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An Examination Of Ceo Reputation Decline And Repair In Response To Deviant Actions

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AN EXAMINATION OF CEO REPUTATION DECLINE AND REPAIR IN RESPONSE TO DEVIANT ACTIONS

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ABSTRACT

Despite increasing interest in managerial reputation, little research in the management field has attempted to theorize and empirically examine reputation as a dynamic construct. This paper synthesizes prior reputation literature across disciplines to develop a model of reputation change. Using the context of executive termination it is hypothesized that the same managerial outcome (i.e. termination) carries varied meaning to stakeholders depending on the actions leading to and reason for termination and such meaning impacts the level of executive reputation decline and repair. Additionally, drawing on four established theoretical mechanisms in the reputation literature it is hypothesized that various traits, relationships, performance signals, and repudiation activities also influence the reputation repair of executives. Using survival analysis and a sample of 487 CEO terminations, results suggest the strongest influence on reputation repair to be executive traits and relational ties.

DEDICATION

This manuscript is dedicated to Bryce, Randy, Anne, Melissa, Amy, Frank, Ilse, Mike, and Beverley, for their constant encouragement and unwavering belief in me.

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I. INTRODUCTION

Early reputation work diverged in views of reputation, including reputation as a signal in transactions (economics), a personal asset (strategy), an information-processing mechanism (marketing), a sense-making tool (OT), an intangible asset (accounting), and a means of social information exchange (sociology) (Fombrun & Van Riel, 1997). Despite these different views, virtually all reputation definitions include elements of stakeholder or public impressions and evaluation. For example, these definitions include the beliefs of various stakeholders regarding the likelihood of delivering value (Rindova & Fombrun, 1999), the "accumulation of high levels of public recognition of quality" (Pfarrer, Pollock, and Rindova (2010, 1132), and the aggregate perceptions of past actions (Walker, 2010). Since individuals construct their attitudes based on their information about an object (Wilson & Hodges, 1992) and attitudes are not stable, changes in the type or amount of information influence reputation evaluations (Brooks, Highhouse, Russell, & Mohr, 2003). Therefore, based on the definition of reputation as an overall attitude held by others, reputations can and do change.

Reputation continues to gain popularity in management literature (Lange, Lee, & Dai, 2011), though it is typically treated as rather static. This treatment of reputation is surprising given the number of studies investigating the building or enhancement of reputation, which by their very nature are changes in reputation. Others have called attention to reputation change both subtlety and explicitly. In a recent review Lange and colleagues (2011: 154) described reputation as "rooted in historical behavior and associations but can be abruptly changed if new information about past behavior comes to light or if the latest behaviors or associations are jarring to observers." Bromley (2000: 240) described reputation as a "skewed distribution of beliefs" in a social network that changes over time. In addition, two studies explicitly examine reputation change. Love and Kraatz (2009), study the specific mechanisms underlying firm reputation decline, while Rhee & Valdez (2009) propose the factors influencing a firm's capability to repair its reputation. Yet despite the implied changes in reputation based on its very definition and the recent studies demonstrating reputation change occurs, the literature is nearly void of studies examining the processes and outcomes of reputation change.

Management scholars continue to focus on the positive aspects of reputation (Mishina, Mannor, & Block, 2008) while largely ignoring the negative (Stern, Dukerich, & Zajac, 2014). Positive reputation is conferred upon individuals who win awards (Wade, Porac, Pollock, & Graffin, 2006), obtain media attention and praise (Hayward, Rindova, & Pollock, 2004), and consistently signal quality (Pfarrer, Pollock, & Rindova, 2010). Reputation, however, ranges from highly favorable to highly unfavorable (Brooks et al, 2003; Deephouse & Carter, 2005). Thus, far less is known about what influences the bad reputation to be conferred on individuals, or, along similar lines, what influences decline in one's reputation.

This inquiry is important given that while negative action harms reputation, the distribution of social consequences, such as reputation decline, is not uniform (Matsueda, 2013) even for the same offense. Consider the example of the Exxon Valdez and Pembina Pipelines oil spills, both one of the largest spills for the countries in which they occurred. More than a decade after the Exxon spill the organization continued to suffer from a bad reputation (based on the Reputation Institute's RQ index) while Pembina enjoyed positive media attention as well as an increase in stock price *during* the aftermath of the spill (Willcocks, 2001). Prior work suggests such an asymmetry of outcomes is influenced by personal characteristics (Paternoster & Iovanni, 1989). Other proposed reasons include the generalization of prior judgments (Kroska & Harkness, 2006) to the present action, where positive information buffers negative information. Additionally, several experiments conducted by Brooks and colleagues (2003) provide evidence that different information carries different weight in reputational evaluations. Therefore, focusing on executives released from employment, this study develops a theory of how reputational decline occurs and its subsequent outcomes. It is proposed that executive characteristics, the attention paid to the termination event, and the setting of the termination event influence the severity of reputation decline.

The processes and factors influencing executive reputation repair, as opposed to decline, represent a substantial absence in the current literature. While studies of building reputation abound (Lange, et al, 2011), such studies assume a starting point for reputation that primarily includes positive behaviors while virtually ignoring negative behaviors. Essentially, these studies do not take into account the impact of reputation damaging events. Therefore, what influences the repair of individuals' damaged reputations? This second research question of interest seeks to fill the present gap in the literature.

Since the literature remains considerably silent on reputation repair, many of the hypotheses presented in this study are exploratory in nature. With the context of this study on CEO terminations, drawing on the extant reputation literature provides a foundation with which to derive the first set of reputation change hypotheses. The remaining hypotheses are derived from four established theoretical mechanisms in the organizational reputation literature and modified to reflect the individual nature of CEO reputation. First, drawing on status characterizes theory reputation operates as a function specific executive traits, including gender, nationality, and attractiveness. Second, drawing on social comparison and status diffusion reputation operates as a function of relationships with others including the power of various individuals. Third, drawing on signaling theory reputation operates as a function of performance and quality including performance signals from the media or other firms. Finally, drawing on prior work on norm conformity reputation operates as a function of conforming or deviating from social norms including participating in charitable work or leadership. Using these mechanisms one of the primary purposes of this study is to determine which theoretical mechanisms actually underlie reputation change thus identify the most influential factors.

By answering the aforementioned research questions, this study contributes to the management literature in multiple ways. First, this study seeks to further the idea that managerial reputation changes in response to new information and such changes have consequences for managers. Despite reputation's conceptual definition and its identified dimensions, this area remains largely understudied. Second, this study is believed to be the first to investigate managerial reputation repair in response to the reputation-damaging event of termination from employment. This study extends extant work on organizational reputation and change to identify the most appropriate theoretical roots of managerial reputation change. After identifying such this study determines the specific factors in line with each mechanism believed to influence reputation change for managers. Third, this study examines competing theoretical arguments for reputation change simultaneