would suit more to the theoretical arguments, much of the institutional norms develops accordingly too (Hall & Soskice, 2001). For instance, the presence of closed structures over time could model social actors' development of their ability to exchange and tap into available information and resources as reinforced by those structures (c.f. Coleman, 1988: 104). Here, we turn to a "conditioned" psychological characteristic or "mental programming" (Hofstede, 1983) – power distance.

Power distance refers to the extent to which people believe and accept that power and status are distributed unequally. Generally, people readily describe themselves in terms of power relations (Galinsky, Gruenfeld, & Magee, 2003). In organizations – in a general sense – powerful ones and lower-powered group members configure themselves into leadership and subordinate positions respectively; and "even those individuals and groups who stand the most to gain by disrupting hierarchy have some reason to forego any attempt to change the existing rank order." (Magee & Galinsky, 2008: 365) There would even be objectification of selves among followers when they make sense of the leader's assertiveness in leading collective actions (Santora, 2007). We believe this scenario is especially true in cultures of high power distance, where an unequal distribution of power and status is accepted.

Consequently, the arguments around the controlling effects of a social organization become salient again. The higher the power distance, the more stably social actors follow the hierarchical differentiation for coordination.

H3: *The higher the power distance in a culture, the lower the probability of an appointment of a director with a background of top ESG SCORES.*

METHODS

Sample

Following Oehmichen et al. (2017) despite we are not interested in the US, the sample of corporations and directors come from the BoardEx European database between 2014 to 2017. Given that the current study is built on Matten & Moon's (2008; 2020) concept of implicit CSR, we follow the work's corresponding range to include only 10 major countries in EU: Denmark, Finland, France, Germany, Italy, Netherlands, Republic of Ireland, Spain, Sweden, and United Kingdom. This list should be both sufficient and representable of the differentiated institutions developed from the historical EU and continental Europe.

ESG scores of firms come from Sustainalytics because it contains higher coverage and a larger year range in the Europe than MSCI or KLD (as in WRDS). Other firm information comes from WorldScope, Revinitiv Datastream, and WRDS. Director and board prestige data comes from BoardEx.

BoardEx data was downloaded between Feb to Mar 2020. Data from Sustainalytics, WorldScope, and The World Bank were downloaded later in a year's time. We started with more than three hundred thousand director-firm-year observations, but due to availability of data particularly in prestige data, and further observations were dropped when we applied list-wise deletion when at least one variable was not available, we ended up with 6,290 firm-year observations, which include 2,256 distinct companies from the ten countries. That also depends on the type of analyses conducted, as introduced below.

Dependent Variable: Appointment of Director with a background of top ESG SCORES

A background of top ESG SCORES is defined as the top 10^{th} percentile in a peer industry group in Sustainalytics. While ESG scores contain three areas of ratings (the E, S, and G pillars), and a total score, we identify directors who have worked as an executive or a director in firms rated with a top total score. We employed this relatively stringent selection to capture the signaling effect of this reputation.

The dependent variable is operationalized as whether an elite of this kind gets appointed to a board within 2015 to 2017, where the ESG ratings have become available.[26] While Sustainalytics offered ESG scores within this range of time, other ratings covered similar but shorter time ranges. The relevance is, as suggested in the literature on quantification, that an introduction of a rating would inject new information, logic, and signals to a field, and thereby triggers reactivity among social actors (Espeland & Sauder, 2007) and recreate the social world. To us, the introduction of a rating like ESG is a kick within a broader institutional change (or ongoing project) of rationalization across institutions brought by the cultural foundations of scientific management and empowered agency (Bromley & Meyer, 2017; c.f. Scherer & Palazzo, 2007). Therefore, we are interested in any appointment of this kind to capture how the elites on the boards reacted to this significant step of an institutional change.

Such a dichotomous measure reflects the selection of reputable human capital by boards of various statuses from an economic rationality perspective, as well

[26] ESG scores for European countries started to become available in both Sustainalytics and KLD from 2014.

as the dynamics in the elites' career market where existing elites signal their affiliation with or refusal of the market pricing logics inherent in the ESG scoring.[27] Generally, it represents the decision making of social actors in such an institutional change.

Independent Variables and Moderators

Board prestige. Following Acharya & Pollock (2013), this measure was calculated as the aggregate number of continuing prestigious directors that served on a focal firm's board in a given year. Regarding the measurement of prestigious directors, we measure existing directors on board here while our control variable measures that of an incoming director. We also included the square of this measure to test for the hypothesized curvilinear relationship.

Following prior research (e.g. D'Aveni, 1990; Chen et al., 2008; Pollock et al., 2010), directors are considered prestigious if they possess at least one of the educational prestige, employment prestige, or directorial prestige. Yet, given the European context (c.f. Oehmichen, et al., 2017), where our interest is in how institutions with different historical developments (Matten & Moon, 2008) react to the institutional change, employment prestige is defined as an experience as an executive in a company that is an index constituent, thereby we give respect to the local embeddedness in various types of institutions. Similarly, directorial prestige is defined as an experience as a director in those constituents.

From above, each director on board has a prestige score in each year, which was then summed to become the prestige score of the board. For example, up to a company-year, a director on board has had or has been working as either an

[27] Chu & Davis (2016) predicted the probability of getting a board seat in the next year with the directors' prominence, minority statuses, number of board seats held, as well as their interaction with years since a change. Instead, we adopt a more board-centric approach.

executive or a member of the board in *k* index-constituents to capture the effects of homophily. Then, this director would contribute *k* to the prestige score of the focal board in that company-year when he/she is a member of that board. Hence, a director can have a score, up to a company-year, greater than 1, as well as 0.

Nested world. As reviewed above, a nested world features hierarchical differentiation while is overall denser than a small world because clusters in the former are more embedded in the wider network. Thus, we operationalize a nested world by interacting elite cohesion and exclusiveness using their unstandardized values. To use the variable in our panel data design, we must make the variables comparable across years. Borrowing from Oehmichen et al. (2017), we standardize the resulting values to a [0, 1] interval, where 0 represents the lowest and 1 the highest nestedness in a specific year. In a robustness check, we alternatively interacted the standardized values from Oehmichen et al. (2017) to obtain the measure of nested world.

We follow Oehmichen et al. (2017) for the elite cohesion. As an institutional elite characteristic, elite cohesion of a country's corporate elite network is approximated by the concentration of this network of directors who occupy board positions in multiple companies. We accordingly measure this by counting all existing ties in the network and normalizing this number by dividing the resulting value by the number of all possible ties in the network (the number of all possible ties equals (n-1)*(n-2)/2). Note that the number of possible ties increases with the square of the number of nodes, while the development of actual ties in the network likely corresponds to a more or less linear growth with network size; to make density measures comparable between countries, the calculation of the density measures was based on the 40 largest companies by market value for each country to account for roughly the same network size, thus allowing the limited number of companies in the smaller countries, while simultaneously maximizing the representativeness of the sample.

Elite exclusiveness in Oehmichen et al. (2017) measures the degree of mobility of the elite circle in a country. The figures came from calculating the percentage of directors in the elite group that were already in the circle the year before. This value measures how difficult it is for an individual to stay in the elite circle and therefore the stability and exclusiveness of the elite “circle”. As Sauder (2006) explicated, the exact shape and structure of an elite hierarchy likely have underpinnings on the status dynamics, we therefore employ the above overall mobility as a proxy of the mobility within tiers, if any, of the elite hierarchy of a country.

Accordingly, a lagged nestedness is used to predict any appointments between 2015-2017. An appointment of director is unlikely a hasty decision, instead such a matching process between a board and a director demands considerable evaluations in terms of reputations of various types (e.g. Deutsch & Ross, 2003; Westphal & Zajac, 1995), let alone the fact that any change in personnel to a board represents serious political rationalities in the succession and power dynamics (e.g. Yoshikawa, Shim, Kim, & Tuschke, 2020; Zajac and Westphal, 1996). Thus, we include the measure of nested world that is lagged for three years to capture how the characteristics of various elite circles translate into a real appointment that only comes after the decision making process. A different operationalization is included in the robustness checks too.

While social actors in various positions in a network are impacted by external influences and changes differently – peripheral actors are especially prone to outside influences while deeply embedded ones are particularly connected to the fate of the group and thus vulnerable to institutional upheaval (Battilana & Casciaro, 2012; Phillips & Zuckerman, 2001; Phillips et al., 2013; Powell, 1990; Uzzi, 1997). Moreover, although stability at the node level could be low, network is more stable at the inter-organizational level (Davis et al., 2003) – at least for some institutions.

Yet, we believe our tests for the main hypotheses overall represents a very conservative one. Changes might had happened long before ESG scores became available in the Europe. Indeed, ESG scoring and quantification started decades ago; and the Europe has never been entirely isolated from the Anglo-Saxons systems (Matten & Moon, 2020; 2008). If any effect is found at all, it means we have caught the tail of that dynamic change (c.f. Ahmadjian & Robbins, 2005). We revisit this in the discussion section.

Power distance. This measure is downloaded from Hofstede Insights in 2021. The higher the power distance, the more unequal distribution of power is accepted.

Interaction terms between board prestige – as well as board prestige squared, and nested world are created to test the moderating effects.

Control Variables

Average prestige count among the yearly cohort of the new appointment. Similar to the treatments described above for a director's prestige; the control variable here comes from averaging, within the cohort should there be any multiple appointments in a company-year, the number of times in a director's career up to that year has he/she been appointed as an executive or board member of another index constituent than the focal board, again to capture the (signaling) effect of status homophily. In the same vein, we included any newly minted positions in a focal year for a director because the need to acknowledge signaling is salient here. As mentioned above, although any official appointment can happen anytime; status-affiliation, the underlying mechanism, takes time to occur due to the due-diligence and deliberate considerations in selections for instance.

We control for this variable because we believe the appointment of board member(s) is a complex decision in which both external and internal dynamics must be balanced. While Acharya & Pollock (2013) excludes events with more than one appointment in a firm-year, because those events were rare in their sample, we acknowledge that we cannot control for the prestige of each incoming director where there are more than one appointment using a count model. Though comparable, an alternative-specific multinomial probit model (Long & Freese, 2006) is not appropriate neither because that accommodates only specific information around one, two, three, or other nominal categorical "alternatives". Here it is instead a quality for each individual; and we also measure the ***Number of new appointments in that company year.***

Strength of minority shareholder protection. As reviewed, traditional or founding owners of an institution lose a portion of their control on their property to exchange for capital. And an open of the capital market to foreign investors invites further introduction of foreign governance practices and logics. The strength of minority shareholder protection is itself an indication of the institution's conformity to the Anglo-Saxons institutional logic of governance (Davis, 2005). This index is developed by The World Bank in the Doing

Business initiative. It is the sum of the extent of disclosure index, extent of director liability index, and ease of shareholder suits index.

Size of board. Number of directors and executives on board.

Count of top ESG score in any area in the appointing board. Previous scoring of top ESG score could indicate a board's inclination to winning in the ESG game. Alternatively, for those boards that had been rated well, they are well seduced by rating, and thus ranking, game (c.f. Espeland & Sauder, 2016); and are prone to reactivity (Espeland & Sauder, 2007). We count such instances over -3 to -1 years. Given the year when the scores first came out, as seen from the descriptive table, there could at most be three such instances over the period of study.

Year since 2014. To explore the effect of diffusion and dynamism within the institutions following the introduction of ESG scores as a shock, we follow Chu & Davis (2016) to include the number of years after 2014.

TABLE1 shows descriptive statistics and correlations.

TABLE 1 Descriptive Statistics and Correlations

	Variables	Mean	S.D.	Min	Max	1		2		3	
1	PROBABILITY_OF_APPOINTMENT_OF_INTEREST	0.11	0.31	0	1						
2	BOARD_PRESTIGE	7.94	10.46	0	81	0.25	*				
3	NESTEDNESS	0.56	0.33	0	1	-0.03	*	-0.06	*		
4	Hofstede_POWER_DISTANCE	45.63	16.34	18	68	-0.02		0.2	*	0	
5	AVERAGE_PRESTIGE_IN_COHORT	0.16	0.32	0	1	0.5	*	0.24	*	-0.05	*
6	NUMBER_OF_NEW_APPOINTMENTS	1.13	1.6	0	14	0.38	*	0.1	*	0.07	*
7	FIRM'S_ESGscore_ANYarea	1.94	1.09	0	3	-0.1	*	-0.29	*	-0.11	*
8	STRENGTH_OF_MINORITY_SHAREHOLDER _PROTECTION	33.48	2.67	29	42	-0.02		0.06	*	-0.31	*
9	SIZE_OF_BOARD	9.64	5.26	1	54	0.25	*	0.49	*	0.15	*
10	NUMBER_OF_YEARS_AFTER_2014	1.99	0.82	1	3	0		0.03	*	-0.29	*

	Variables	4	5	6	7	8	9
1	PROBABILITY_OF_APPOINTMENT_OF_INTEREST						
2	BOARD_PRESTIGE						

3	NESTEDNESS												
4	Hofstede_POWER_DISTANCE												
5	AVERAGE_PRESTIGE_IN_COHORT	0											
6	NUMBER_OF_NEW_APPOINTMENTS	-0.02		0.32	*								
7	FIRM'S_ESGscore_ANYarea	0.07	*	-0.14	*	-0.13	*						
8	STRENGTH_OF_MINORITY_SHAREHOLDER _PROTECTION	-0.01		0.03	*	-0.04	*	0.03	*				
9	SIZE_OF_BOARD	0.03	*	0.17	*	0.41	*	-0.22	*	-0.12	*		
10	NUMBER_OF_YEARS_AFTER_2014	0.01		-0.03	*	-0.14	*	0.39	*	0.01		-0.01	

Note: * p<.05

Method of Analysis

As we are interested in the probability for the boards to engage in the game of ESG scores by appointing a director with a background of top ESG SCORES, in Model 1-3 of TABLE 2 we employ a logistic regression model with a random-effects unbalanced panel over 2015-2017, the three years immediately after ESG scores for European companies first became available. While a Hausman test suggests that a model with random-effects is preferrable; we are primarily interested here to investigate variations in decision making between boards rather than how changes in the explanatory variables lead to within board variations – indeed as we argued, the same board could make very different judgments and decisions as a consensus becomes established within the elite circle. Subsequently, we focus only on the boards' reactions in terms of their appointments in this period.

RESULTS

As one would expect, both the average prestige in the cohort of new appointment and the number of new appointments are expected to increase the probability of having an appointment of interest. The status literature has long established status homophily; so this result may suggest that the conventional importance of selecting directors based on his/her prestige has remained highly pertinent in times of an institutional change or when a new value system is being introduced.

On the other hand, the accumulation of newly available ESG scores in the boards is not found to be a significant predictor for the appointment of interest. Should improvements in environmental, social, and governance areas represented major goals for a board, especially those with high aspirations, and should the ESG scores sufficiently captured past efforts of boards in those substantive areas, one would expect a significant relationship here given the expertise provision roles of directors in a board. However, that does not seem to be the case here. An alternative interpretation that sees the appointment of interest as the boards' fulfillment of some external requirements seems to make more sense here.

Furthermore, and interestingly perhaps, the strength of minority shareholder protection is found only to be marginally significant in the negative direction. While an institution's conformity to the Anglo-Saxons institutional logic of governance is expected to lead to a higher likelihood of engagement in the ESG game; this sum of the extent of disclosure index, extent of director liability index, and ease of shareholder suits index seem to be working in the opposite way here. An increase in this index is expected to lead to a decrease in the log-odd by a factor of -0.0424861, which translates into probability by around -4%, holding all other variables constant.

The size of the board is found to be a generally significant predictor of the probability. Having one more member on board is expected to lead to an increase in the log-odd by 0.032, which translates into probability by around 3%, holding all other variables constant.

In Model 1, board prestige is found to be a significant predictor of the probability of having an appointment of interest, as predicted by the baseline hypothesis. In this sense, the general understanding of "economic rationality" seems to be supported. Yet, Model 2 shows that there also seem to be some alternative pressures faced especially by social actors at the high status. Further investigation regarding the curvilinearity is warranted given the significance and direction of the coefficients.

Yet, while Model 1 shows that nestedness is only marginally significant in a negative direction – as argued when we only consider the plain characteristic of an elite circle per se without accounting for the decision making by key actors; Model 3 suggests that, as hypothesized, nestedness becomes a critical factor when the above factors are considered holistically. Likelihood ratio tests also confirmed that Model 3 is preferred to Model 2 and to Model 1.

Due to the general difficulties when algebraically deriving interaction effects in such models (Hoetker, 2007) and the fact that flattening or steepening is at least partly an artifact of the chosen regression model (Greene, 2010), and the difficulty of interpreting model fit and coefficients in logit models (Lind & Mehlum, 2010), we follow Haans et al. (2016) to check if there is any shape-flip, and calculate the respective peaks and slopes at different levels of moderation to verify the inverted U-shape. In our case, the relationship flips from U-shaped to inverted U-shaped when the moderator increases across 0.3585. To illustrate, the hypothetical turning point is at -1132.5378 along the x-axis when we take a slightly smaller value for the moderator, 0.35 here; and that is at 6394.8347 when we take 0.36 as the value of the moderator. The peak then eventually moves into the sample range when the moderator takes the value of 0.55. In other words, as argued, and consistent with the literature (c.f. Mani & Moody, 2014; Mooddy & White, 2003), when there is embeddedness to some but not a high extent, social actors' decisions and behaviors would be quick to adapt but out of mutual check (e.g. Davis et al., 2003; Uzzi, 1997). In that case, the probability of defecting from the traditional norm increases with board prestige.

To illustrate how the moderator affects the turning point of the inverted U-shaped relationship beyond the level of moderation when shape-flip occurs, one takes the derivative of the main predictor with respect to the moderator and test the sign of the nominator against 0. H2 predicts that the inverted U-shape would gradually manifest when the level of nestedness increases. As argued, we hypothesize that the higher the nestedness of the elite circle, the farther away from the highest status is the region (in terms of status) where social actors just outside of the "inner circle" would most likely, given their ability to attract directors with an ESG reputation, defect from the traditional mode of coordination in the community. In our case, the nominator of the derivative is negative with a mean change in the peak whose 95% confidence interval is significantly negative. Furthermore, we follow Appendix 4 of Haans et al. (2016) to numerically calculate the respective slopes when the moderator takes the values of mean and mean plus one SD, given the size of the moderator at which the shape-flip happens. Since the slope for moderator at mean is smaller than that for moderator at mean plus one SD around their respective peaks, the inverted U-shape steepens as nestedness increases.

The moderated inverted U-shape relationship is also shown in Figure 2, the predicted probability of the appointment of interest with respect to board prestige when the moderator nestedness takes different values: its lowest in the sample, mean minus one SD, mean, mean plus one SD, and its highest. Note that it illustrates the shape-flip too[28]. Figure 3 explicates the differences due to moderation by pair-wise comparisons as the area where the 95% confidence

[28] Haans et al. (2016) explicated that the existence of a shape-flip poses threat to discovering a significance of an (inverted) U-shape relationship. We empathize this point.

intervals of the curves do not overlap become more pronounced and significantly different from 0 as the moderator increases from around its mean value. Thus, as hypothesized in H1 and H2, the inverted U-shape relationship between board prestige and the probability of appointing a director with a background of top ESG SCORES becomes more pronounced, and the corresponding status where such appointment is most likely moves to a lower level, as the nested world property of the elite circle increases. In other words, the region of status where defection from the traditional mode of coordination is pushed farther away from the highest status when nestedness increases in its level beyond that necessary for the shape-flip.[29]

Consistent with the above arguments, H3 predicts that power distance enhances the conformity to the hierarchical forces, which subscribed to the traditional mode of organization in our case. For one unit of increase in the power distance, the log-odd of having an appointment of interest is expected to decrease by a factor of -.0210678, which translates to a decrease of probability by around -2 percent, holding all other variables constant. Thus, H3 is supported: the higher the power distance, the more a defection from the traditional mode of organization is discouraged.

Robustness Checks

The above results are further investigated here. Model 4 and 5 of Table 3 employ -clogit- in STATA for a conditional logistic regression model for

[29] Coherent with what H1 and H2 predict, both cohesion and exclusiveness are necessary for the observed changes in probability. An elite circle with low levels of nestedness resembles the picture of a simple group where the dominant ones take the discretion, as shown by the upward-curving probability curve. For a simple group that has developed a slightly higher level of organization as well as a group norm, the group members appropriate in a way that is more check-and-balanced or coordinated. Our more socialized arguments then kick in beyond that certain level of both cohesion and exclusiveness, as shown by the concave or inverted U-shaped probability curve across status.

matched case – control data, also known as a fixed-effects logit model for panel data. Conditional logistic analysis differs from regular logistic regression in that the data are grouped and the likelihood is calculated relative to each group; that is, a conditional likelihood is used to match probability to each country in our case. Model 6 to 8 employ -xtlogit- with random effects again but operationalized the nested world property, the moderator, differently.

Model 4 includes all observations from 2014-2017 instead of 2015-2017 in the main analysis. It seeks to capture any effects due to possible anticipation by the boards regarding the publication of the ESG scores around 2014-2015. The rationale is that because of reactivity, a board could had appointed a director with a background of top ESG SCORES even before ESG scores become publicly available. Regarding model fit (Hoetker, 2007), the McFadden's Adjusted R-squared is 0.482, the ML (Cox-Snell) R-squared is 1.000, the Cragg-Uhler(Nagelkerke) R-squared is also 1.000. As this model shows, both coefficients for the interaction terms between nestedness and board prestige as well as board prestige squared are strongly significant in the hypothesized directions. The accumulation of newly available ESG scores in the boards and the strength of minority shareholder protection remain insignificant; while again the size of the board, the average prestige in the cohort of new appointment, and the number of new appointments remain significant in predicting the probability of having an appointment of interest positively.

Model 5 again employs a conditional logistic model but includes only observations from 2015-2017 as in the main analysis. It seeks to alternatively capture any effects due to country fixed effects. As expected in this way, power distance and strength of minority shareholder protection – the time-invariant variables – would be omitted due to collinearity. Regarding model fit, the McFadden's Adjusted R-squared is 0.434, the ML (Cox-Snell) R-squared is 1.000, the Cragg-Uhler(Nagelkerke) R-squared is also 1.000. As this model shows, both coefficients for the interaction terms between nestedness and board prestige as well as board prestige squared are again strongly significant in the hypothesized directions. The accumulation of newly available ESG scores in the boards remains insignificant; while again the size of the board, the average prestige in the cohort of new appointment, and the number of new appointments remain significant in predicting the probability of having an appointment of interest positively.

Model 6 employs a panel logit model with random effects between 2015 and 2017 again as in the main analysis but operationalizes the moderator as the average from t-4 to t-1 of the standardized nestedness measure. For instance, for 2014, the moderator takes the value of the average of the measure between 2010-2013; for 2017, the moderator takes the average of 2013-2014, which is available in Oehmichen et al. (2017) in the current set up: as argued, as soon as a social actor who is close to the "inner circle" shows that he/she is interested in the competitive game – whereby demonstrating his/her subscription to the Market Pricing relational model, and inviting collaborators' behavioral judgments, it marks the beginning of a circle-wide challenge to the original Communal Sharing and/or Authority Ranking spirit if any. The closer is the defector was to the core of the circle, the more salient that challenge and potential influence would be. Therefore, by 2014, the property of the elite circle, namely a nest world, was no longer stable for one to build inferences on. Indeed, as shown in Model 6, and as can be seen from the drastically decreasing measures of elite cohesion and exclusiveness around 2012-2014 in Oehmichen et al. (2017), the hypothesized circle-wide reactivity is losing significance if we incorporate those measures in the moderator. While Figure 4 shows that the predicted margins take a different shape than that in Figure 2, Figure 5 still captures regions of significant difference when the predicted margins are compared pairwise as the moderator takes its lowest value, its mean minus one SD, mean, mean plus one SD, and its highest value: the differences are only significant around the low status – precisely because the above-mentioned changes have been happening quietly around the core when it approached 2014. In other words, a core that is not sufficiently nested – though still reading high standardized value across the institutions – would become less determined to demonstrate the hypothesized resistance against defections to its traditional mode of organization (c.f. Marquis, 2003; Marquis & Lounsbury, 2007). Yet, both a shift of the peak probability to the left (lower status) and a steepening of the peak at higher levels of moderation are found beyond the shape-flipping level of moderation following procedures in Haans et al. (2016). Here the relationship between board prestige and the probability of appointment of interest flips from U-shape to inverted U-shape when nestedness increases across 0.1199. Accordingly, we pick mean minus one SD and mean plus one SD as two levels of moderator. The slope that corresponds to a small distance travelled from the peak when moderator equals its mean minus one SD is smaller than that when moderator equals its mean plus one SD; while the respective peaks are 93.1587 and 50.3777, with a mean peak shift with a 95% confidence interval significantly negative beyond the shape-flip. Thus, H1 and H2 are still supported.

Model 7 similarly employs a panel logit model with random effects between 2015 and 2017 and operationalizes the moderator as the average from t-6 to t-4 of the standardized nestedness measure. For instance, for 2014, the moderator takes the value of the average of the measure between 2010-2008; for 2017, the moderator takes the average of 2013-2011. While the overall shape of the relationship between board prestige and the probability of appointment of interest resembles that from Model 6, Figure 6 shows that the probability surges around the middle status region. Figure 7 confirms that – when the level of moderation increases from its mean minus two SD to mean, and from its mean to its highest value – around the lowest status, the probability given by the smaller moderator is significantly higher than that by the larger moderator, as in the previous models; around the middle status, instead, the probability given by the smaller moderator is significantly lower than that by the larger moderator. Put simply, the relationship becomes more inverted U-shaped when the level of moderation increases. Again, following Haans et al. (2016), both a shift of the peak probability to the left (lower status) and a steepening of the peak at higher levels of moderation are found. Yet, here the level of moderator at which the shape flips is -0.09, meaning that there is *not* a shape-flip in the possible range of independent variable, board prestige. Accordingly, we pick mean minus one SD and mean plus one SD as two levels of moderator. The slope that corresponds to a small distance travelled from the peak when moderator equals its mean minus one SD is smaller than that when moderator equals its mean plus one SD; while the respective peaks are 60.2047 and 51.4341, with a mean peak shift with a 95% confidence interval significantly negative. Thus, H1 and H2 are again supported.

Lastly, Model 8 employs a panel logit model with random effects between 2015 and 2017 and operationalizes the moderator as the interaction between the standardized value of t-3 from Oehmichen et al.'s (2016) unstandardized elite cohesion and that of exclusiveness. For instance, for year 2015, we separately standardized the unstandardized elite cohesion as well as standardized the unstandardized elite exclusiveness using figures from 2012; for year 2017, figures from 2014 was used. Model 8, Figure 8, and Figure 9 all converge to give strong support to H1 and H2: the inverted U-shape relationship between board prestige and the probability of appointing a director with a background of top ESG SCORES becomes more pronounced when the elite circle has a higher level of nestedness. Again, both a shift of the peak probability to the lower status and a steepening of the peak at higher levels of moderation are found beyond the shape-flipping level of moderation following procedures in Haans et al. (2016). Here the relationship between board prestige and the probability of appointment of interest flips from U-shape to inverted U-shape when nestedness increases across 0.1040. Accordingly, we pick mean and mean plus one SD as two levels of moderator. The slope that corresponds to a small distance travelled from the peak when moderator equals its mean is smaller than that when moderator equals its mean plus one SD; while the respective peaks are 66.9798 and 46.3260, with a mean peak shift with a 95% confidence interval significantly negative beyond the shape-flip. Thus, H1 and H2 are again supported.

Across all models 1-3 and 6-8, power distance is significantly expected to lead to a discounting factor in the probability of appointing a director with a background of top ESG SCORES. H3 is supported.

TABLE 2 Prediction for Any Appointment of Director with a background of top ESG SCORES

DV: Any appointment of director with a background of top ESG SCORES	Model 1		Model 2		Model 3	
Year dummies	Yes		Yes		Yes	
BOARD_PRESTIGE	0.044	***	0.073	***	-0.002	
	(0.01)		(0.02)		(0.03)	
NESTEDNESS	-0.394	^	-0.326		-1.151	***
	(0.23)		(0.23)		(0.33)	
Hofstede_POWER_DISTANCE	-0.020	***	-0.021	***	-0.021	***
	(0.00)		(0.00)		(0.00)	
AVERAGE_PRESTIGE_IN_COHORT	4.075	***	4.028	***	4.055	***
	(0.21)		(0.21)		(0.21)	
NUMBER_OF_NEW_APPOINTMENTS	0.627	***	0.632	***	0.638	***
	(0.04)		(0.04)		(0.04)	
FIRM'S_ESGscore_ANYarea	-0.010		0.020		0.012	
	(0.07)		(0.07)		(0.07)	
STRENGTH_OF_MINORITY_SHAREHOLDER_PROTECTION	-0.045	^	-0.047	^	-0.042	^
	(0.02)		(0.02)		(0.02)	

SIZE_OF_BOARD	0.040	*	0.036	^	0.032	^
	(0.02)		(0.02)		(0.02)	
NUMBER_OF_YEARS_AFTER_2014	-0.033		-0.054		-0.030	
	(0.16)		(0.16)		(0.15)	
BOARD_PRESTIGE_SQUARED			-0.001	*	0.001	
			(0.00)		(0.00)	
BOARD_PRESTIGE * NESTEDNESS					0.124	***
					(0.04)	
BOARD_PRESTIGE_SQUARED * NESTEDNESS					-0.002	**
					(0.00)	
Intercept	-3.274	***	-3.287	***	-2.948	**
	(0.99)		(0.99)		(0.99)	
lnsig2u	0.263		0.240		0.223	
	(0.26)		(0.26)		(0.27)	
sigma_u	1.140		1.127		1.118	
	(0.15)		(0.15)		(0.15)	
rho	0.283		0.279		0.275	

	(0.05)	(0.05)	(0.05)
Number of observations	6290	6290	6290
Log pseudolikelihood	-1227.91	-1225.37	-1219.83

Robust standard errors in parentheses

*** p<.001, ** p<.01, * p<.05, ^ p<.1

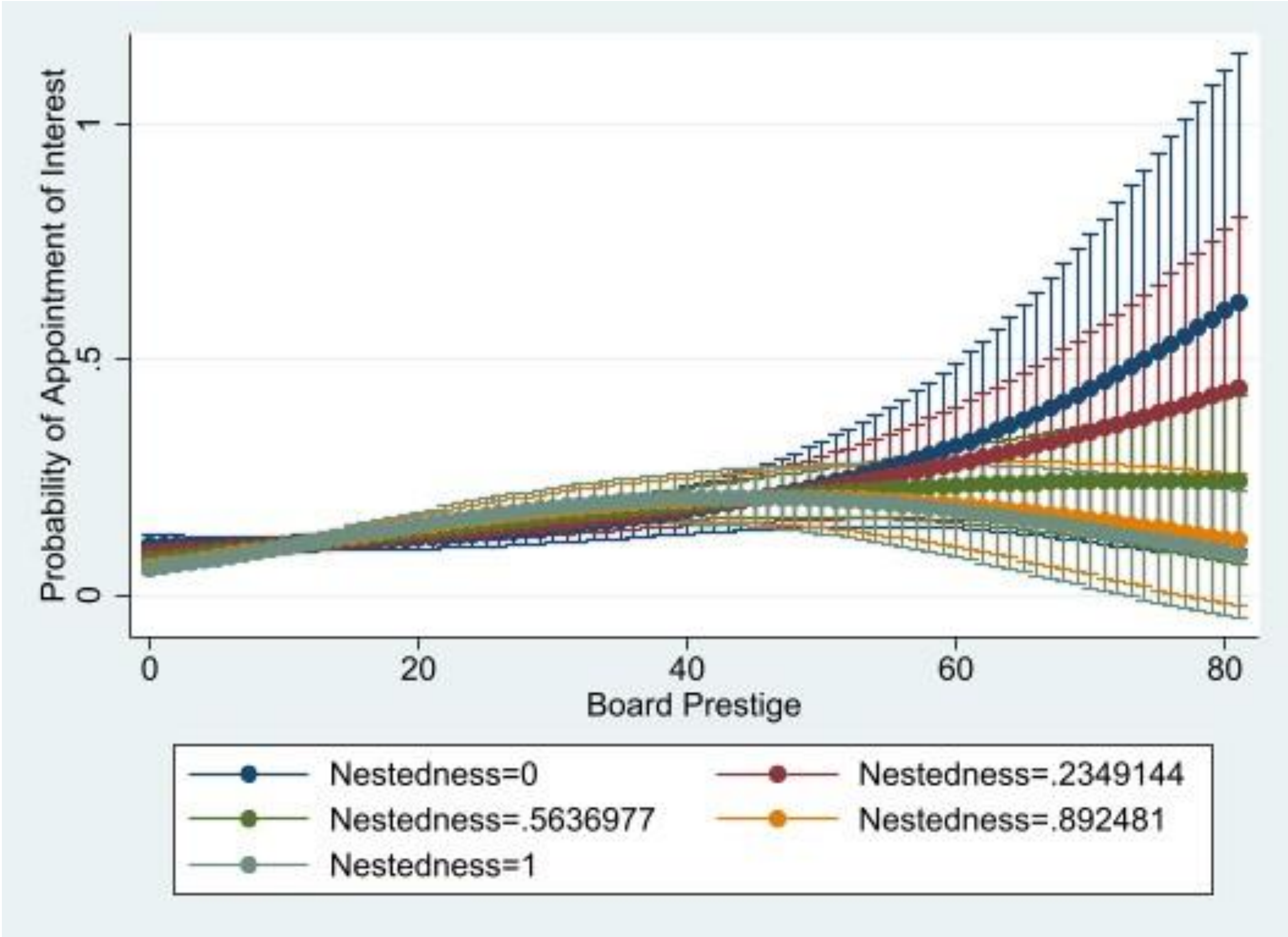
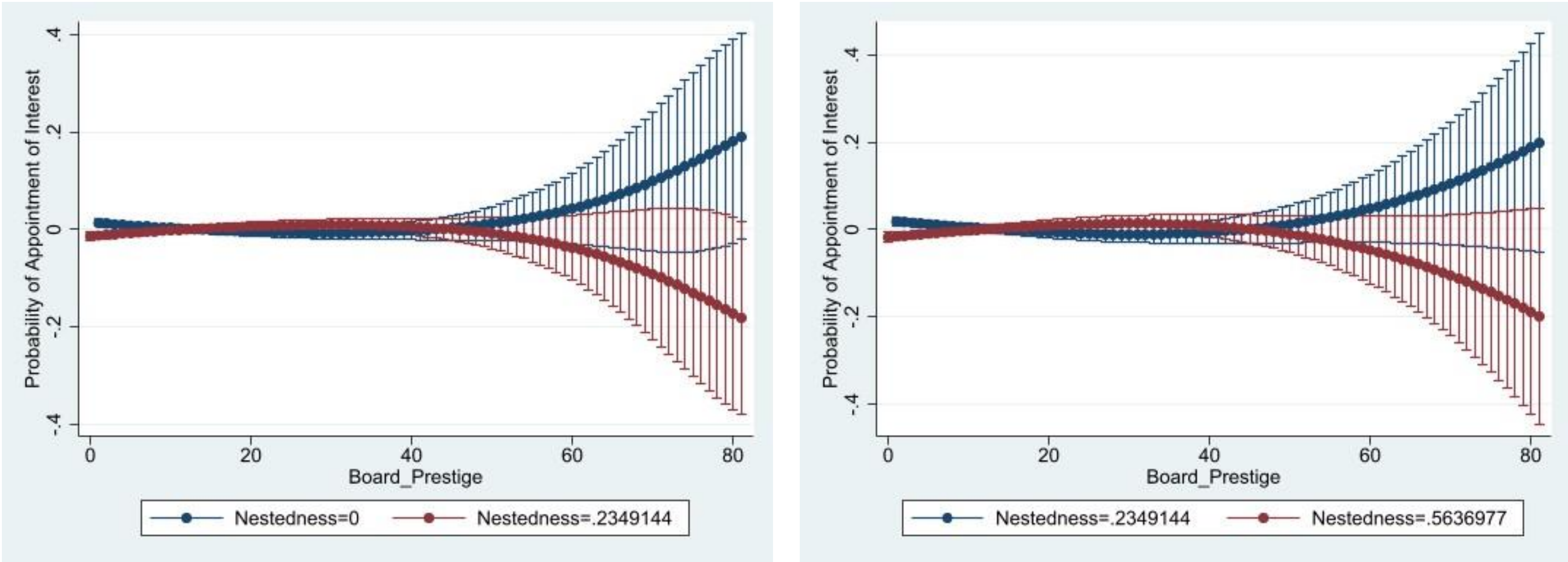
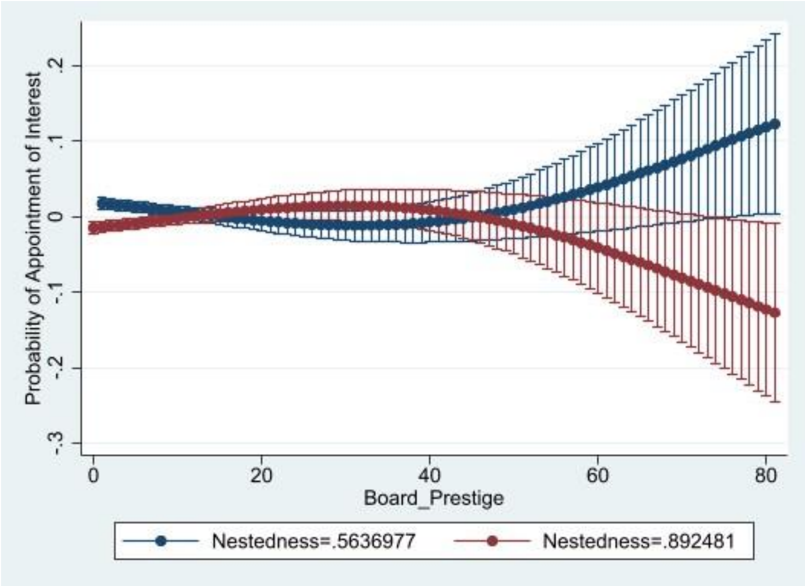


Figure 2. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval


Probability of Appointment of Interest
Board_Prestige
Nestedness=0
Nestedness=.2349144
Probability of Appointment of Interest
Board_Prestige
Nestedness=.2349144
Nestedness=.5636977



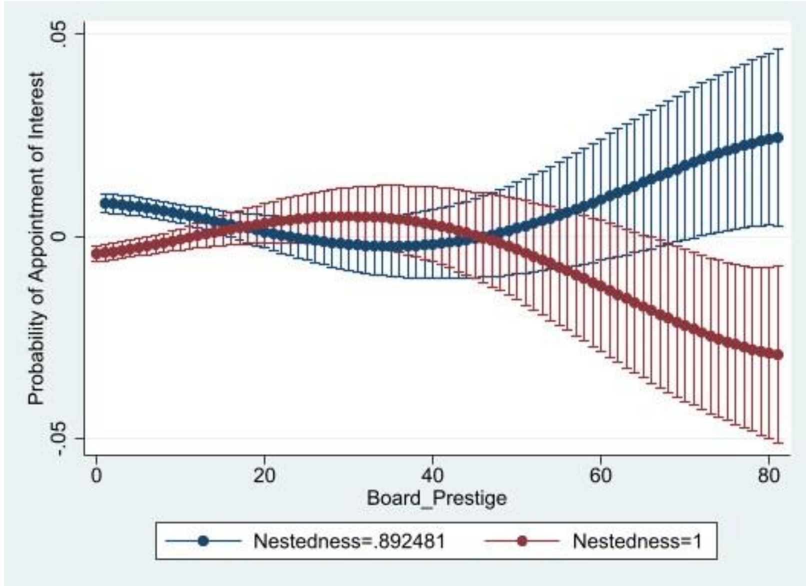


Figure 3. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval – Pairwise Comparison

TABLE 3 Prediction for Any Appointment of Director with a background of top ESG SCORES with Alternative Models

	Model 4	Model 5
Year dummies	Yes	Yes
BOARD_PRESTIGE	0.035 *	0.035 *
	(0.01)	(0.01)
BOARD_PRESTIGE_SQUARED	0.000	0.000

	(0.00)		(0.00)	
AVERAGE_PRESTIGE_IN_COHORT	3.556	***	3.556	***
	(0.17)		(0.17)	
NUMBER_OF_NEW_APPOINTMENTS	0.557	***	0.557	***
	(0.04)		(0.04)	
FIRM'S_ESGscore_ANYarea	-0.022		-0.022	
	(0.04)		(0.04)	
STRENGTH_OF_MINORITY_SHAREHOLDER_PROTECTION	-0.661			
	(0.59)			
SIZE_OF_BOARD	0.038	*	0.038	*
	(0.02)		(0.02)	
NUMBER_OF_YEARS_AFTER_2014	6.652	***	0.297	***
	(0.15)		(0.08)	
NESTEDNESS	-0.247		-0.246	
	(0.56)		(0.56)	
BOARD_PRESTIGE * NESTEDNESS	0.070	***	0.070	***
	(0.02)		(0.02)	

BOARD_PRESTIGE_SQUARED * NESTEDNESS	-0.001	***	-0.001	***
	(0.00)		(0.00)	
Number of observations	8337		6290	
Log pseudolikelihood	-1170.39		-1170.39	

*** p<.001, ** p<.01, * p<.05, ^ p<.1

TABLE 3 Prediction for Any Appointment of Director with a background of top ESG SCORES with Alternative Models (Continued)

	Model 6		Model 7		Model 8	
Year dummies	Yes		Yes		Yes	
BOARD_PRESTIGE	0.007		0.020		0.022	
	(0.03)		(0.03)		(0.02)	
BOARD_PRESTIGE_SQUARED	0.000		0.000		0.000	
	(0.00)		(0.00)		(0.00)	
AVERAGE_PRESTIGE_IN_COHORT	4.037	***	4.039	***	4.066	***
	(0.21)		(0.21)		(0.21)	
NUMBER_OF_NEW_APPOINTMENTS	0.636	***	0.638	***	0.630	***
	(0.04)		(0.04)		(0.04)	

FIRM'S_ESGscore_ANYarea	0.013		0.022		0.002	
	(0.07)		(0.07)		(0.07)	
STRENGTH_OF_MINORITY_SHAREHOLDER_PROTECTION	-0.044	^	-0.031		-0.060	*
	(0.02)		(0.02)		(0.02)	
SIZE_OF_BOARD	0.031		0.027		0.037	*
	(0.02)		(0.02)		(0.02)	
NUMBER_OF_YEARS_AFTER_2014	0.260	**	0.260	**	0.050	
	(0.08)		(0.08)		(0.16)	
Hofstede_POWER_DISTANCE	-0.021	***	-0.022	***	-0.025	***
	(0.00)		(0.00)		(0.00)	
NESTEDNESS (Averaged t-1 to t-4)	-1.457	***				
	(0.37)					
BOARD_PRESTIGE * NESTEDNESS (Averaged t-1 to t-4)	0.125	**				
	(0.05)					
BOARD_PRESTIGE_SQUARED * NESTEDNESS (Averaged t-1 to t-4)	-0.002					
	(0.00)					
NESTEDNESS (Averaged t-4 to t-6)			-0.806	*		

			(0.34)			
BOARD_PRESTIGE * NESTEDNESS (Averaged t-4 to t-6)			0.088	*		
			(0.04)			
BOARD_PRESTIGE_SQUARED * NESTEDNESS (Averaged t-4 to t-6)			-0.001			
			(0.00)			
NESTEDNESS (Separately standardized)					-2.056	***
					(0.45)	
BOARD_PRESTIGE * NESTEDNESS (Separately standardized)					0.161	**
					(0.05)	
BOARD_PRESTIGE_SQUARED * NESTEDNESS (Separately standardized)					-0.003	*
					(0.00)	
Intercept	-3.616	***	-4.282	***	-2.418	*
	(0.93)		(0.91)		(0.99)	
lnsig2u	0.193		0.206		0.228	
	(0.27)		(0.27)		(0.27)	
sigma_u	1.101		1.109		1.120	

	(0.15)	(0.15)	(0.15)
rho	0.269	0.272	0.276
	(0.05)	(0.05)	(0.05)
Number of observations	6290	6290	6290
Log pseudolikelihood	-1217.24	-1221.53	-1214.81

*** p<.001, ** p<.01, * p<.05, ^ p<.1

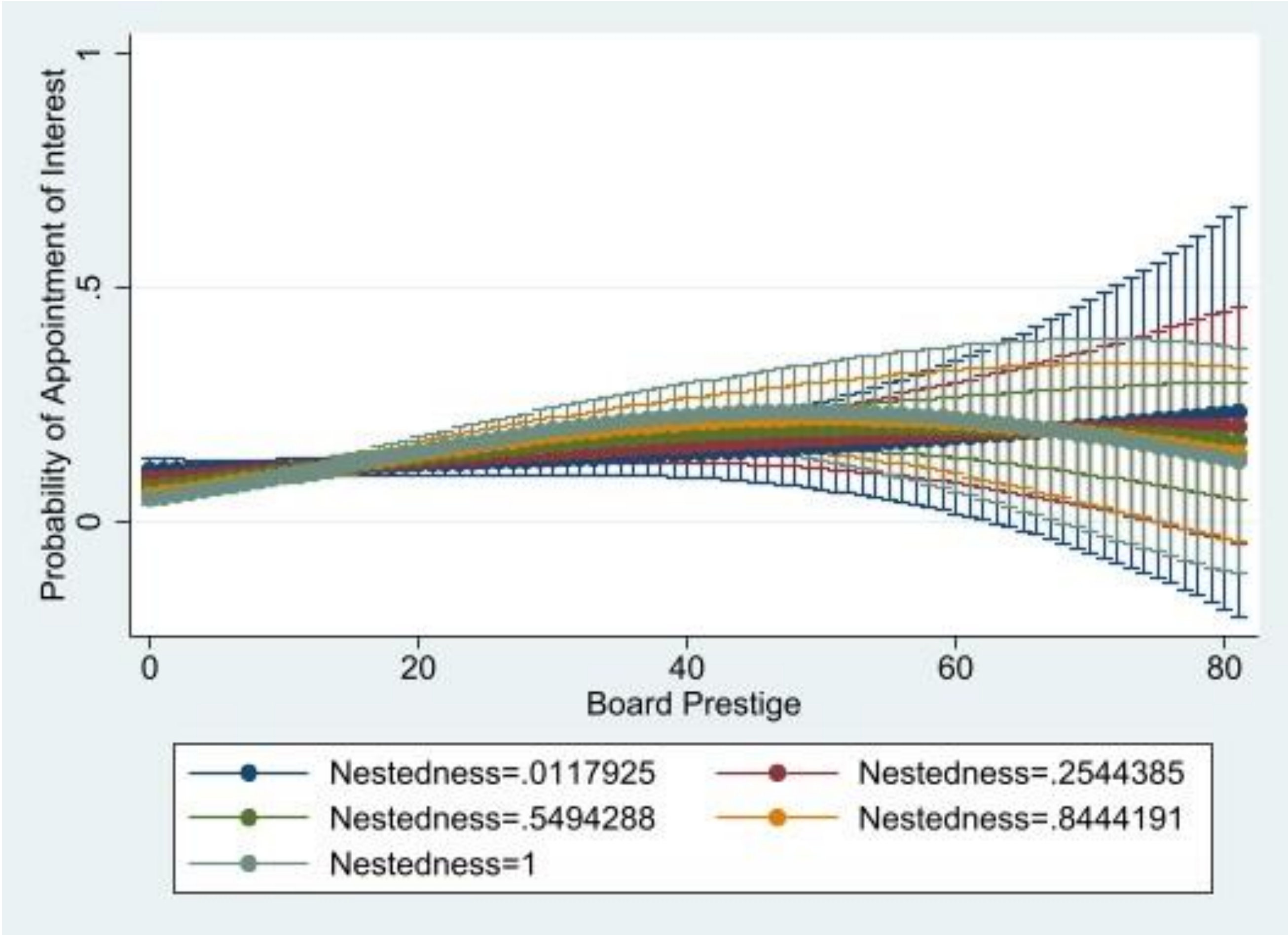
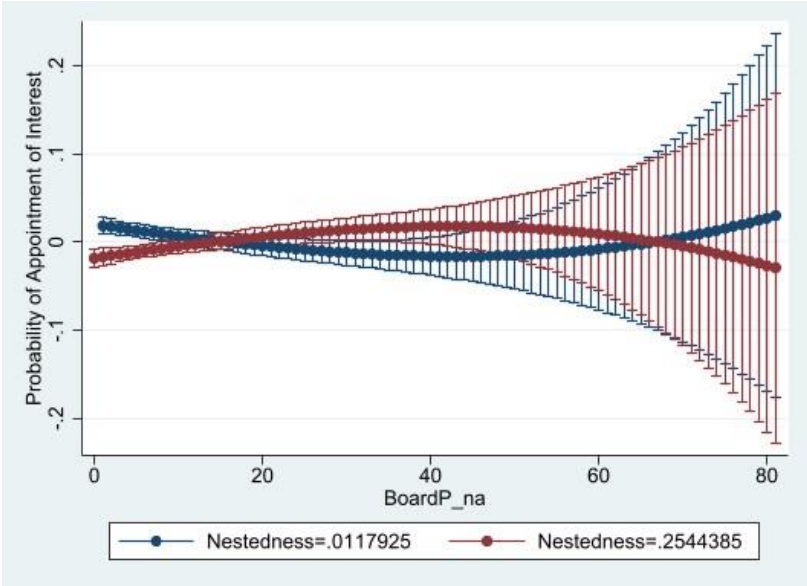


Figure 4. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval (Model 6)


Probability of Appointment of Interest
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-.1
0
.1
.2
0
20
40
60
80
BoardP_na
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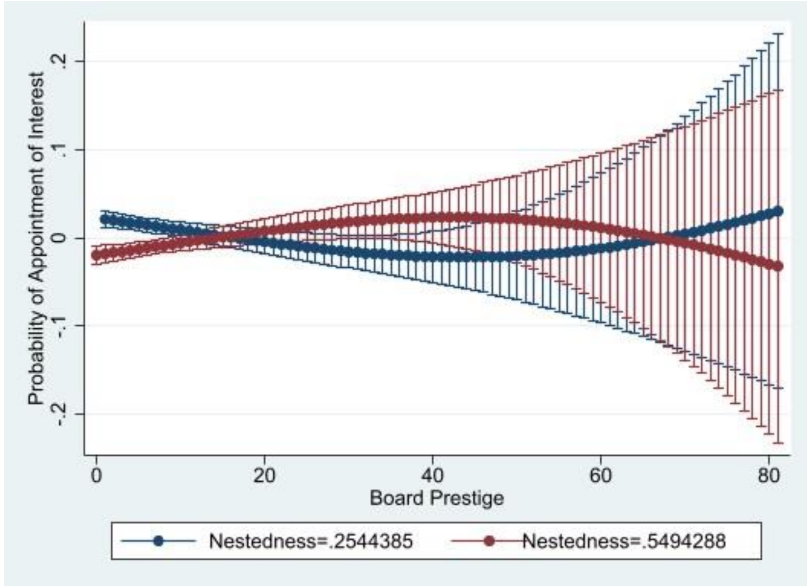
Nestedness=.2544385

Probability of Appointment of Interest
-.2
-.1
0
.1
.2
0
20
40
60
80
Board Prestige
Nestedness=.2544385
Nestedness=.5494288

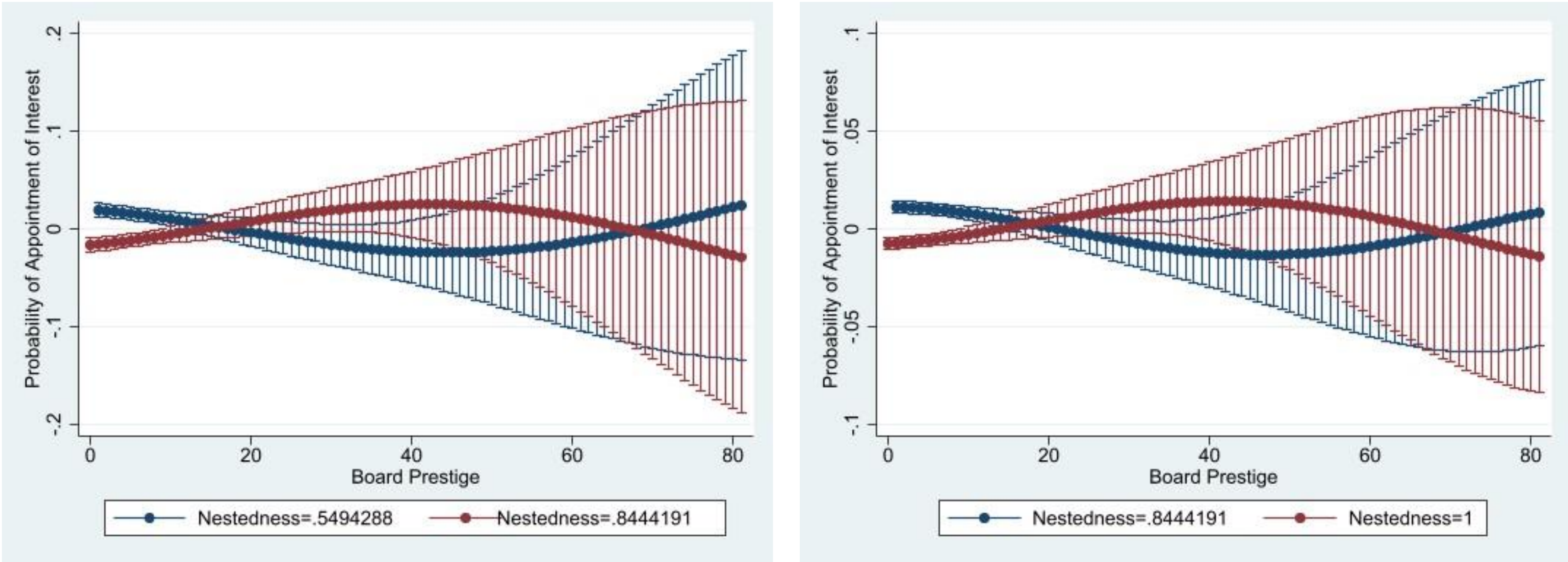


Figure 5. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval – Pairwise Comparison (Model 6)

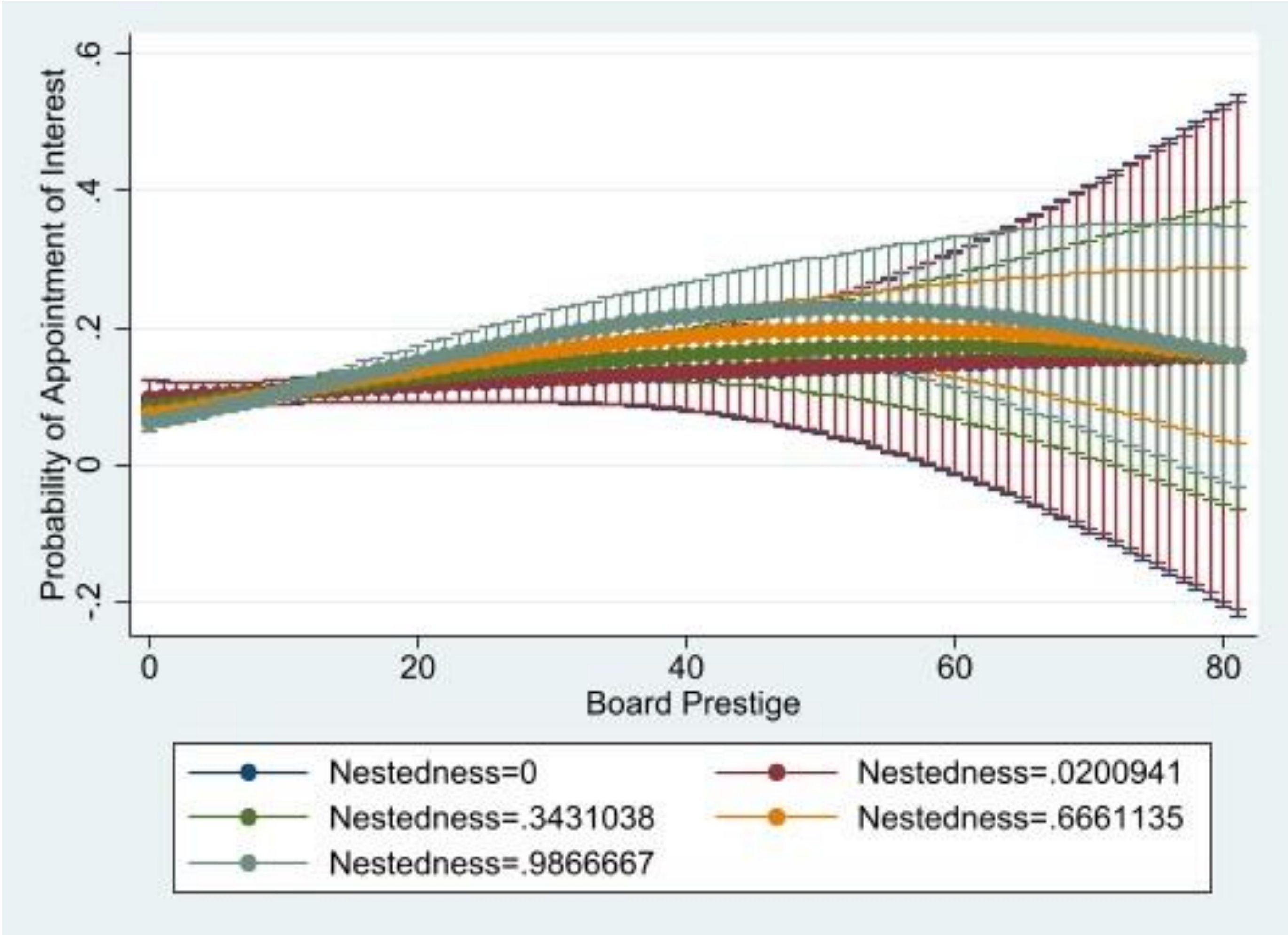


Figure 6 Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval (Model 7)

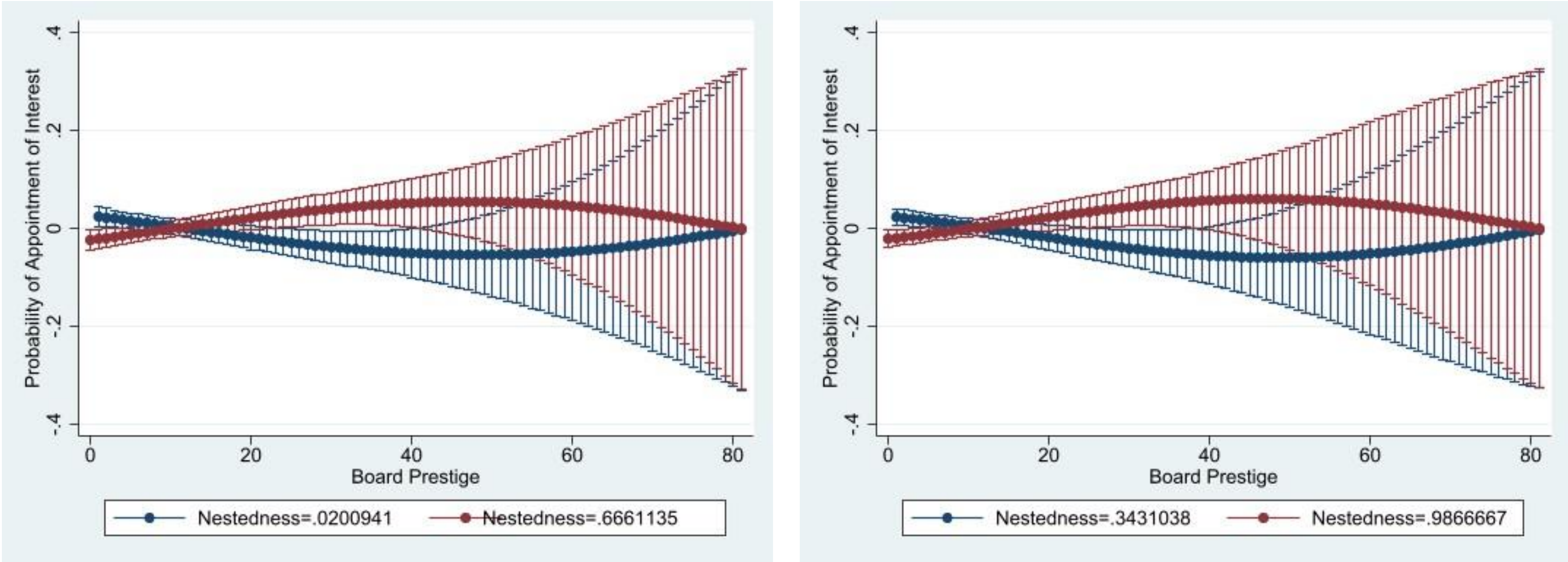


Figure 7. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval – Pairwise Comparison (Model 7)

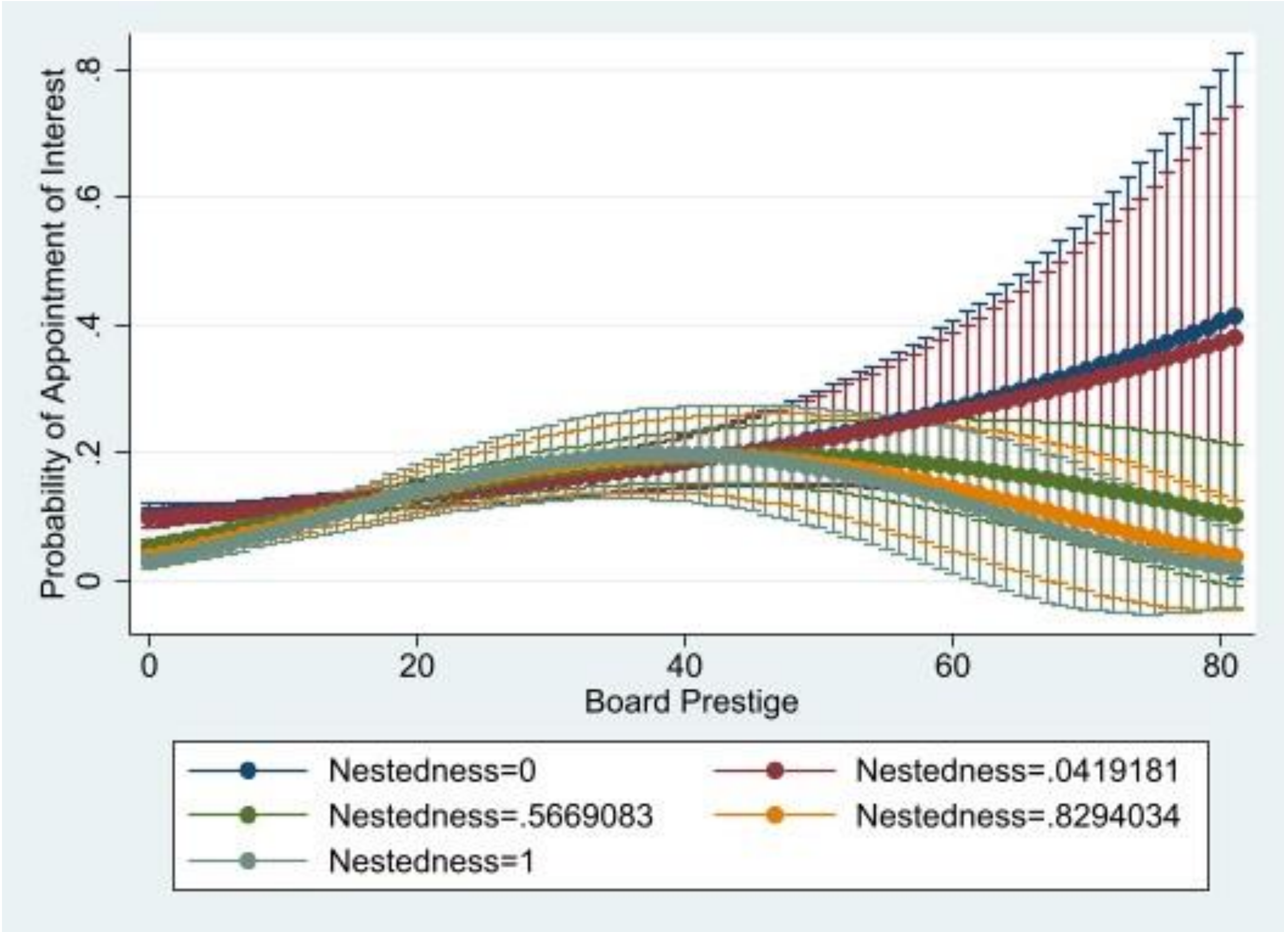
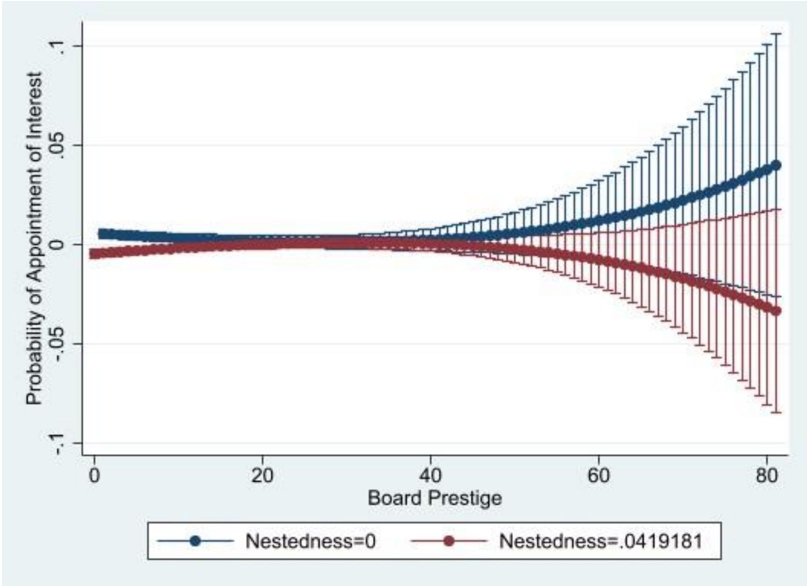
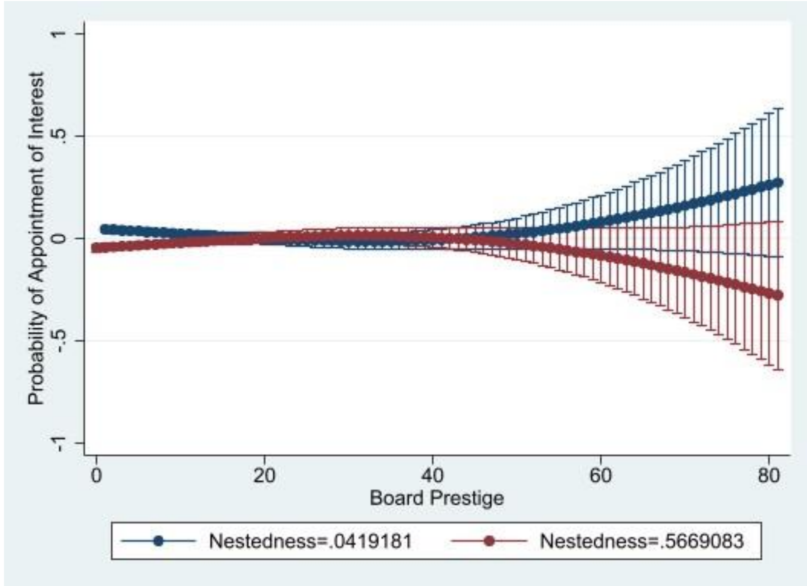


Figure 8. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval (Model 8)


Probability of Appointment of Interest
-.1
-.05
0
.05
.1
0
20
40
60
80
Board Prestige
Nestedness=0
Nestedness=.0419181


Probability of Appointment of Interest
-1
-.5
0
.5
1
0
20
40
60
80
Board Prestige
Nestedness=.0419181
Nestedness=.5669083

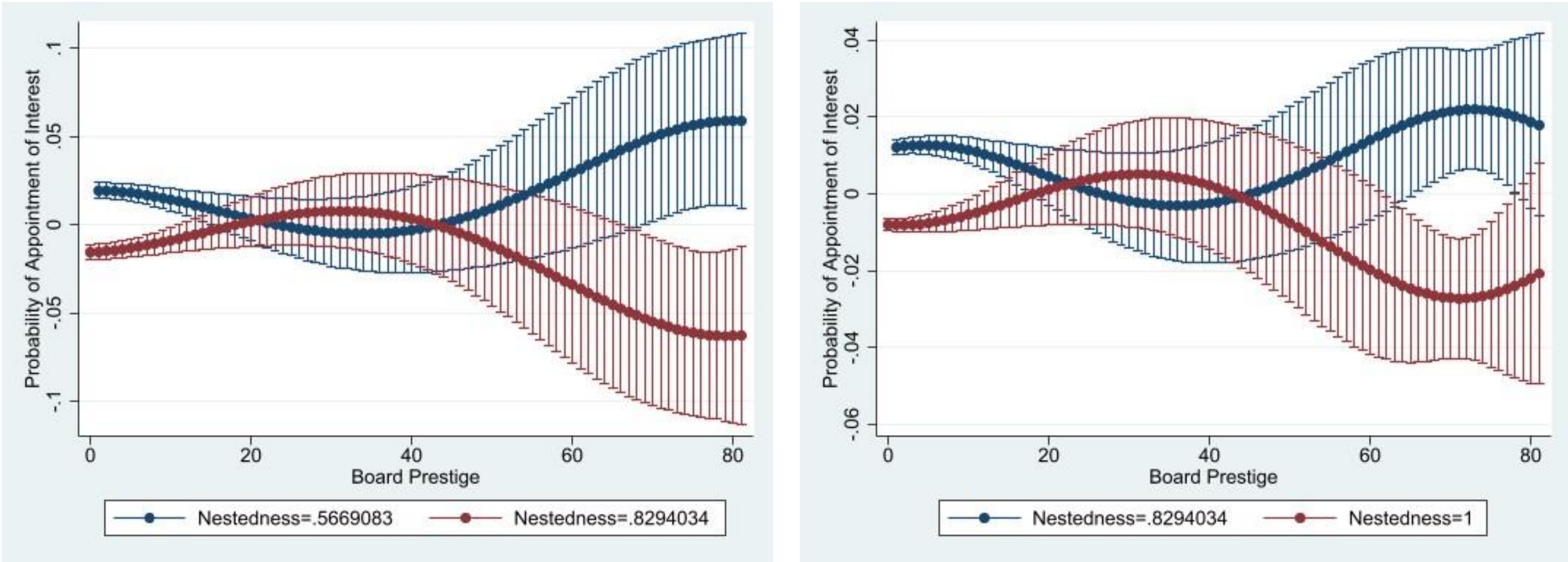


Figure 9. Predicted Margins of Any Appointment of Director with a background of top ESG SCORES with 95% Confidence Interval – Pairwise Comparison (Model 8)

DISCUSSION

So, the opening quote contains some truth – indeed, that may be slightly less readily observable only among highest status actors in the case of high nestedness. In the regime of neoliberalism, "what incentives can achieve" is far reaching in all institutions, poor or rich, liberal or coordinated, cohesive or exclusive. Boards of all statuses, regardless of their past social efforts – reflected accurately in ratings or not, rush to engage in the ESG scoring game to secure their funds for future from the market where possible. As Centeno & Cohen (2012) explicated, giving way to financial innovations, like ESG scoring in the current study, has become the practical way out to handle short- to medium-term problems in the dynamic and competitive environment nowadays for most social actors – including those who are too deeply embedded in the "extra-market" coordination system they had built. For them, the external pressure to conform to the requirements of the capital market is real; but their question is: can we possibly still rely on our established trust and "socially construct our own reality"?

Drawing from a behavioral view of embedded agency (c.f. Westphal & Zajac, 2013; Powell, 1990; Uzzi, 1997), and explicitly assuming that that elites are well versed and are clear about how engaging in such a scoring would lead to a market competition; we believed that should "loyalty" to the traditional coordination system existed, it is most likely found in deeply embedded cores that are hierarchically differentiated from the rest (c.f. Ahmadjian & Robbins, 2005; Ahmadijian & Robinson, 2001). We argued, without being undersocialized or oversocialized, that in our European context, different *types* of relationship among social actors are possible across the hierarchical levels of an elite circle that features a nested core[30]. In other words, we did not assume that trust and loyalty would count equally in all social actors; instead, it depends on their agentic involvements in the social structure (c.f. Emirbayer & Mische, 1998; Heugens & Lander, 2009), and we found support for this.

Implications on Status Hierarchies

We speak to the relationship between high status leaders and their followers in a community with respect to the characteristics of the community. While Sauder et al. (2012) calls for studies that examine properties of the status hierarchies and network as well as system-level justifications, and building on relevant works such as Blader & Chen (2011), Flynn & Amanatullah (2012), Hahl & Zuckerman (2014), Blader & Yu (2017), and Gould (2002) and Prato & Ferraro (2018) from the relational aspect, as well as Bowers & Prato (2018) from a structural view, we draw on a behavioral theory of the elites (Westphal & Zajac, 2013) to reveal the different roles of high status actors –at both levels of analysis of boards and of individuals – in elites "circles" of various levels of cohesion and exclusiveness. While high degrees of exclusiveness to and inside the "circle" may preserve the prestige of the high-status actors for longer time, this characteristic of the status hierarchy may simultaneously tie the fate of the loyal members[31] together more tightly (c.f. "common fate" in Hogg & Terry, 2000; and the blurring of commitment to the group and loyalty to the leader in Magee & Galinsky, 2008).

The empirical investigation corresponds to the changing patterns of

[30] Communal Sharing model is most likely in the deeply embedded core, Authority Ranking is often found across hierarchical levels of such an opportunity structure, Equality Matching is likely for elites who are structurally equivalent, and Market Pricing prevails all over the rest of the capital world.

[31] Here we largely mean loyalty to the existent logics, not the leader.

association among social actors of various statuses, or dynamism in the elite networks, during an institutional change. ESG score itself represents a commensuration and a quantification (Espeland & Stevens, 1998) that make originally distinct subjects, such as an implicit mode of social coordination versus an explicit mode of legitimacy seeking CSR, comparable when following an established matrix. As Mennicken & Espeland (2019) suggests, such commensuration would likely lead to a re-ordering of the social orders, giving rise to new powers and capacities for professionals or forms of expertise (Miller, 2001; Miller & Power, 2013). The current empirical investigation also has implications on the elites' careers; which is probably worthwhile given elites' resources held and power over the societies in general (Rahman Khan, 2012). Hence, the study contributes to the literature of status by following and follows three fruitful avenues that Sauder, Lynn, & Podolny[32] (2012: 275-276 italicized, as below too): "*how the structure or shape of status hierarchies influences status activity, the system-level adjudication (in terms of both its justification and mechanics) of status position and reward, and the interaction of competing status systems*." (Sauder et al., 2012; 275-276) Accordingly, we recognize the sharp difference between the value in the traditional system of coordination in Europe versus the explicit market value in the emerging ESG scoring (Matten & Moon, 2008) as an external reward system, yet emphasize elite network tie building, i.e. appointment of board members, as the key dynamism in implying local status reproduction, lost, as well as reshuffles as a result of an (externally-

[32] The rationales for studying these broad questions are perhaps best justified from Sauder et al. (2012), a comprehensive review of the status literature within the last decade's time which references, on top of the published works, a substantial amount of working papers that are later published and are compatible with the ideas developed in the current study.

stimulated) institutional change. We thus demonstrate how systems of status – European implicit coordination versus capital market neoliberalism – compete by closely examine the substances in the "rights and duties" (Bonacich, 1987: 1172) versus individual incentives (c.f. Geng et al., 2016) and status gain.

Sauder et al. (2012) pointed out that "*such transformations in actor-level characteristics are not sufficient* or satisfying explanations of status change." We thus focus on exogenous ESG "scores" that are inherited from one's previous board or employer but are only loosely coupled with individuals' qualities – they are rated by external parties. In essence, ratings provide a retrospective evaluation of a board's quality. While it can lead to reactivity (Espeland & Sauder, 2007; Mennicken & Espeland, 2019) and adjustments in aspirations and organizational goals (Askin & Bothner, 2016; Cyert and March, 1963; Levitt and March, 1988; Kim, Finkelstein, & Haleblian, 2015) that may lead to change in performances in the future; it cannot change the boards' current quality. Similarly, as an elite excel in his/her career, no matter his/her past employment or directorial experiences are rated or not, he/she still carries the same knowledge. Hence, the introduction of ESG scores presents a great opportunity to examine status dynamics while ruling out a substantive "transformation in actor-level characteristics" as a confounding explanation to the status dynamics.

Nonetheless, an introduction of ratings does have substantial implications on the elites' socially (e)valuated human capital (Lamont, 2012). Simultaneously, our study of status hierarchies draws attention to the "*broad contextual and structural factors that help shape status dynamics within fields*… recognize the *value systems that both undergird and justify status distinctions and explore the* *processes by which these values are determined…*" (Sauder et al., 2012; 275-276) While recent papers have focused on the influences by the third parties (e.g. Bowers & Prato, 2019; Sauder, 2006), as well as the interactional effect between external and in-group evaluations (c.f. Fini, Jourdan, & Perkmann, 2018), we recognize in the current study how such external evaluations mark a change from the wider contextual valuation system, and how that impact in-group valuations – appointment of directors, which translate into status dynamics as some elites are invited to the high status "inner circle" while re-defining that circle. Here, we found that the network characteristic, namely nestedness, critically moderates the extent to which an external/contextual valuation change penetrates in-group and displaces or replaces conventional selection criteria.

We agree with Pollock et al. (2019: 444) that "social evaluations are a quintessential intangible asset because they are not observable, and firms neither directly control them nor fully "own" them." To us, perhaps it is the ability of leaders to maintain its mastery over the ((potential) developments of) institutional logics that grants the leaders their sustainable high status (c.f. Bianchi et al., 2012; Garud, Jain, & Kumaraswamy, 2002 on the political nature; Garud, Kumaraswamy, & Karnøe, 2010; Neeley, 2013; Neeley & Dumas, 2016). We pay special attention on the social construction of valuation (Lamont, 2012; Zuckerman, 2012) because value is a product of the theories that support the order of the field (Thornton, Ocasio, & Lounsbury, 2012; c.f. Giorgi & Weber, 2015).

Importantly, we note that the significance of the moderation by nestedness lies not only in the adaptation among highest status actors, but in its effects on the *whole status hierarchy, which is never merely about the decision making by* *the leaders* (e.g. Gould, 2002). We thus directly address Sauder et al.'s (2012: 279) call "*Under what conditions will status pressures toward middle-status conformity hold sway and, alternatively, what characteristics of status systems will create greater status demands for high- and low-status actors? What types of hierarchies will be most vulnerable to the status assessments of third parties?* These types of distinctions are valuable for helping us to understand *how contexts affect status processes*, a question that has fallen to the background of recent status debates (Sauder 2005)" by testing if the imprinted social norm as a pull in the embedded core of elites could resist outside pressure: namely a status/reputation assessment by third parties. We found that high-, low-, and middle-status elites face differentiated pressures and that "*decision makers process cues"* (Sauder et al., 2012: 278) in different ways by at least exhibiting differentiated behaviors. We argue that the vulnerability of the traditional status hierarchies depend on their exclusiveness, cohesion, and hence nested characteristics, thereby we elaborate opportunity structure of groups with respect to how porous their internal and external boundaries are (DiMaggio & Powell, 1983); i.e. we examine "*network*… a platform from which to build new theoretical insights… regarding the basic, descriptive properties of observed status hierarchies (e.g. *what is the shape of the hierarchy, how stable is the ordering*)." (Sauder et al., 2012: 275)

Specifically, a "communal spirit" or "loyalty" to the traditional mode of coordination naturally demanded a necessary level of both cohesion and exclusiveness in the community (Marquis & Lounsbury, 2007). In essence, we argued that both the shape and the structure of the elite circle are different given differentiated levels of cohesion and exclusiveness: while cohesion is equivalent to the density of the social organization here, exclusiveness translates into the hierarchical differentiation and the salience of a boundary (c.f. Mani & Moody, 2014). The flip in the shape of the probability curves we found supports the idea that such a communal identity (Marquis, 2003; Storper, 2005) is rather weak in cases of low cohesion and exclusiveness. Thus, "imprinting from the past" or "expectations, and interests" as a community are not shared at those low levels. Reasonably, the higher the levels of cohesion and exclusiveness, the more the elite circle resembles the shape and the structure of an "organization", where "inertia" and imprinting manifests. "Even those individuals and groups who stand the most to gain by disrupting hierarchy have some reason to forego any attempt to change the existing rank order" (Magee & Galinsky, 2008: 365; c.f. Martorana, Galinsky, & Rao, 2005). A leader and his/her associates could have erected more exclusive boundaries – out of altruism to in-group to preserve and protect the collective devotions and sunk costs to the collective competitive advantage (Uzzi, 1996; 1997; Frank & Yasumoto, 1998 citing Lévi-Strauss, 1969 on how activities of the system are stimulated by both sense of social unity within groups and competitive needs across groups), or out of self-serving motivations to preserve status based advantages for some (Simpson & Willer, 2015 on the ambiguity; Blader & Yu, 2017 on other-oriented status and self-oriented respect; c.f. Marx, 1964[1844]).

A lowered probability to defect from the traditional behavioral norm at the highest status does not, however, mean that social actors at the middle or low status would also not defect. In fact, we found that at high levels of nestedness, the middle (to low but not lowest) status deviates the most. As noted before, this picture is simultaneously compatible with all Prato et al. (2019), Phillips &

Zuckerman (2001), Phillips et al. (2013), Fini et al. (2018) as well as Durand & Kremp (2016) concerning the relative conformity of middle-, low-, and high-status social actors: they together informed that high status actors are specifically prone to loyalty risks while low status actors could be afraid of membership and competence risks depending on whether the latter value their participation in the focal group. We thus elaborate that in case of high exclusiveness, and thus akin to high distinctiveness and low responsiveness between community members and outsiders in Orton & Weick's (1990) or "not so porous" in DiMaggio & Powell's (1983) words (c.f. Fini et al.'s (2018) identity proximity), the influence of external evaluations may not easily reach regions where a distinctive identity is found and held – and thus the behaviors of the embedded actors at the highest status when high levels of hierarchical differentiation (in other words when a clearly stratified opportunity structure exists) are coupled with progressive density that features a core that is the most embedded, mobility and contact across levels are more difficult (Uzzi, 1997; Powell, 1990). In that case, as we argued, the range of such communal influences will depend on where the rim of the inner circle lies.[33]

Cohesion alone is, on the other hand, trickier. The literature acknowledges

[33] The four types of relationship from Fiske's Relational Model Theory fit considerably here to stipulate the location of that "rim": deviation is most likely just outside of that rim where aggression behaviors are free from a strong attenuating behavioral governance mechanism. In Bridoux & Stoelhorst's (2016) words, subscribers of CS and AR would experience strong negative emotions when they feel that their partners changes to a MP orientation. On the other hand, subscribers to EM also possibly demonstrate strong negative emotions against partners' transgression. But, a careful reading of that work would reveal a nuance: the behavioral governance mechanisms is not preventive; i.e. tit-for-tat strategies in EM alone actually promotes, rather than attenuates, that transgression, as demonstrated by the highest probability of deviation at the middle (to lower) status region. As soon as social actors of that region of status deviates to subscribe to a market orientation, their counterparts with lower status at the lowest levels will become less likely to deviate as now these lowest status actors will have to compete with boards with more resources to attract directors with a new reputation. Hence, the middle status "out-competes" the lowest in this case.

that a cohesive network facilitates swift diffusion of information and consensus building, at times exhibited by the upward-curving probability curve. We noted that earlier too, while we elaborate in the current study that such an efficient collective decision making also likely "frees" the highest status from their accountability related to loyalty risks mentioned above. Consequently in that case, the original "middle status conformity" (to the tradition) would likely hold. Yet, as we argued and found from coupling cohesion *with* exclusiveness, the embeddedness at the core re-introduces accountability for the leaders, who to a significant extent share their fate with the "empire" they have built.

By tying the fate of the high status actors to the longevity of the dominant or traditional institutional logic of the field, the current study proffers a fresh understanding on the embeddedness and centrality of high status leaders or legacies. When the high status leaders have thrived with the institutional logics they are key to, we follow Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury's (2011: 351) insightful guidance on "almost all of the works summarized above explain which logics are the "winners" and why. But organizations also have to manage the "losers." Yet, we have little appreciation of how they do so— other than by suggesting that ceremonial conformity might be used (with the implicit assumption that field-level actors are blind to this strategy or accepting of it)" and sympathize with those "losers", such as those in Thornton & Ocasio (1999). Since ratings assert qualities of social actors on certain value dimensions, we focus on how high status actors (among others) assess or evaluate a changing value (of an attribute (c.f. Bianchi, Kang, &

Stewart, 2012)) and make judgments and selections[34], given the relative autonomy and control in the high status actors' hands initially.

Implications on Institutional Change

This investigation is also situated at the heart of the debate on whether boundaries of communities would become clearer or weaker in face of globalization (Marquis & Battilana, 2009). The community concept is necessary because institutions and institutional changes must be supported by the prolonged interactions at the social structures (Westphal & Zajac, 2013)[35]. Social structures have worked underneath an institutional change, such as an introduction of ratings or rankings (c.f. Scott & Davis, 2007). As Marquis & Battilana (2009: 284) explicated, to those who view the evolution of society as homogeneity-producing (Robertson & Khondker, 1998; Sorge, 2005), weakening of boundaries among communities may be inevitable; to those individuals and organizations that are deeply embedded in their home localities, they may regard the penetration of global features as a threat to their way of life (e.g. Brint, 2001; Marquis & Lounsbury, 2007); yet to others, the diffusion and hegemony of neoliberalism may be the result of a combination of compatible narratives that have developed in a serendipity (Centeno & Cohen, 2012). While

[34] The empirical setting of Hubbard, Pollock, Pfarrer, & Rindova (2018) can be identified as an institutional change, but it did not focus on the judgments by the high status actors. On the other hand, the established literature on status affiliation, such as Podolny (1993); Stuart, Hoang, & Hybels (1999); Stuart (2000); and Castellucci & Ertug (2010), has not started to address the selections around uncertain values until very recently by Pollock, Lee, Jin, & Lashley (2015) and Zhelyazkov & Tatarynowicz (2021). Askin & Bothner (2016) resonated with Espeland & Sauder (2016) to focus on individual judgments and reactivity while both works are extremely insightful to shed light on the implications to the collectives; our study here emphasizes the collective consensus building.

[35] For instance, as the series of insightful work on decoupling of corporate governance policies reveals, the institutionalization of the decoupled policies is possible when the members of the elite community maintain a cohesive norm of mutual support and collaborative reciprocity, especially when dealing with another component of the institution, namely analysts and journalists, that is less cohesive (Westphal & Zajac, 2013; Zhu & Westphal, 2011)

Chu & Davis (2016) finds that the inner circle in US has dissolved considerably (c.f. figures of elite cohesion and exclusiveness in Oehmichen et al., 2017), we find that a similar trend in the Europe has happened as neoliberalism coerces the institutional change.

The phenomenon found is consistent with the literature on how agents at various network positions can change the institution. Change agents are those who "distance themselves from their existing institutions and persuade other organization members to adopt practices that not only are new, but also break with the norms of their institutional environment (Battilana, Leca, & Boxenbaum, 2009; Greenwood & Hinings, 1996; Kellogg, 2011)." (Battilana & Casciaro, 2012: 381) The discussion in the last section did not conceptualize the deviating middle status as intentionally changing the institution. However, in the case where leaders were deeply embedded, or stuck, those middle and relatively lower status actors who are connected to the outside are in fact in the positions of realizing a greater ambition: build their own empire before their superiors become aware of it (c.f. Gargiulo & Benassi, 2000; Park, Westphal, & Stern, 2011; Geroski & Vlassopoulos, 1991; Voronov & Yorks, 2015). While Bowers & Prato (2018) found that unearned status is possible when new categories arise; here we elaborate status earned not because of an enhancement of quality is possible when those well-positioned social actors "keep a distance" from the old, embedded core. Indeed, "new institutions arise when *organized actors with sufficient resources see in them an opportunity to realize interests that they value highly*". DiMaggio (1988: 14 italicized)

This interplay between institutional factors and status dynamics somehow even leads us to believe that the deviation of middle and lower status actors in an institution with an embedded core likely is an expected, rather than exceptional, preceding conditions of institutional change (Bitektine, 2011; Bitektine & Haack, 2015), a never-finished project (e.g. Selznick, 1996).

In terms of practical implications, our results also support how quantification serves as a conduit for marketization in the (European) institutions. Quantification and commensuration are key conditions for economic calculation and action. Ratings and rankings reconfigure human beings, organizations, and states as market actors (Espeland & Sauder, 2016; Jeacle & Carter 2011). “Quantification makes individual and organizational performance visible, trackable, and comparable, thereby allowing for organizing in accordance with principles of efficiency.” (Mennicken & Espeland, 2019: 233; see also Bruno, Jany-Catrice, & Touchelay, 2016; Davies 2014; Kurunmäki, Mennicken & Miller, 2016)

As seen from our results, our baseline hypothesis in essence establishes a significant relationship between ESG scores and the selection of directors. Alternatively, the ESG score now become a criterion to be traded in the human capital market of directors. Although the existence of pro-social or value-laden substances in the ESG background that the appointed directors carry – and thus the extent of explicitization, are not knowable; our results at least support the idea that an economic rationality seems to be in play at least in elite circles where cohesion and exclusiveness are low: we see the above economic calculative rationality seems to have manifested among social actors including those with high status, or privilege, power, and control, over resources in the society, and those who had been involved considerably in collaborative social efforts – after all an appointment of director with a top ESG score is an agentic, if not voluntary (c.f. Sewell, 1992; Emirbayer & Mische, 1998), decision.

To us, such appointments may represent a new "structure". Emirbayer & Mische (1998) presented, in a positive light, ways through which agents may creatively lead changes in the structure given the duality of schemas and resources (Sewell, 1992; Giddens, 1984). In our case if we borrow Emirbayer & Mische's (1998: 1005-1010) words for example: (high status) actors "who face changing situations that demand (or facilitate) the reconstruction of temporal perspectives can expand their capacity for imaginative and/or deliberative response", or "can loosen themselves from past patterns of interaction and reframe their relationships to existing constraints". Matten & Moon (2020) concurrently explicate how an implicitization of CSR has happened alongside with explicitization, somehow like Bromley & Meyer's (2017) two-way "rationalization".

However, we show, in this study of director appointment according to scores, that the score of ESG is becoming the new material resource even though an advocacy for ESG awareness could remain an elaboration of the old tradition of implicit CSR schema. This new resource – the scores, nonetheless, has largely derived its value from the capital market – the cradle of capital accumulation (Krippner, 2005). Just as how finance personnel have come to power (Fligstein, 1987; Zorn, 2004) by solving practical and regulatory problems faced by corporations and becoming the symbol of shareholder value while the importance of productions from/of commodities is lessened[36]; we show here

[36] The financial rather than its productive capacities of the corporation becomes more emphasized, along with three processes: the professionalization of the finance function within the firm, the internalization of financial decision-making, and the increased volatility of the environment (Mizruchi, Stearns, & Marquis, 2006)

that ESG scored personnel have excelled in the elite (inner) circle. Concurrently, while Bromley & Powell (2012) explained that means-ends decoupling often associates with an effort to monitor and evaluate activities where the relationship between means and ends is opaque; ESG scoring – whose function in the capital market is inevitably much more salient than its effectiveness in bringing about the envisioned positive changes to environmental, social, and governance areas – as a form of quantification has also lent itself as a perfect recipe to treat (, psychologically, such inherent) uncertainty from a cultural root in favor of "empowered rights and scientific rationality" (Bromley & Meyer, 2017) by facilitating deliberate decisions with calculable matrices that facilitate "such new competition oriented visibilities" (Espeland & Sauder, 2007) and promote status anxiety (Espeland & Sauder, 2016; 2009). In this vein, we are somewhat surprised to still have found the hypothesized moderation effect on status under the "tyranny of transparency" (Strathern, 2000): social governance mechanisms still existed.

Yet, we acknowledge that "schemas not empowered or regenerated by resources would eventually be abandoned and forgotten, just as resources without cultural schemas to direct their use would eventually dissipate and decay." (Sewell, 1992; 13) Veblen's (1898: 365; italicized) The Beginnings of Ownership informs how ESG scores – now carried by individuals, tradable, and signifies that individual's contributions, performance, and achievements, as we show, are "valuable also as *a conspicuous evidence of his possessing* many and efficient servants, and they are therefore useful as an evidence of his superior force. The appropriation and accumulation of consumable goods could scarcely have come into vogue as a direct outgrowth of the primitive horde-communism, but it comes in as an easy and unobtrusive consequence of the ownership of persons." We suggest that the difference between ESG *efforts* and ESG *scores* lies in the fact that ESG scores translate to a state akin to *property or potency owned by an individual*. It is this transformation that is at odd with the implicit CSR that consisted of social values, norms, and obligations – i.e. socially coordinated according to consensus (c.f. Jackson, Brammer, & Matten, 2012) but none of which was individually owned.

In other words, we note that the appointment of director with respect to the director's ESG scores represents a *privatization* of social efforts. And thus, the coordinated market economies give in to a purer market "coordination" or competition, i.e. neoliberalism.

Now we can account for the "strong negative emotions" or "anger" experienced by subscribers of CS and AR in face of transgressors who turn to MP (Bridoux & Stoelhorst, 2016): that transgressor is appropriating some shared or communal property as his/her own; and that property was the result of the collective efforts and good will in support of the organization. In this way we contribute also to the understanding of emotions in institutions and their changes (Voronov & Vince, 2012).

The Arc of Neoliberalism, the Capital, and the Elites

The literature of elites and corporate governance often asks the question about the autonomy and power of the ruling elites (e.g. Mills, 1956; Rahman Khan, 2012; Scott, 2008), and perhaps more specifically the nature of the roles of elites on board and what elites do (e.g. Davis, 2005; Mizruchi, 1996). Kang & Sørensen's (1999) words, the elite (owners) are well placed to use their formal authority, social influence, and expertise to "capture" property rights and strongly influence firms' strategies, given a certain level of permeability of the elite circle to allow the entrance of top managers[37]. Although Berle & Means posited the separation of ownership and control, and thus led to the debate on the existence and continuity of a ruling class, Bell (1958) and Zeitlin (1974) advocated for investigations on the cohesion and/or the extent of collective power exercisable or exercised by the elites. We reflect upon these established works too.

Invented to achieve the ends of better governance for environmental sustainability and social well-being, ESG is at the same time a great recipe to pacify "demands for greater transparency and accountability in corporate governance", which "are often met with the ritualistic adoption of practices and structures intended to convey compliance," … (i.e. "takes the form of cynical adoption of token structures decoupled from actual practice")… "but what is credible is a matter of rhetoric – that is, what does it take to convince others of the validity of one's assertions (McCloskey, 1998)"… and "moreover, when structures are not decoupled, they can often produce unintended consequences that are worse than the problem being addressed." (Davis, 2005: 158) As we can see, the boards now "need a man to be dressed in the ESG suit"[38] and elites are "intuitive politicians" in face of increasing accountability to explain the rationale for their judgments and choices, which unfortunately "is by no means an insurance of superior decision quality".

We suggest that the reliance on ESG scores is slightly more consequential,

[37] – although a "separation of ownership and control" (Berle & Means, 1932) suggested that owners, not shareholders, forgo a portion of their "use right" when they deem the management of the corporate too costly (Kang & Sørensen, 1999)

[38] I thank my father for coming up with this phrase, among many other valuable suggestions.

however. For instance, should it not because of the scores that they carried, would those directors be appointed to the board? What happens to the autonomy of the old elite members – especially the leaders who have long internalized the social obligations? And as argued in the last section, for those directors who joined prestigious boards thanks to their scores, would they be autonomous to re-embrace the spirit of implicit CSR in the future?

Zeitlin (1974) borrowed from Marx's Capital to clarify that one must carefully identify the internal structure of the elite circle – which we tried to do in the current study – in order to draw a conclusion on who are in real control. For us, Marx's idea shed light on the nature of the elites' participation in boards: are they still autonomous agents, or have many of them become yet another object for accumulation?

Marx's complaint, which must be separated from the Marxism-Leninism or worldview Marxism (Heinrich, 2012: 185), was that "capitalism turns out to be an anonymous machine… everybody, including those who profit from the operation of capitalism, is a part of a gigantic wheelwork." "People engaged in exchange in fact do not know what they're actually doing." (Capital, 1: 166-67)[39] In this vein, (use) values of commodities "must therefore never be treated as the immediate aim of the capitalists" – and prestigious capitalists who are the more competent members of the structure (Capital, 1: 254; italicized), whose "*aim is rather the unceasing movement of profit-making*",[40] i.e. following "a

[39] Recall that we explicitly assumed that elites are reflective and are aware of the implication of such a scoring on the traditional system of coordination that relied on embedded, collective-orientated, and collaborative relationships. ESG's frame as a paradigm for better governance further discourages social actors from thinking otherwise or challenging it.

[40] ; while labors, although legally free, are forced by material circumstance to sell their labor-power to the capitalist, who owns the means of production (Heinrich, 2012: 181; Adler, 2012). "The true barrier of capitalist production is capital itself. It is that capital and its self-

logic of capital" for limitless and ceaseless valorization; what Marx called "capital personified" when capital appears to be a self-active "automatic subject" (Capital, 1: 255; in German: *personifizierung*) and the capitalist being a personification of capital as he merely obeys the logic of the capital. According to the *coercive laws of competition*, modernization of production is compelled by the competitive struggle among capitalists, to take part in screwing other capitalists while struggling from going bankrupt himself. In the language of structure (e.g. Barley & Tolbert, 1997; Emirbayer & Mische, 1998; Giddens, 1984), "the above fetishism does not arise from the manipulation of the ruling class, but rather from the structure of bourgeois society and the activity that constantly reproduces this structure" (Heinrich, 2012: 181) – as Sewell (1992: 25) noted: capitalism has "a far more stable deep structure of schemas that are continually reinforced by flows of resources – even on occasions when the surface structures are revolutionized"; because capitalism forms, in Gidden's (1984) words, "the walls of a room from which an individual cannot escape but inside of which they can move around at will."

While the above suggests a long-term general competitive relationship among capitalists, or elites given their participations[41], and thus serves as a caveat in interpreting the results on social relationship found[42]; also relevant to

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expression appear as the starting and finishing point, as the motive and the purpose of production; production is only production for capital and not the reverse, i.e. the means of production are not simply means for a steadily expanding pattern of life for the society of the producers." (Capital,3: 358)

[41] In Marx's words, it is a part of the "fetishism of social relationship" where people are turned into tools for profit-making opportunities while capital itself gains live. An interpretation of our results strictly from this angle would be that elites have long held "mutualistic" instead of "communal" relationship like those explicated in Westphal & Zajac (2013) where elites "cooperate" in a cohesive way enough to fend off external pressures and threats.

[42] Again, we feel triumphant for and celebrate the detection of a communal spirit in the coordination of social efforts despite the general competition.

the current study is the role of fictitious capital, credit systems, and capital markets, and globalized market where ESG scores originated and thrive. Credits, stocks, bonds, and financial innovations of various kinds serve to finance addition accumulation. In the capitalist society where the accumulation of capital becomes the ends of every means, who dares to deprive him/herself of such capability to accumulate?[43]

Again, we see that "the capitalist process supplies the means and the will, but much more fundamentally because capitalist rationality supplied the habits of mind that evolved the methods used" (Schumpeter, 2006: 125-127; c.f. Bromley & Meyer, 2017)… "it reshapes not only our methods of attaining our ends but also these ultimate ends themselves." As Schumpeter (2006: 182) wrote in the analysis of socialism, "socialism borrows nothing from capitalism, but capitalism borrows much from the perfectly general logic of choice."

It is not our intention here to judge which superstructure works (better)[44]. In this regard, the current study only exhibits evidence in support of the above rational decision making, while we observed how "capitalism provides, to a much greater extent than most of us believe, the ladders for talent to climb." (Schumpeter, 2006: 188) We likewise are not sure if that "talent" is one of excelling in the world of rational deliberation or one of taking substantial care of our society and environment. But we know those career advancements are

[43] Even in a welfare state, which "is therefore frequently understood as an "achievement" of the labor movement, a concession to the working class (in order to pacify it)" (Heinrich, 2012: 207-8), the state actually "limit[s] capital's possibilities for valorization, but secure them in the long term"; because it is never the aim of the capitalists to exploit any individual labor to a state incapable of production; rather, the capitalists need a stable system to ensure the continuity in the circulation of value.

[44] Schumpeter (2006: 196) wrote "But as a matter of blueprint logic it is undeniable that the socialist blueprint is drawn at a higher level of rationality… the correct way of putting the matter. It is not a case of rationality versus irrationality."

the results of the choices of those who are in control of paramount amount of (social) resources – the elites and the social leaders; and time will attest or disconfirm the wisdom behind those choices.

APPENDIX - A Finer View of Implications on the Relationships among Elites

In this appendix, we present a finer set of arguments to reach our two hypotheses: H1 and H2. In the section Model Development of the main text, we argued that the strength of the social organization determines the status of the board in which elites would find legitimacy challenges in signaling a competitive orientation: when the embeddedness of the elite circle is at the threshold level, only the highest status elites uphold "*Noblesse oblige*" as they demonstrate respect to the traditional value of social obligations for social good and doubt the authenticity of exhibiting social efforts in a competitive matrix; as the strength of social organization increases beyond that threshold, we expected that such adherence to the traditional value becomes more prevailing to cover more boards, even those that do not hold leadership positions themselves but are nonetheless deeply embedded in the social coordination system.

Here we borrow from Relational Model Theory to more finely specify where the four types of relationships: Communal Sharing, Authority Ranking, Equality Matching, and Market Pricing are likely found over the "social organization". We note that an appendix is usually used to present supplementary or detailed explanations that are optional to the comprehension of the main idea of the work; since we see remarkable fit in this theory in explaining the distribution of the interpersonal relationship with respect to the traditional culture of the institution, we develop this idea in this appendix and lead to the same theoretical conclusions as in the main text. Interested readers are welcome to refer to this appendix that is dedicated to this alternative set of arguments.

Here, we present two related lines of arguments on how the European elites, with varying levels of embeddedness, would react to the scoring of ESG. Such scoring, though a "rational" evaluation according to specific matrices, represent a qualitatively different rationality against, or a break from, the traditionally shared among the embedded social actors, as reviewed. First, it hints a change – or a failure – in the relational models that were originally effective among the embedded elites. We note that certain relational models are more observable in certain (parts of the) networks, but less prevalent in others. Second, we argue that in an institution where elite nestedness is high, social hierarchical organizational force is in play so the relationship between the status of a board and the board's appointment of a director with a background of top ESG SCORES exhibits a moderated inverted U-shape. In making these arguments, we explicitly assume that elites are well versed and are clear about how such a scoring seduces one to thrive in the stock market while breaks from the traditional coordinated or consensual system.

Relational Models and the Effect of a Status Hierarchy with an Embedded Core

We advance the socialized perspective to draw on microfoundations and psychological processes of the elites in the communities. Relational Model Theory (Fiske, 1991, 1992, 2004, 2012; Haslam, 2004) considers the emotions and the (dis)confirmation of one's self-representation elicited by others' behaviors, and suggests that people use a repertoire of four “representations, grammars, or script-like social schemata” (Fiske, 1991: 21), called relational models, to internalize relationships as part of their cognitive functioning “to plan and generate their own action, to understand, remember, and anticipate others’ action, to coordinate the joint production of collective action and institutions, and to evaluate their own and others’ actions” (Fiske, 2004: 3; cf. Haslam, 2001; Turner & Oakes, 1997[2010]); Turner, Oakes, Haslam, & McGarty, 1994; c.f. Whitley, 1999 on the types of relationships (coordination) among entities within business systems).

Bridoux & Stoelhorst (2016) further theorized that in some joint value creation, individuals (as well as collectives) adjust their relational model towards their partner according to which model they perceive their partner is adhering to, whether that model is congruent to own model or the agreed relationship; and if not, individuals adjust their own models to match with their partner’s except when one holds the model of Market Pricing (MP), which triggers questions regarding the original relational identity and lead to quick adoption of the same MP model to avoid further harm to oneself.

Key features of the relational models (From Bridoux and Stoelhorst, 2016)

Feature	**Communal Sharing**	**Authority Ranking**		**Equality Matching**	**Market Pricing**
Level of self-concept	Community	Interpersonal		Interpersonal	Personal
Representation of self and other	Community member	Superior (other: subordinate)	Subordinate (other: superior)	Equal partner	Individual

Needs fulfilled by the relationship	Need for affiliation, to belong to a community	Need for Dominance	Need for deference and security	Need for equality	Need for achievement
Motivation	Altruism toward ingroup	Power	Conformity	Reciprocity	Self-interest
Appropriate behavior in relation to cooperation	Pitch in whenever needed	Use legitimate power to coordinate subordinates' actions	Obey superior's orders	Reciprocate other's cooperative behavior (and punish other's Noncooperative behavior)	Contribute in proportion to rewards, be efficient
Fairness principle for distribution of resources	Need	Status		Equality	Equity
Decision making	Consensus	Directives		Equal say	Individual decisions mediated by the market

Relational models in the European community of elites. As reviewed above, the European institutions feature long term involvements, consensus building, embedded connections. These resemble the image of a community. However, rather than presuming that every elite holds the disposition or adhere to the

Communal Sharing (CS) relational model, we only suggest that the more embedded an elite has been within those connections, the more likely that he/she would have subscribed to the CS, i.e. the embedded some (c.f. those who have contributed more would be motivated from being conferred with higher status and subsequently contribute more and view the collective more positively (Willer, 2009)).

Westphal & Zajac's (2013) behavioral theory of corporate governance provides a less romanticized view: there are internal hierarchies and differentiations within elite communities – and elites rely on conforming to the prescriptions of status hierarchy to achieve goals (therefore individuals follow Authority Ranking, AR). For instances of AR, status hierarchies exist (e.g. He & Huang, 2011; Park et al., 2011) and elites ingratiate and pay deference to their seniors and obtain recommendations in return (e.g. Stern & Westphal, 2010; Westphal & Stern, 2006; 2007; Yoshikawa & Hu, 2017).

There is also a (diffuse) norm of reciprocity where elites reciprocate or punish each other when the norm is reinforced or violated respectively (and therefore individuals follow Equality Matching, EM). For instance, elites maintain a network of exchange and reciprocity by sharing support to alters as well as contributing to the network (e.g. McDonald & Westphal, 2003; 2010; 2011); help each other establish an image of good governance in face of outsiders (e.g. Westphal & Deephouse, 2011; Westphal & Graebner, 2010; Westphal & Bednar, 2005; Westphal, Park, McConald, & Hayward, 2012; Zhu & Westphal, 2011); and they also punish those who have a reputation of hurting the fellow elite members' interests (e.g. Westphal & Khanna, 2003; Westphal & Zajac, 1997).

From the above image, one could doubt the survival chance of those who behaved in Market Pricing (MP) within a truly dense and cohesive network community (Gouldner, 1960; Takahashi, 2000; c.f. Willer, Kuwabara, & Macy, 2009). Yet, Westphal & Zajac (1995) suggested the existence of a bifurcated market in which some firms seek directors to provide rigorous monitoring whereas other firms seek directors who acquiesce to their CEOs. And perhaps those who behave according to MP would find a better fit in the latter as Zajac and Westphal (1996: 509) points out, "appointments may reflect a political rather than an economic rationality". To us, this second half of the bifurcated market may be smaller in symbolic markets where "art (is) for art's sake". In other words, this also reflects the tension between logics in the corporate governance context (c.f. also Matten & Moon, 2008 on the difference between US and Europe).

Switching to MP. Bridoux & Stoelhorst (2016) argues that individuals who frame their relationships with the other participants as CS, EM, or AR will switch to MP if they interpret the partner's behavior toward them as revealing the partner's use of an MP model; the same will happen also when they interpret the partner's behavior toward another stakeholder involved in joint value creation as revealing the partner's use of an MP model. Furthermore, the switch to MP from other relational models is much more ready than is a switch backward. This is because strong negative emotions are evoked when one frames a relationship as CS, EM, or AR but when he/she notes that his/her partner frames it as MP in a self-interested manner, and that strong negative emotion triggers the switch of relational model to reduce harm or frustration to oneself. On the other hand, those who frame the relationship as MP will not likely experience such a strong negative emotion, because they expect intelligent others to pursue their own interest and attribute behavior that is not self-interested to a lack of intelligence (Van Lange & Kuhlman, 1994).

When an elite expresses his/her favor or interest in ESG scoring, his/her counterpart can easily sense his/her need for achievement (in the stock market), as well as his/her decision to opt for equity mediated by the market, i.e. his/her subscription to MP.[45]

Yet, building on the subtle differences suggested by Bridoux & Stoelhorst (2016: 241) on the severity of incompatibility between MP versus other three models and rate of change from CS, MP, & AR to MP, we predict that in the elite community, a strong status hierarchy that is comparable to the prevalence and adherence of AR would be most effective in preventing or slowing the diffusion of MP, although for Bridoux & Stoelhorst (2016) CS is the most effective model for joint value creation than EM than AR.

Legitimacy of Scoring of ESG as a Break from the Past for the Embedded. "Self-interested behavior is clearly not congruent with CS." (Bridoux & Stoelhorst, 2016: 241) Although the knowledge of and experience in ESG may be legitimate or reputable from the global (investment) perspective, the explicit nature of the ESG *scores* could be doubtful from the implicit tradition of organizing social efforts – if Matten & Moon (2008) is correct; and should had been an embedded core as reviewed.

[45] One may argue that ESG scoring promotes good governance and accountability that are also the goals (c.f. Bromley & Powell, 2012) of the originally embedded relationships and collaborations. Nonetheless, given the focus on self-achievement (i.e. one's firm) of ESG scores – i.e. the ignorance of collective contributions and participations – as well as the inadequacy of scores to capture the collective rationality, we believe ESG scores represent MP instead of a support to the collective commitment. Indeed, if the scores could adequately capture collective needs, the community members would face serious difficulties in making sense of the long institutional arrangements, and their own experiences and heritages would hardly be "meaningful" (Friedland & Alford, 1991; c.f. Boltanski & Th´evenot, 2006 [1991]).

From the above perspective of the "embedded some" in the core group of social actors, ESG scoring likely triggers doubts around legitimacy (Suchman, 1995). Pragmatically, this is because the unified embedded core has been representing, negotiating, coordinating a wide range of stakeholders, and has contributed to the widely adopted policies and agreements. Doubts would be around the effectiveness of the ESG scores to minimally, if not accurately, reflect the substance of involvements, participations, and efforts made by the embedded some because ESG is a score for an individual entity from a strategic orientation undeniably. Within the embedded core, ESG scoring also invites doubts around moral legitimacy, no matter from evaluations of outputs and consequences, techniques and procedures, categories and structures, or evaluations of leaders and representatives when the members of the embedded core are clear that it will break the collectively built system and its merits (Uzzi, 1997). For those who have participated so heavily in collective consensus building and agreements, it is hard to imagine how voice would become procedurally or ceremonially relevant. The embedded core group members who have internalized the collective "organizational" goals would face difficulties in evaluating the consequence of ESG scoring from all "what we know", "who we are", and "what we do" (Nag, Corley, & Gioia, 2007), and thus the cognitive legitimacy is questionable too (Matten & Moon, 2008; 2020).[46]

[46] Regarding sociopolitical legitimacy, an interesting picture emerges when ESG scoring, though not exactly a new industry, is compared against Aldrich & Fiol's (1994: 649) entrepreneurial strategies. While ESG scoring has an internally consistent story about governance and policies, the development of reputation of ESG scoring itself seems less pertinent, because it has already become a prominent part of the reality – at least for some – with or without "negotiating and compromising with other industries", or "organizing collective marketing and lobbying efforts" – it is a hegemony. The problem is: how would this hegemony mobilize inside the communities? Indeed, Lepoutre & Valente (2012) argues that the tendency of adopting non-conforming practices (against an institutionalized dominant

Identification with the community is at the very core of CS and it rests on the belief that other participants also identify with the community. MP behaviors signal a break from the collective and very likely destroy that core belief. The hardest form of punishment towards such behaviors is the exclusion from the CS relationship, after one has tried to sanction the MP partner to behave altruistically. We note that the argument applies to those in the embedded core; but we acknowledge that such effect extends to cover members as far as they identify themselves as the community and are sufficiently embedded, which we further specify in the next section. Yet, in this sense, we acknowledge that not every member in the elite circles is embedded or socialized to the same extent (c.f. Wrong, 1961; Uzzi, 1997). Hence, we further examine the behavioral legitimacy of subscribing to MP at other different positions in the elite circles.

"Self-interested behavior is perceived as a critical transgression in EM (Fiske, 1991)." (Bridoux & Stoelhorst, 2016: 241 italicized) Reciprocity is the central motivation in EM so people are extremely sensitive to others' "net", i.e. after long period of book-keeping, MP behavior. While tit-for-tat reciprocity is common in EM, as in the behavioral of corporate governance and elites (e.g. Westphal & Zajac, 1997), people seem to care more about mutual balance than on collective cohesion (Westphal & Zajac, 1997; 2013). Therefore, we predict that MP behaviors, despite a transgression in EM, can diffuse in a community that features EM. Indeed, we suggest that the diffusion of self-regarding, self-interested favors will diffuse from a low level because of sanctioning, but will

logic) depends on individual experiences around the boundary of the field, which develop the decision maker's theory of change, some of which lead to more symbolic non-conformity and local materialization of non-conforming practices. We acknowledge the insights but put a stronger focus on the dynamics within the communities.

develop if popularized in an accelerating way, i.e. U-shape upwards from low levels, because of the use and legitimacy of tit-for-tat strategies.

"Self-interested behavior is also inappropriate in an AR model." (Bridoux & Stoelhorst, 2016: 241) In AR, parties should exhibit a concern for the other's welfare, though the types of welfare received depend on their respective roles: superiors receive deference, and subordinates receive wise guidance for example. MP behaviors performed by a superior would be considered an illegitimate use of power. "If such behavior persists, it will undermine the very ground of the AR relationship – namely, the leader's legitimacy – and stakeholders will reframe their relationships with the other participants in MP terms, a relational model that is more consistent with who they perceive themselves to be in relation to the participant and that does not bring the negative emotions generated by an illegitimate use of power."

The note 7 on page 241 (italicized) is important too: "*In the improbable case* that individual stakeholders acting on their own behalf see themselves as the leader and the participant as the subordinate, the participant's self-interested behavior will quickly displace this AR model because, as the subordinate, the participant should follow the stakeholder's directives and act with a concern for the leader's interest."

Therefore, when the image of "cohesion" that is supported by EM (c.f. Westphal & Zajac, 2013) is compared against the image of AR as a hierarchy, we concur with Willer (2009), Simpson, Willer, & Ridgeway (2012), Hahl & Zuckerman (2014), Blader & Yu (2017), and others (see the following theory works) that AR, when maintained well, is more effective in preventing MP behaviors because members do not engage in tit-for-tat strategies to discourage but at the same time allow MP behaviors; and because MP behaviors in an AR hierarchy receive at least the same single-way treatments, i.e. exclusion; or in the case where those higher up in the hierarchy engage in MP behaviors themselves, they would be driven out of their own hierarchical positions and authority.

Nonetheless, we note that those relational models, though universal, are not randomly distributed within an institutional network. Holding all other variables constant and given the correlation between high status and embeddedness in the European context, CS are found, if any at all, only among the high status embedded elites. EM is much more prevalent given a degree of elite cohesion, which resembles the picture drawn by Westphal & Zajac and colleagues. AR is mostly present across levels in structural hierarchies with a degree of exclusiveness. This is because some elites likely have access to relatively more non-redundant information on which their close alters rely, or they simply enjoy local centrality (Bonacich, 1987). MP is mostly found outside or at the peripheral of an embedded network where the social embeddedness rationality is less pronounced.

As embeddedness correlates with status in the context; and the higher the embeddedness, the stronger the interpersonal norm against MP behaviors, we expect a negative relationship between status and the likelihood of appointing a director with a background of top ESG SCORES. Yet, when viewed in conjunction with the baseline hypothesis that predict from a rational economic perspective where the probability of such an affiliation increases with status, we notice two opposing forces. Specifically, the rational economic force increases such the probability of such appointment at the peripheral of the institutional network. However, at a certain level of status – and thus embeddedness, the social embeddedness force kicks in to suppress such appointments:

H1*: In an embedded structure, there is an inverted U-shape between status of board and the appointment of directors with a background of top ESG SCORES.*

A Finer View of the Elite "Circles": Hierarchies in the Communities

In this section, we supplement the economic rationality perspective (Withers, Hillman, & Cannella, 2012) with the socialized perspective. Recall that since a good ESG score is a reputation for the boards in the (investment) market and thus an executive or a director can inherit from the reputation, there is a positive relationship between the status of the appointing board and the appointment of a director with a background of top ESG SCORES.

Yet from the review above, there exist the embedded some, and they likely would fall in the middle to high status range. These embedded some adhere strongly to the norms and values of the "inner circle" of the institution. As the literature has established that boards' decisions are substantially influenced by the social concerns of the elites, as reviewed above, we believe these embedded some – if any on a board – would discourage or even object to the appointment of those directors with distinctive ESGs, because the embedded some would avoid affiliating with the latter.

Here we introduce two institutional characteristics to explain the role of leadership or high statuses in a community. Following Oehmichen et al. (2017), we include these two characteristics because elite structures are societal phenomena that emerge at the institutional level and hence, they are complementary to our interest in the efficacy of the elite communities across nations.

Elite Cohesion. Building on the conceptualization of the elite cohesion in the main text, indeed, as Bridoux & Stoelhorst (2016) suggests, CS would be most effective in terms of encouraging contributions to the collective; so, the interests of an elite circle would be best maintained when the elite community is supported by a cohesive structure (c.f. Westphal & Zajac, 2013) when CS is the prevailing relational model. Yet, we also acknowledge that a high level of cohesion can come from the prevalence of CS model as well as EM model, although. In a group of highly intelligent individuals ("rational" in Westphal & Zajac, 2013) – the elites, more readily observed are reciprocations – positive and negative.

Elite Exclusiveness. The image of hierarchical differentiation that we presented in the main text does not, however, preclude the existence of an AR relationship within the embedded core – which is not flat, or outside of that core – where there might also be clusters that are not flat either. Instead, we only suggest that an AR relationship is more easily found near(er) to the boundary of "high status", because the "disparity" is large (i.e. similar to Gini coefficient: Harrison & Klein, 2007). Therefore, in combination with the preceding hypotheses, although the attractiveness between status and prospective appointees with a background of top ESG SCORES is again positive from the rational economic perspective; legitimacy challenge from the embedded interpersonal norm becomes salient as AR and CS (if any) kick in only around a relatively higher status, given that the higher the status of a social actor, the closer he/she was to the core of the social organization in the current context.

Nested World of Elites. If the social organization is sufficiently cohesive and features a considerable level of hierarchy, especially when the CS relational model is prevalent in the community, and AR prescribing relationship between members of the "inner circle" and those outside, a competitive orientation is at odd with the above behavioral norms. While we argued that CS, AR, as well as EM are accommodated by a nested world; we also noted that such cohesion and exclusiveness facilitate mutual surveillance against deviations and allow sanctions that can travel far within the community. Any behavior that exhibits a competitive orientation faces legitimacy challenges – for the higher the status in the community is the "aggressor", the more severe the legitimacy challenge; and similarly, the more remarkable the sanction, given the relatively higher level of embeddedness among these social actors.

In other words, when the elite circle is relatively nested, we expect that the social organization is stronger and has a wider coverage: a larger proportion of social actors in the elite circle subscribes to either CS or AR – for the embedded to function collectively as a social organization. That includes social actors of relatively lower statuses who would not have been in the embedded social organization in case of an elite circle with lower nestnedness. Therefore, we expect that the relationship between status and the legitimacy challenge becomes more upward-curving when it is in a more nested institution. Combining the two diagrams into Figure 1b, we predict that moderated inverted U-shape in H2.

H2*: The inverted U-shaped relationship between the status of an appointing board and the probability of an appointment of a director with a background of top ESG SCORES becomes more pronounced in institutions with a higher level of nestedness.*

Power Distance. Consequently, the arguments around the effects of AR versus EM in suppressing non-conforming (against the traditional way of coordination and organization) interests and behaviors become salient again. For instance, the tit-for-tat reactions (Westphal & Zajac, 1997) among elites would likely be more prevalent in a circle where EM, rather than AR, prevails.[47] We therefore expect that the higher the power distance, the lower the probability of appointing a director with a background of top ESG SCORES.

H3*: The higher the power distance in a culture, the lower the probability of an appointment of a director with a background of top ESG SCORES.*

[47] Depending on the vertical / hierarchical differentiation of the overall structure of the elite circle, those lower status elites will be "less guarded" if they make up a relatively big component. They could be more prone to non-conformity if they are well-connected too, an image that resembles Palmer & Barber (2001).

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From Celebrity to Legacy: How Luck, Expectation, and Humanistic Spirit Contribute to Sustainable High Status

"…we caution managers to treat celebrity as a means to an end, and to resist the temptation to pursue celebrity as an end unto itself." – Rindova, Pollock, & Hayward (2006: 68)

ABSTRACT

Where do sustainable high-status positions and the occupancy of them come from? We argue that none of Matthew effect, network affiliation, strategic framing, or orientation to give can sufficiently explain the sustainability of high status and the dynamics of the corresponding status hierarchy; and more fundamentally, the distribution of social resources and values. With an evolution angle, we reflect on the socially constructed unique roles for leaders – inherited or risen as an entrepreneur – in the society and base the roles on social judgment, which is a mechanism to secure the continuation and advancement of all, and is out of the full control of the entrepreneur. So instead of positing that the entrepreneur can strategically mobilize supports and proactively attain reputation and status, we argue that the entrepreneur can only give meanings that *could* be defended reasonably in the long run; contribute, in the way that *could* be recognized by some existing high status actors at some point of time, to fields that *could* be further developed; follow the leaders that *could* bring some long-lasting impacts; and give status to lower status actors that *could* carry the field's development further. Thus, the entrepreneur needs to either embrace that uncertainty or have superior expectations about social judgments when

(s)he tries to fulfill the responsibilities for leaders in a society. Resonating with Schumpeter's spirit on entrepreneurship and Goffman's on frame analysis, we expect this re-orientation to impact our understanding on nature and value of organizations, resources and investments, status and reputation in joint value creation and institutions, as well as knowledge and humanity.

INTRODUCTION

How do social actors attain high status – i.e. to acquire a high "socially constructed, inter-subjectively agreed-upon and accepted" (Washington & Zajac, 2005: 284) order or rank in a social system, and benefit from accorded prestige (Jensen & Roy, 2008) because of that hierarchical position? Scholars have posited that high status is inherited from high status and privileges in previous periods (Washington & Zajac, 2005: 285-286); or is because of associations with high-status organizations (e.g. Podolny & Phillips, 1996; Washington & Zajac, 2005). Privileges of high status include cost advantages (Podolny, 1993), higher growth rate (Podolny, Stuart, Hannan 1996), access to capital (Stuart, Hoang, & Hybels, 1999), access to new markets (Jensen, 2003), disproportionate credits in collaborations (Merton, 1968) and so on independent of performances (Washington & Zajac, 2005). High-status firms risk losing some advantages (Podolny, 1993) when they accept low-status firms' affiliations, so ties are more likely formed between firms of similar status (Chung, Singh, & Lee, 2000; Li & Berta, 2002; Podolny, 1994)[48]. So, why

[48] Betancourt & Wezel (2016) – in support of Podolny's (1993) assertion on the relational nature of status – found an interesting boundary condition where credibility of a mobility event is necessary for a status climb or loss to happen, for instance when the qualities of the parties were close enough; or when the perceived instrumentality is low. We concur with Denrell, Fang, & Liu (2019) that credibility is more pertinent than performance-related quality that has been the subject until very recently; while we explain credibility of status transfer from a social judgment perspective.

would some high-status firms still affiliate with low-status firms (Baum, Rowley, Shipilov, & Chuang, 2005; Li & Rowley 2002; Stuart, 2000)? More recent works posit that it is because those low-status firms have good reputation. For instance, they exchange their efforts for the opportunity (Castellucci & Ertug, 2010) or they accumulate good reputation first and wait for highly visible events (Pollock, Lee, Jin, & Lashley, 2015).

We share these works' concern that a look at the definitions is essential but not adequate to understand the origin of high-status, (i.e. high because it was previously high / high because of the affiliation with some highs); on the first glance, a focus on the disproportionate benefits could even lead us to a reversed causality. Our interpretation is different though: high-status firms either affiliate with other high-status firms to remain high, or they affiliate with low-status firms so the total number of high(est)-status firms in the population would drop. Although it seems natural to have few(er) high-status firms in the society (c.f. Gamson, 1985; Merton, 1968), we feel uncomfortable because we haven't known why and how that sparse number of high-status firms can possibly be maintained. This sends us, daunted, back to the question about the origin of high-status and motivates us to propose an alternative explanation for the roles of the disproportionate benefits and the high-status organizations in the society (c.f. Heckman & Mosso, 2014; Lopreato & Hazelrigg, 1970; Grusky & Hauser, 1984), and why some high-status organizations "give" status.

We argue that the burden of social judgments on leaders or high-status organizations is beyond the "expectation to explain and justify" under Lerner & Tetlock (1999)'s concept of accountability (Ertug, Yogev, Lee, & Hedström, 2016); but organizations and social actors alike are accountable in the sense that values are not misappropriated and resources are not misallocated (Margolis and Walsh, 2003).[49] Here we put forth the concept of misappropriation and misallocation of social value and resources, including legitimacy, reputation, status, and thus privileges (e.g. Washington & Zajac, 2005), that are accrued to leaders or high-status organizations (Jensen and Roy, 2008). In other words, we propose that leaders enjoy disproportionate social value and resources *not* because they are leaders, but because of their needs to fulfill their responsibilities in their roles. For example, leaders, with all the recognitions for their capabilities (e.g. Hogg, 2010; c.f. reputation of (product) quality), are in the role to transfer knowledge to some low-status actors (c.f. Castellucci & Ertug, 2010; Pollock et al., 2015) for the conservation of knowledge in the society. Given the established statuses, esteemed leaders are not expected to compete head-on with other actors in the society at all (c.f. Berger & Luckmann, 1966; Boer, Berends, & van Baalen, 2011) but social audiences place trust in the leaders' fairness in selections. Finally, the values in the social interactions (i.e. crediting the high-status actor more) are considered misappropriated and the social resources are considered misallocated (i.e. c.f. Bader & Yu (2017) on trust placed in the leaders' selectivity) if the decisions and behaviors of the leaders or high-status organizations do not align with the *society's expectations*.

As soon as we recognize that (private) evaluations are not activated unless during the time of institutional instability (Bitektine & Haack, 2015), latest findings in the literature immediately grant support to our view. For instance, Hubbard, Pollock, Pfarrer, & Rindova (2018) reveals the situational

[49] Indeed, Denrell et al. (2019) explicates that the opportunity and ability to convince others of a decision or to justify represent a major challenge for continued successes.

complexities for decision making for various social actors (c.f. Sauder, Lynn, & Podolny's, 2012 call); Zhelyazkov & Tatarynowicz (2021) explicates that timing is an important factor for building ties across unequal, in terms of status, partners. As these works hint the pertinence of opportunities and thus expectations (c.f. Barney, 1986), we present our view from a resource based approach – yet, the "resource" is not held by social actors in the same manner as in the traditionally known Resource-based View; as Pfarrer, Pollock, & Rindova (2010) point out that "social approval assets" lead to the generation of unexpected outcomes that depend on stakeholders' responses.

Rindova et al. (2006), a starting point from our view to discover the nature of "assets", argues that a firm can become a market leader by starting with either overconforming or underconforming behaviors plus positive evaluations from audiences. If competitors follow the rebel's practices, that rebel will then acquire high-status. From this point, we aspire to answer the authors' call to study the *sustainability of the asset* of celebrity status, while we try to further specify the relevance of "the co-evolution of the behavior of the firm and the industry's norms" (Rindova et al., 2006: 66). And we propose that co-evolution depends partly on the social actors' luck and expectation with respect to social judgments. We follow Rindova et al. (2006)'s suggestions to look at institutional entrepreneurship, high-level attention and emotional responses while we answer to Bitektine (2011: 174)'s call to study "the effects of social influences in the process of legitimacy, reputation, and status judgment formation".

Early sociological research has built a solid foundation on how status emerge in and across groups. The status construction theory suggests that "any structural condition that gives one group (entity) a systematic advantage in gaining influence over another group in intergroup encounters will foster the development of widely shared status beliefs favoring the advantaged group (entity)" (Ridgeway & Erickson, 2000: 579). To us, the structural conditions represent opportunities for an entrepreneur's prior efforts – based on his/her expectations on public judgments regarding the frames of those efforts – to be turned into "rents". Specifically, drawing from that research's roots in encounters and interactions (Ridgeway, 1991; Ridgeway et al., 1998; c.f. Goffman, 1961), we explicate the social construction of roles of high-status in the institutional contexts. Yet, we note that those encounters are not random events from the eyes of a social actor with superior expectation.

Throughout the development of new practices and standards, organizations and stakeholders interact with a focus of attention (c.f. Goffman, 1961; Mair & Hehenberger, 2014) thereby heightening the awareness of the mutual relevance of each other's acts. It follows that contributions for the new practices and standards become a basis of comparison and thus an origin of status belief. On the other hand, the entrepreneur (see Kets de Vries, 1996) needs to mobilize collective actions in his/her quest for sociopolitical legitimacy (Aldrich & Fiol, 1994). That need connects institutional entrepreneurship back to the positive emotional response (c.f. Scheff, 1997) needed by sustainable celebrity (Rindova et al., 2006; c.f. Fligstein, 2001). In order to achieve this, the entrepreneur needs to accomplish frame alignment to mobilize support (Gamson, 1994; Snow & Benford, 1988; Snow, Rochford, Worden, & Benford, 1986) and build meaning for the practices and standards proposed for frame resonance (c.f. Cornelissen & Werner, 2014; Battilana, Leca, Boxenbaum, 2009). We thus borrow from Barney's (1986) seminal piece to specify that an entrepreneur's superior expectation is on a frame's future value. A valuable "resource" would likely be a frame that will command support from approximate as well as distant networks (c.f. robust position in Bothner, Smith, & White, 2010).

Accordingly, we argue that although the success depends much on social construction that is beyond the entrepreneur's control, (s)he can rely on his/her luck and expectations around audiences' judgment and positive resonance with the (meaning of) practices and standards proposed (Goss, 2005; Ashforth & Gibbs, 1990) as well as around his/her return on investments in the *field*.

But the effects of social judgments on the evolution of status do not end when the firm acquire high-status. In fact, high-status organizations face disproportionately high level of attention (Hogg, 2010); followed by disproportionately heavy censure (Graffin et al., 2013) when their decisions and behaviors are judged to be deviated from the expectations from their audiences (Phillips, Turco, & Zuckerman, 2013). Our theory thus explains why unauthenticity is the killer for high status actors (Hahl & Zuckerman, 2014) especially around those who were previously rewarded status for their "self-sacrifice" due to the social mechanism that aligns individual efforts to the group's survival (Willer, 2009).

The resultant theory places prestigious leaders in a position that is distinctive from all other social actors. Such a position – not the social actor himself/herself/itself – is socially crowned with the well-known privileges, is normally – i.e. during institutional stability – authoritative for their selections, judgments, is staffed to react to collective uncertainties, but is expected to give sound interpretations of changes and make decisions to secure the well-being of all. As the occupant of such a position had come from his/her prior contributions in defining and enacting the social reality, such as what practices are safe to use, what collective actions should solve what problems, what would be good to the society, and so on; the occupants' followers would find it hard to accept if even only a tiny portion of the defined reality turns out to be incorrect and unjustifiable. In this way we proffer a new interpretation to status anxiety, luck, and superior expectations.

In the following sections, we first review how institutional entrepreneurs build trust, reliability, and reputations along with the emotional attachments with strategic framing – or "resources" or "assets". Then we explore how a leadership role can be built when the social actor "correctly" invests in practices and standards that are approved by social judgments. We also specify how luck and expectation can affect the entrepreneur's success in his/her quest for high status. We then argue with respect to the social judgments around the roles of leaders, how reputation and status work differently for leaders or high-status social actors. We close with a short discussion around the implications of our theory.

WHAT MAKES THE HEROS

Let us begin with an anecdotal example. Jonsson (2009) documented the incompatibility of the socially responsible investment funds (SRI) with the dominant logics in the field of asset management, and thus those funds failed to diffuse further in Sweden before 2000. Ten years later, Yan, Ferraro, & Almandoz (2019) illustrates their theory with the rise of SRI across US and Europe, and posits that even in a field where only one logic dominated, institutional change can still occur due to the interactions with other logics and sectors, as well as other societal trends or sectoral dynamics (Bowers & Prato, 2018). While societal changes always happen (e.g. Elsbach, 1994), several questions concern us:

Back then, who would know which discourse would be legitimated (Hoefer & Green, 2016)? What happens to those who “luckily” predicted social judgments on frames (Sarasvathy, 2001)? How possibly could one learn about behavioral opportunities and convince necessary others that he/she was not absurd (Denrell et al., 2019)? What happened to those prominent – back then – decision makers who rejected the upcoming frames (i.e. those “losers” in Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011)? Why had they – or their ancestors from whom they inherited status (Washington & Zajac, 2005) – learnt about behavioral opportunities and succeeded but did not recognize this one or next one? Was it because they had already been too distant from the interactions to sense (Voronov & Yorks, 2015) institutional contradictions (Seo & Creed, 2002) and how the reality was being (re-)defined (Gray, Purdy, & Ansari, 2015)?

With Rindova et al. (2006) as the backbone, we propose that high status at later stages is substantially determined in some earliest stages before the entrepreneur strive for legitimacy – cognitive and sociopolitical (Aldrich & Fiol, 1994). In other words, the assets used to attain high-level attention and positive emotional responses are pre-determined by the entrepreneur’s initial choices, or are path dependent (c.f. Coleman, 1988; Mishina, Block, & Mannor, 2012). Nonetheless, our approach differs from previous works as we postpone the attribution of subsequent successes to reputations in earlier stages. We also avoid the agentic view by further taking away control from the entrepreneur in his/her quest for (celebrity) status and leadership given the social construction of social judgments (Gamson, 1994). This adds relevance and recognitions to the status construction theory. The significance here is that we agree with Dierickx and Cool (1989)'s assertion that resources that give competitive advantages are those that cannot be easily (or even possibly) imitated (Barney, 1991) given time compression diseconomies and accumulation effects while we further specify the process of accumulation.

Following Ertug & Castellucci (2013) and Ertug et al. (2016), the theory proposed here is applicable at both individual and firm levels. The unit of analysis is at the firm-level; social judgment is an aggregated construct (Bitektine, 2011). We argue that three mechanisms that lead to sustainable high status are interconnected and are effective as early as the entrepreneur come up with his/her idea. Figure 1.

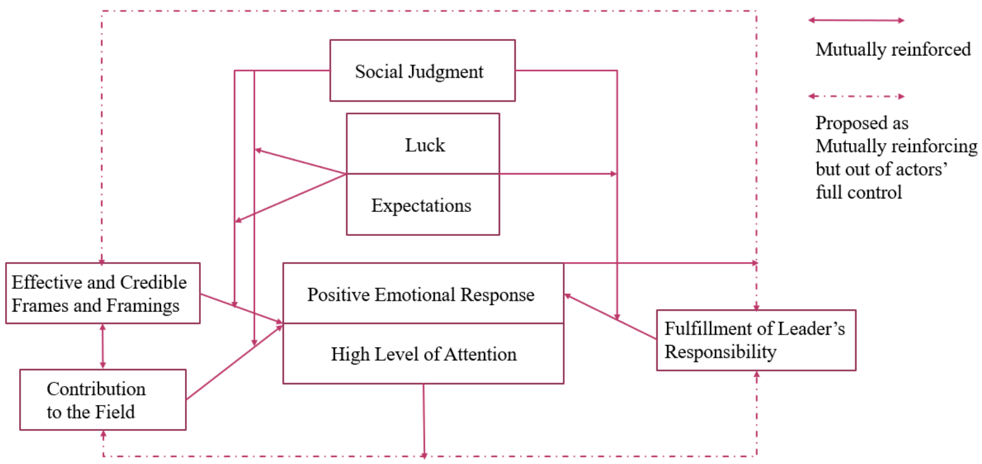


Figure 1. Three Mechanisms around Social Judgment

FIRST MECHANISM: ENTREPRENEURS' QUEST FOR LEGITIMACY AND CELEBRITY STATUS

While legitimacy, status, reputation and celebrity can be considered as intangible assets of firms (Rindova et al., 2006); we posit that they are also critical for a focal entrepreneur's quest. The ability to attract large scale attention and elicit positive emotional responses based on a positive valence (Heider, 1946; Trope & Liberman, 2000) are two defining characteristics of celebrity. Note though celebrity is "a property of the actor's relationship with an audience, rather than a characteristic of the actor him/her/itself." (Rindova et al., 2006: 51). In other words, celebrity is context- and temporal-specific (Lovelace, Bundy, Hambrick, & Pollock, 2017).

For Positive Emotional Responses

In this sense it is closest to legitimacy, with which the interpretations of meanings (Goffman, 1974; c.f. Mishina et al., 2012) guide how audiences and stakeholders react to any expression. The symbolic interactionist tradition of sociology (Blumer, 1971; Goffman, 1974) suggests that the "plastic principles" (Cornelissen and Werner, 2014: 197) link people's interpretive principles with values (ethos) that support or criticize decisions to act (Hoefer and Green, 2016). In other words, legitimacy judgment cannot be separated from how people understand and interpret the expressions; as well as how people compare the meanings with what they think are right or acceptable (Suchman, 1995). Definitions of legitimacy include "implied congruence with the cultural environment, with "the norms of acceptable behavior in the larger social system" (Dowling & Pfeffer, 1975; 122) " (Bitektine, 2011: 153), "the endorsement of an organization by social actors" (Deephouse, 1996; 1025), "a social judgment of appropriateness, acceptance, and/or desirability" (Zimmerman & Zeitz, 2002: 416), etc.; they speak to all perception, judgment, and behavioral consequences (Bitektine, 2011). Beyond satisfying the needs to grant cognitive legitimacy with categorization, stakeholders or audiences continue with scrutiny to further judge the sociopolitical legitimacy of a firm (Bitektine, 2011). After categorizing a firm into some types, people attend more closely to what the firm claims. The judgments may result in support or sanction with respect to the organization. In other words, both the organization itself as well as the organization's claims and actions need to attain legitimacy.

Claims and actions are equally important for the attainment of celebrity. Audiences attribute social problems to causes, and celebrity is socially constructed when the actor is depicted as the one to solve the problems and bring about changes. This process is facilitated by the media's contribution to the dramatic reality (Rindova et al., 2006). The claims and actions of the actor are corresponded to the firm's as well as the entrepreneur's "persona" (Alder and Alder, 1989); and it is the "persona" that starts to triggers positive emotional responses in audiences (McCracken, 1989) from the launch of the products (Reeves, 1988; 1992). Thus, the entrepreneur has to be given a "persona" around his/her claims and actions as early as (s)he build the business. From the understanding aspect, those claims will become the reasons for audiences to approve the entrepreneur's under- or over-conformance to existing norms (Rindova et al., 2006), which later on gives the competitive advantages based on optimal distinctiveness to the business (Deephouse, 1996; Zhao et al., 2017). Logically audiences will validate their understanding with respect to the claims and persona given the entrepreneur's actions and the firm's businesses (Lee, Ramus, & Vaccaro, 2018). This point would be discussed in more details with respect to the framing perspective in the next section.

Sociopolitical Legitimacy and Framing

We posit that entrepreneurs attain sociopolitical legitimacy by framing. This legitimacy is to be distinguished from the cognitive legitimacy (Aldrich and Fiol, 1994). The entrepreneur needs to build trust for his/her audiences and stakeholders for the business to grow. The concept of cognitive legitimacy is heavily contributed by Population Ecology (Hannan and Freeman, 1977). Among variations, only routines that are reliable and replicable are selected and retained (Dosi, Nelson, & Winter, 2001; Nelson & Winter, 2002). In other words, a business needs to develop trusted and reliable routines for productions before it can attain cooperation and recognitions based on increasing familiarity and evidence (Bateson, 1988). Similarly, reputation, “expectation of some behavior or behaviors based on past demonstrations of those same behaviors” (Podolny, 2005: 13), is based on past performances (e.g. Benjamin & Podolny, 1999; Washington & Zajac, 2005) that hint the quality of the products (e.g. Rhee, & Haunschild, 2006). Stakeholders believe the firm can meet their demands and expectations (Wartick, 2002). However, we argue that reputation is not only about the quality of products; the ethical quality is to be further discussed in later sections. At this point, we acknowledge that cognitive legitimacy can be attained by demonstrating product quality, but the entrepreneur needs to give meaning to the business and frame the relationship with his/her stakeholders in order to draw positive emotional responses for his/her celebrity.

The framing perspective offers an explanation around emotional responses by focusing in how potential supporters make sense of and identify with the businesses (Snow, Rochford, Worden, & Benford, 1986). “Frames are “schemata of interpretation” (Goffman, 1974) that draw supporters’ *attention* toward certain elements of situations (Williams & Benford, 2000), thus “demarcating and punctuating” these elements as meaningful (Polletta & Kai

Ho, 2006)" (Lee et al., 2018: 2132). Effective frames are good mobilizers with the diagnostic component that specifies social problems and corresponding causes, the prognostic component that proffers solutions with tactics and actions to be carried out, and the motivation component which specifies why, psychologically, are the changes should be brought about (Snow & Benford, 1988). Collective action frames are often needed to mobilize a diverse coalition of supporters (Snow & Benford; Cornelissen & Werner, 2014). A traditional framing perspective emphasized the agency of leaders of the mobilization (Snow & Benford, 1988; Oliver & Johnston, 2000) in strategically target at potential supporters and obtain their support with frames that would resonate (Benford and Snow, 2000). In the current context, the entrepreneur may actively "sell" his/her ideologies and manage the building of coalitions as (s)he tries to mobilize support for his ideas. For audiences to "buy" his/her ideas, the leaders try to organize people and link *sentiment pools* or public opinion preference clusters (frame bridging) for fuels for the ideas proposed; clarify the problems and solutions and invigorates values and beliefs (frame amplification); incorporate participants by extending the boundaries of the proposed frame to include or encompass the views, interests, or *sentiments* of targeted groups (frame extension); or alternatively change frames to resonate with people's values and beliefs if the original way of framing does not work (frame transformation) (Snow et al., 1986: 467-473; italicized). In other words, followers of the entrepreneur's idea share views, beliefs, and sentiments to together push forth the idea. A recent development in framing perspective, which parallels the recent developments in communicative institutionalism (Cornelissen et al., 2015), is driven by symbolic interactionism (Blumer, 1971).

This interactionist perspective emphasizes that meanings are socially constructed among multiple actors (Benford, 1997; Gray, Purdy, & Ansari, 2015) as collective actors interact repeatedly (Collins, 2004). Frames are created and changed through "keying" and "lamination" (Goffman, 1974). "Keying" is the process of reinterpreting existing activities with some existing meanings. As new meanings are assigned, activities may be laminated to some existing frames (Goffman, 1974). Frames are thus transformed into new ones (Snow & Benford, 1988; Gray et al., 2015). Similarly, in recent developments of institutionalism, the entrepreneur continuously engages in discursive means and discourses (Golant & Sillince, 2007; Lawrence, 1999; Maguire et al., 2004; Sine, David, & Mitsuhashi, 2007; Suddaby & Greenwood, 2005) as (s)he argues which norms and standards to be used for evaluation and thereby legitimizes his business (Lawrence & Phillips, 2004; Suddaby & Greenwood, 2005).

Therefore, we acknowledge that the leader of the mobilization (the entrepreneur) has some agency (to choose his/her frames and target certain participants), but the process to attain frame resonance is a socially constructed one. Thus, while the entrepreneur needs to attain cognitive legitimacy for his/her products and business, (s)he at the same time needs to develop a frame for his idea and use that to mobilize supports. Given the nature of the mobilization reviewed above, the entrepreneur can *either be lucky in choosing the initial (and transformed) frame, or (s)he has superior capability to come up with expectations on the effectiveness of his/her frames (and thereby choosing the best frame(s))* (c.f. Barney, 1986). Effective framing is necessary because the entrepreneur needs to draw both attention and positive emotional responses. Thus we propose that trust, reliability, and reputation are not only relevant concepts around cognitive legitimacy or product; but they also resonate with concepts in strategic framing; i.e. they can also describe the entrepreneur's frames. Table 1.

TABLE 1. Trust, Reliability, and Reputation for the Product and the Frame

	Product	Frame	For Resonance
Trust	-From past performances, audiences are willing to place their vulnerability on the probability that the product and the routines would work	-Vulnerability for supporters to join the institutional entrepreneurship -Confident that keeping that actor at the top of social order is always and will always be just given what the actor stands for	-Consistency of a frame with the dominant narratives of a domain (Benford & Snow, 2000) -Consistency of a frame with the firm's claims and actions (Benford & Snow, 2000)
Reliability		-Can be reproduced / can stand the challenge of alternative frames	-"Apparent fit between the framings and the events in the world" (Benford & Snow, 2000: 620)
Reputation	-Confident, positive expectations	-Quality other than Product quality; inferred from past "performance"	

From Celebrity to Leadership

We argue that although entrepreneurs are generally free to propose numerous and even contradicting frames as they pitch for funds across time; an entrepreneur who aspires to attain high status does not have such a luxury. In this vein, potential supporters invest their resources (c.f. motivational investments in Emerson, 1962) in both the entrepreneur's products and frames. Hence, the elements of trust, reliability, and reputation (Aldrich & Fiol, 1994) in this investment warrant examination in more details. "Willingness to be vulnerable" (Mayer, Davis, & Schoorman, 1995; McKnight, Cummings, & Chervany, 1998; Jones & George, 1998), "willingness to rely" (Doney, Cannon, & Mullen, 1998), "confident, positive expectations" (Hagen & Choe, 1998; Elangovan, & Shapiro, 1998; Das & Teng, 1998) are all critical components of trust (, reliability, and reputation; c.f. Fombrun's definitions of reputation) (Rousseau, Sitkin, Burt, & Camerer, 1998). These aspects are simultaneously studied by scholars in status, reputation, and VC investments (e.g. Ertug et al., 2016; Gomulya & Boeker, 2014; Pollock et al., 2015). Our argument here is that for a rebel to become a market leader (Rindova et al., 2006), or for competitors to follow the proposed practices and standards, audiences in general invest their time, money, resources, as well as individual reputation and esteem in the entrepreneur's business by identifying themselves with the proposed frames (Foreman & Whetten, 2002; Scott & Lane, 2000).

Thus, it makes sense to examine the verifiability, validity, and credibility of the entrepreneur's frames. The entrepreneur's frame can only help the firm to achieve leadership status when it is perceived as (Benford & Snow, 2000; c.f. Lee et al., 2018) 1. Consistent with the narratives of the field so the frame "sounds alright" to audiences; 2. Consistent with the business's claims and activities such that audiences think the firm is really doing what it claims; and 3. Fit with the events in the world, or social problems are diagnosed and prognosed correctly and changes happen with respect to the business's activities.

These verifiability, validity, and credibility are not without significance because they are the bases for social judgments throughout the entrepreneur's quest to frame his/her business, make contributions in the field, and sustain the high status. Indeed, we argue that the entrepreneur has to come up with effective frames and framings as examined above for general audiences, while (s)he has to make contributions to the field (Battilana, Leca, & Boxenbaum, 2009) with respect to his/her frames and framing to achieve resonance specifically for other firms in the field (mostly competitors) so that at some point of time competitors would follow his/her proposed practices and standards, i.e. from celebrity to market leader. These social judgments similarly apply to evaluate the focal entrepreneur's contributions in the field.

We believe this is a necessary but not sufficient condition. In order to change an institution, actors need to build coalitions. Although it is in the assumptions of business studies that firms need to differentiate themselves from others (e.g. Deephouse, 1996; Barney, 1991), firms that strive to change institutions join forces to create a new category, attain attentions, and clarify how the new category is different from the existing ones (Zhao et al., 2017). The differentiability of the group satisfies the actors' need to be different and at the same time the same (e.g. Brewer, 1991).

For an institution is to be changed, the media's power changes accordingly. Rindova et al. (2006) placed the media in a pivotal role in the making of celebrity because the media creates the dramatized reality that depicts happenings around and build a persona for the focal actor to trigger positive valence and emotional responses. We agree that the making of celebrity and high status is a socially constructed process. Yet, we concur with Bitektine & Haack (2015) that during institutional instability, the media, among other gatekeepers of institutions, has little consensuses about the institution to reinforce; while audiences rely more on individual evaluations. Individual evaluations are less suppressed during changes in institutions. In other words, we expect that our arguments above are particularly applicable during institutional instability brought about by impactful entrepreneurs (Schumpeter, 1934; 1942).[50] Equally important is that the entrepreneur stands those evaluations around the business and its frames when impactful influences or fabrication by the media are less expected. "Whereas "celebrity personas" can be entirely fabricated, resulting in "minor," "shortlived," or "flash in the pan" celebrities, individuals with real ability and a unique style become "stars," "superstars," or "cultural icons" (Dyer, 1979; Gamson, 1994; McCracken, 1989; O'Guinn, 2000; Reeves, 1988)" (Rindova et al., 2006: 53).

To sum, the first mechanism proposed is that the entrepreneur needs to build effective and substantially supported frames and framings for his/her business. The frames and framings should be trustworthy, reliable, and reputable to secure high-level attention and positive valences and emotional responses that are needed for celebrity and leadership statuses. Since this is a socially constructed

[50] We do not confine our arguments to specify that it is the entrepreneur who brings about a change in the institution; equally possible is that the entrepreneur rises around the time when the institution changes. In either case, it is still the luck or superior expectation, or understanding or "will power" (Goss, 2005), of the entrepreneur that put the business onto the top of the social hierarchy.

process, which is beyond full control of the entrepreneur, the entrepreneur either rely on his luck or superior expectations for audiences' "buy-in"; for us, superior expectations come from genuine understanding on human's needs and strict adherence on just beliefs and actions that concern the welfare of the human race at large (Schumpeter, 1934; 1942). More details will come in the coming two mechanisms.

Proposition 1a*: Effective frames and framings are at least as important as attainment of cognitive legitimacy in the legitimation process as a whole.*

Proposition 1b*: Credibility of frames and framings is a necessary but not sufficient condition for attainment of high-level attention, positive emotional responses, trust from audiences, and thus sociopolitical legitimacy and status for the entrepreneur.*

Proposition 1c*: The greater the extent of institutional change, the more critical is the credibility of frames and framings for the entrepreneur to attain high status.*

Proposition 1d*: Superior expectations around social judgments are positively associated with frame resonance for the entrepreneur to attain high status.*

SECOND MECHANISM: SUPERIOR CONTRIBUTIONS TO THE FIELD

In the last section, we argued that frames and framings that are effective, trustworthy, reliable, reputable, and credible are necessary for high-level attention, positive emotional responses, and resonance and support for the entrepreneur's business. In this section, we argue that they are also used to evaluate the firm with respect to its contributions to the field. Furthermore, we propose that it is the investments to contribute in the development of the field that precede the development of status belief among actors in the field.

Frames and Framings Substantiated in the Field

The entrepreneur must contribute to the field in order to win the competitors' fellowship. When the entrepreneur tries to build a coalition for his/her frames, (s)he strives to frame the relationship (Tung, Au, et al., 2017) with the supporters as Communal Sharing (Fiske, 1991; 1992; 2004; Haslam, 2004; Fiske, & Haslam, 2005) so that knowledge and resources can be shared effectively to establish practices and standards in the field (Boer et al., 2011). The entrepreneur has to stick strictly to the logic of this relational model, Communal Sharing, or (s)he will lose the keen support from his/her counterparts (Bridoux & Stoelhorst, 2016; Tung, Au, et al., 2017). Meanwhile, typically, contributions to the field are inherent in the frames and framings of the entrepreneur's business. This inclusion invites evaluations and judgments by actors who are closer to the core of the field in the way argued in the last section. In other words, if the entrepreneur claims that (s)he wishes to bring about some improvements to human lives with some new practices and standards, and welcomes other players to join this advocacy, (s)he invites others to judge 1. if his/her frames are consistent with some basic descriptions of what the field does; 2. if (s)he really welcomes others to learn about and join force to advocate the new practices and standards; 3. if those new practices and standards can practically bring about the theorized changes.

If the entrepreneur fails to prove the credibility of his/her frames, joint value creation is not likely to happen (Bridoux & Stoelhorst, 2016). Similarly, the entrepreneur would lose his/her reputation if other actors draw unfavorable conclusions from past interactional experiences (see definitions of reputation).[51] Again, we note, as we did in the last mechanism, that an entrepreneur who aspires to attain high status cannot afford to reject entirely what he has proposed before due to his/her own and others' investments in the frame.

Proposition 1e*: The credibility of the frames and framings is at least partly dependent on the entrepreneur's contribution to the field.*

Sustainability of Privileged Asset Positions, Imitation of Asset Stocks, and Time Compression Diseconomies of Contributions to the Field

Investments to contribute in the development of the field are not only necessary for the entrepreneur to prove the credibility of his/her frames and framings; they are also path-dependent. Structuration theory and Institutional theory posit that some practices and standards go through the discourses and gradually become routinized and institutionalized (Giddens, 1976; 1979; 1984; Barley & Tolbert, 1997; Tolbert & Zucker, 1983). Assuming that new practices and standards with effective and credible frames are at least as capable to pass the scrutiny and legitimation process as any average practice or standard, the earlier the practices and standards become routinized and institutionalized, the less likely can any other actors to catch up with the focal entrepreneur's established influences in the field. Similarly, when the frames and framings are effective and credible, it is harder for other actors to disprove, replace, or displace the invigorated, verified frames, although frames are somehow vulnerable (Goffman, 1974; 1983). In addition, when actors have formed ties with the focal entrepreneur, other actors are difficult to provide a rationale for

[51] It seems that human nature would always favor, like how the invisible hand in economics works to allocate resources, frames and framings that do good to the human race at large (Silk & Horse, 2011; Willer, 2009).

existing partners to change (Cyert & March, 1963; Simon & March, 1976) as long as the collaborations are satisfactory, let alone the trust and reciprocations in close ties and groups (e.g. Coleman, 1988) with strong identifications (Highhouse, Thornbury, & Little, 2007; Phillips, Turco, & Zuckerman, 2013). This is the time and path dependent components that are difficult if not possible for others to imitate.

The case here is similar to the time compression diseconomies and accumulation of asset stocks, which prevent imitations by other firms, within firms (Dierickx & Cool, 1989; Barney, 1991). Yet, the focus in our argument is that *product quality of own business* is a necessary but not sufficient condition for a firm to attain high status. Our argument also resonates with the recent development in the literature by exploring the importance of different types of reputation, and to different audiences (Cattani, Ferriani, & Allison, 2014; Kim & Jensen, 2014; Jensen, Kim, & Kim, 2012; Zuckerman & Kim, 2003).

The Development of Status Belief

Given contributions to the field by the focal entrepreneur[52], actors continue to interact in the changing institution to push forward to proposed practices and standards. The status construction theory suggests that "any structural condition that gives one group a systematic advantage in gaining influence over another group in intergroup encounters will foster the development of widely shared status beliefs favoring the advantaged group" (Ridgeway & Erickson, 2000: 579); while the Expectation States Theory predicts "which actors are likely to be perceived as more worthy and competent when compared with others in goal-

[52] The assumption here is that contributions by a actor will be appropriately recognized. We believe so for the sake of justice. Whether the focal actor appropriate values from his/her contributions is another problem to be discussed in the third mechanism.

oriented encounters of various sorts" (Ridgeway et al., 1998: 333). We argue that those interactions at this stage are some of these "structural conditions" as actors meet in occasions in the fields for some common goals: to advance the new practices and standards. The focal entrepreneur has the systematic advantage in gaining influence over other firms in encounters (Goffman, 1961) because of the previous contributions to the development of the field. For instance, practices, standards, and detailed understanding come from the focal entrepreneur. So, others have to acknowledge the proposed practices and standards, and follow suit (c.f. Parsons, 1960; Pfeffer & Salancik, 1978). Interestingly, one may consider this as a competition in contributing to the field (Stewart, 2005). At some point of time, the focal entrepreneur is recognized as a leader in some practices and standards, i.e. recognized by other actors in the field to be at some top positions in a social hierarchy (Washington & Zajac, 2005; c.f. Stewart, 2005). This belief within the field diffuse gradually to outside of the core group or the field (Ridgeway, 1991; Ridgeway et al., 1998).

Here is a summary of this second mechanism. A focal entrepreneur needs to contribute significantly to the development of the field so as to 1. Substantiate his/her frames and framings given social judgments; 2. Establish a basis for the development of status belief. Therefore, the entrepreneur depends either on his/her luck or superior expectations to choose how to contribute to the field. The choice at this mechanism is highly connected with the choice of own business and frames in the last mechanism.

Proposition 2a*: Contributions to the field is a necessary but not sufficient condition for favorable status belief to develop.*

Proposition 2b*: Superior expectations around the potential developments of the* *field are positively associated with the development of favorable status belief.*

THIRD MECHANISM: DEFENDING THE LEGACY

An entrepreneur has risen as a leader in the field and has attained high status from the last two interconnected mechanisms. But social judgments have not stopped to influence his/her fate, or ability to stay at the top positions in the social hierarchy.

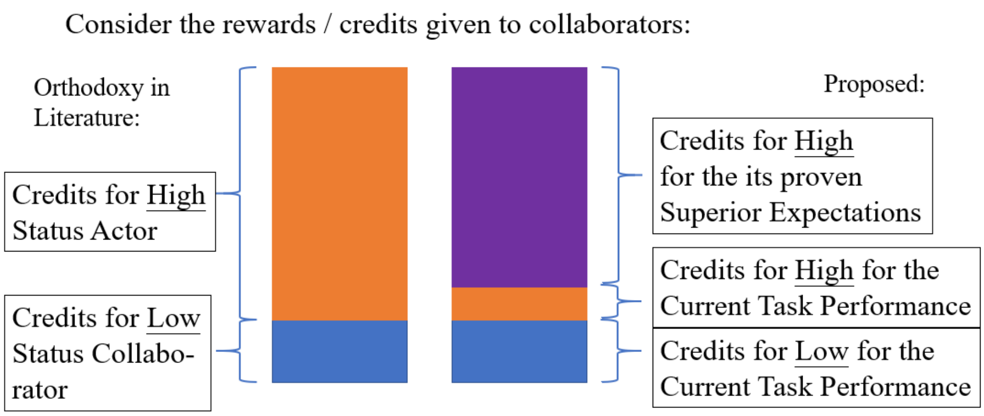
In Ecology or Biology, leaders are given unique roles in communities or populations of species. They have different responsibilities as well as powers than other members of the populations. They are privileged (to make judgments) because the tribe relies on their leadership, because of their capabilities are recognized ex ante, and they have previously passed the tests of social judgments, i.e. they helped to secure the living of the species and thus helped the preservation of the genes to the future. They are thus protected because the population needs them good. Leaders would not be / would no longer be leaders if they work against the continuation and advancement of all.

Similarly, in human populations, as argued above, leaders must prove themselves helpful to the continuation and advancement of all. Willer (2009) proposed that status is conferred to those who contribute to the group's ends more; and the inherent privileges of status motivate the individuals to continue to contribute. Yet, to us, the story does not end there: the high status actors are not only privileged but are also protected so that the race would not fall easily, which otherwise would be the case if the leader him/herself tries out everything new and unknown but possibly harmful (Schumpeter, 1942; Witt, 2013). That is a recognized proposition that gives the leaders a right to reject new practices and standards. Yet, leaders also face pressures to accept and support new practices and standards if those new trends are proven good to all. Interestingly, in this case, if the leader (refuses to accept and) refuses to provide a sound reason (for the rejection), the leader would be questioned; or in other words, the leader would face status anxiety (Jensen, 2006).

Leader's Accountability

Jensen (2006) posited that high status players are accountable, i.e. actions should be justifiable, in their choices so they would choose to partner with actors with good reputations. Ertug et al. (2016) similarly argued that the high status actors ***cannot choose*** *some of the potential collaborators because they are accountable*. Here our argument is different: the leaders ***have to choose*** *to form ties with some of the potential collaborators because they are accountable*. We propose that the accountability (Margolis & Walsh, 2003) for leaders is different from that faced by other players. (Figure 2) With the above-argued roles of and responsibilities for leaders in populations in mind, we suspect that 1. Leaders themselves know they have been accorded disproportionate benefits and credits; 2. Some other actors and audiences also understand and recognize that; 3. Those who are trying to strive for more political power are often those who think they have not been treated fair enough; and 4. It seems that the longer after an actor is recognized as a leader (high status), the weaker is the effect of status on favorable value appropriation to the focal leader (c.f. Pollock et al., 2015). The leaders are especially prone to social judgments around misallocation of resources and misappropriation of value (Margolis & Walsh, 2003) with respect to their fulfilling of their responsibilities as leaders.

Figure 2. A Re-interpretation of the "Disproportionate" Credits



The concept of accountability in Margolis & Walsh (2003) goes beyond the need to justify the treatments to others. It accommodates social judgments by permitting the examination of when and how resources are (not) misallocated and value is (not) misappropriated. To us, the disproportionate credit and benefits accrued to the high status actors are a type of social value; similarly the leader's selection among lower status actors is a kind of allocation of resources (c.f. e.g. Podolny & Phillips, 1996; Podolny, 1993; Podolny, Stuart, Hannan 1996; Stuart, Hoang, & Hybels, 1999; Jensen, 2003; Merton, 1968). Leaders are given the role to allocate resources given the trust in them in fulfilling their responsibilities as leaders and in that they would do good to the population (see all three mechanisms). In this way, we simultaneously explain why leaders are accorded privileges independent of their performance (for example in a collaboration) (Washington & Zajac, 2005): because the disproportionate credits are not given to their performance but to their fulfillment of leaders' responsibility. This allocation of value is worthy to the population because that fulfillment of leaders' responsibility cannot be simply accomplished by any other else – the leaders have proven themselves ex ante.

Thus, giving the leader more credit is not a misappropriation of value nor a misallocation of resources when leaders are selective (c.f. Jensen, 2006; Ertug, 2016), provided that the leader passes the test of social judgments on his/her selection. In fact, the most effective frames to make authorities fall is the Injustice Frame (Goss, 2005; Goffman, 1961). If the leader's selection is not based on the sound expectation that the lower status actor's participation would be beneficial to the continuation and advancement of all, that selection or non-selection becomes a misallocation of resources. Leaders sometimes have to give status. To us, frames are vulnerable partly because it is difficult to defend their credibility all the time; and only those identities / meanings that can stand the continuous tests of alternative frames can become legacies. (see the first and second mechanisms).

This third mechanism is tightly connected or inherited from the two above because leaders are socially expected to be authentic to what he/she has proposed and contributed for: the theory of change that is inherent in the diagnostic, prognostic, and motivational components in the proposed frame back then when the leader first proposed it to push forward the development of the field. Since that motivation that has been accepted, when a new contribution along the leader's original theory of change by an up-and-comer is proposed with high potential but is not endorsed, a justification would be necessary for such a decision to be authentic and legitimate in terms of a just allocation of social resources and appropriation of social values.

Luck, Expectation, and the Humanistic Spirit

Here, luck and expectation come into play again. For an entrepreneur who aspires to become a leader, at some point of time in his/her quest (s)he will be recognized by some established leaders. The focal entrepreneur can either be lucky in for instance choosing to be a frog in the right pond (also c.f. Deephouse, 1996) from which the established leaders need to make a selection; or (s)he can have had superior expectations in choosing the leader to follow and support. For an established leader, at some point of time (s)he will need to give status. His/her legacy can be sustained either because (s)he is lucky that the choices of younger frogs can always stand the challenge by social judgments, or because (s)he has superior expectations in giving status to the lower status actors that would really contribute, like (s)he has been doing, to the continuation and advancement of all.

Again, we propose that superior expectation comes from genuine understanding of human needs and of what are acceptable to all.

Proposition 3a*: The socially constructed responsibilities for leaders are different from those for ordinary players.*

Proposition 3b*: The socially constructed roles for leaders are different from those for ordinary players.*

Proposition 3c*: Fulfilment of roles and responsibilities for leaders is positively associated with high status.*

Proposition 3d*: Superior expectations around (established) leaders' needs to fulfill their roles and responsibilities are positively associated with the development of favorable status belief.*

Proposition 3e*: Superior expectations around the potential of lower status actors are positively associated with the sustainability of favorable status belief.*

DISCUSSION

In the current theory work, we advance Barney's (1986) ideas on superior expectation and the sustainability of resources. Subtle in his "tautological argument", there lied a hidden link revealed by Denrell, Fang, & Winter (2003): value of a resource is only realized later, i.e. ex post the investments on the resource, and when the resource has gone through transformations through the combinations of other resources or semi-products (or efforts) held by different strategists, and thus would realize differentiated values. While the word was "serendipity" in creating, gathering, and realizing superior values, it represents complex causalities and ambiguities. And people often attribute a success to "luck" – but as this theory work shows, such an attribution is over-simplistic.

Denrell, Fang, & Liu (2019) thus explains that luck is connected to expectations: where one is better informed while others are not, he/she knows when and to whom his/her investment would create potential superiority in the future over others' over- or under-estimations. Yet, two barriers – the difficulties in learning from complex ambiguities and the difficulties in persuading relevant others to see the opportunity – often burry a truly great valuable opportunity, although people may or may not realize ex post the ex ante proximity between such an opportunity and themselves after it becomes discovered and publicized later by someone else.

In other words, the current work answers the old research question: what makes the legacy – only from a logic that views legacy or high status as a position granted by the social expectations; and privileges as a socially granted value as well as a resource. In this way the theory offers coherent explanations to status dynamics in various societies and fields; accumulation, conversion, retainment, and allocation of social resources; status hierarchy formation and dissolution around institutional changes; as well as the nature of strategic agency in structures. We posit that – while the word "possibility" itself implies luck, timeliness, and external control – the possibility that a proposed frame eventually opens up behavioral opportunities and achieves resonance; the possibility that a contribution becomes a key recognized contribution in the field; the possibility that an endorsement for an up-and-comer advances but not contradicts an originally held frame; the possibility that the developments of the frame receive wide and strong social acceptance; and so on are not pure probabilities but one can "strategically" benefit from superior expectations and knowledge in humanity.

Besides the relationship between luck, superior expectations, and status that this theory work seeks to explain, here are the other two linked aspects where our theoretical arguments resonate with:

Why Luck and Framing

Denrell et al. (2019) explained that human beings are often not sensitive enough to fully understand or see patterns through all kinds and all contexts of complex causalities. Yet, some "informed strategists" may be able to recognize patterns that could be valuably utilized in some contexts. These entrepreneurs however face the above mentioned two barriers in realizing the value.

The current theory work [Mechanism 1 and 2] for instance proposes that low status entrepreneurs can rely on a frame, which would be proven valid for long enough ex post, to make sense of the complexity in the reality, as well as let others – relevant stakeholders or important audiences – share that frame or lens to make sense of the causality (Cornelissen & Werner, 2014). An entrepreneur with superior strategies guides and engages his/her supporters deeply – emotionally and cognitively – to collectively construct, share, promote, and defend the reality-made-sense-of (Giorgi, 2017).

In this way, the low status entrepreneur establishes a framed causality – the "schemata of interpretation" (Goffman, 1974), and mobilize others for support – the frame alignment (Snow et al., 1986). Frames provide the strong organizational force needed by an entrepreneur, e.g. an institutional entrepreneur (Battilana, Leca, & Boxenbaum, 2009), to *redefine* institutions – or the reality. As Zuckerman (2012) noted, there is a gap between objectivity and subjectivity where entrepreneurial opportunities exist.

While very recently the literature has given prominence to performativity of theory, as well as in the field of entrepreneurial studies, thanks to Prof Barney and others' editorial leadership; framing has only recently begun to be employed to explain status phenomena (Giorgi & Weber, 2015) and status hierarchies, the main theme of the current theory work.

With respect to institutional stability, we further note here that such a period to a field provides contextual triggers in particular to social actors to search for better coordination and leadership that can lead to better survival or thrive (Grabo, Spisak, van Vugt, 2017). A romance of leadership (Meindl, Ehrlich, & Dukerich, 1985) finds its root in the evolution of human as social beings (De Waal, 1996; Milgram 1974; Trivers, 1971). The ability to articulate a vision while invoking shared values, norms, and collective identity (Stem, Lord, can Knippenberg, & Wisse, 2014) and/or charisma are important images to project for a favorable evaluation (Meindl & Ehrlich, 1987; Meindl, 1995). While the literature of organizational behavior and political sciences in a different organizational context have separately noted that distributional (e.g. Sparrowe, 2020 on anger, gratitude, and guilt experienced from differentiated leader-member exchange) and procedural justice (e.g. Smith, Larimer, Littvay, &

Hibbinng, 2007 on how a disputed isolated resource allocation decision may cause serious threat to a group depending on whether the leader is altruistic or self-serving) are important to leadership; we propose a coherent theory on how a frame, that subsequently becomes an organizing principle of the coalition and later the field (like what is taken as granted for a "closed organizational environment"), must stand the test of the paradox of legitimacy (Garud et al., 2014) for the entrepreneur, without simply accepting a framer's occupancy of the leadership position as a given. In this way we offer a theory of status that consistently explain status dynamics in times of both stability (c.f. Merton, 1968) and instability (c.f. Bowers & Prato, 2018).

Why Framing and Status

Willer (2009) and Simpson, Willer, & Ridgeway (2012) proposed an insightful theory of status to solve the collective action problem that has always been a key puzzle for sociologists, anthropologists, and management scholars alike: how to dispel self-interestedness in human to contribute to the collective wellbeing. In his theory, status is "a selective incentive motivating contribution", "contributors to collective action signal their motivation to help the group and consequently earn diverse *benefits* from group members – in particular higher status – and *these rewards* encourage greater giving to the group in the future… Participants who received status for their contributions subsequently contributed more and viewed the group more positively." (2009 italicized)

No wonder Phillips, Turco, & Zuckerman (2013) and Hahl & Zuckerman (2014) later established that authenticity is a key to high status actors – because from Willer's theory, a genuine good will to contribute to the collective is the critical boundary condition.

From the perspective of the current theory work, perhaps we should embrace an even more truly altruistic orientation: ***status should be seen as a social resource rather than just a social value accrued to the high status actors*** – (not normatively but) from an angle of social judgment (Bitektine, 2011; Bitektine & Haack, 2015; c.f. Simpson, Harrell, & Willer, 2013). Given all the privileges enjoyed by high status actors in making their judgments, selections, and investments as shown in Podolny's and Ertug's lines of works; the current theory work explains that the society relies on the high status actors in ensuring the continuity and long-term wellbeing of all by letting them choose when and whom to give status – precisely because they have already proven, from their own selection of frames, storytelling, and sustained contributions, their superior expectation and knowledge in securing what human beings need.

Although laymen may not be able to see through the complex causalities themselves, they cast their support to their leaders who can.

The relevance of resonant frames is thus consistent with Bothner, Smith, & White's (2010) findings that a robust position is one that connects not only to the central ones, but also to those who also have diverse supporters. Pollock, Lashley, Rindova, & Han (2019) establishes that status among others are "quintessential intangible asset because they are not observable, and firms neither directly control them nor fully "own" them"; the current theory work argues that high status actors do not fully "own" status, as an asset and more importantly as a resource, because it is the position or role given by the society regardless of whoever capable and sincere to take it up – for the benefits of all.

Therefore, the current theory work argues that all those disproportional privileges – as established in the literature for long enough – accorded to the high status actors are the “rent”, as in resource-based theory, paid to the occupants of the high status roles for their superior expectation – not endless waves of luck (Denrell et al., 2019) – to make wise judgments, selections, and give status. Respect (Blader & Yu, 2017) thus can be sustainable.

CONCLUSION: Preclusion for the Nobody – Distinction for the Legacy

The status literature has indeed emphasized Denrell et al.’s (2019) separately developed work on the barriers against “behavioral opportunities”: beyond the difficulties associated with figuring out patterns from complexities and persuading others to believe in the findings, a low status actor uniquely faces the third: likely to feel that the voice is not heard (Magee & Galinsky, 2008: 368), While this assertion demonstrates the general stability of a status hierarchy, it also reveals the truly superior expectation held by the legacies who can spot the right voice.

> “If one must have warrant addressed to social needs, let it be for unsponsored analyses of the social arrangements enjoyed by those with institutional authority—priests, psychiatrists, school teachers, police, generals, government leaders, parents, males, whites, nationals, media operators, and all the other well-placed persons who are in a position to give official imprint to versions of reality” – Goffman (1983: 17)

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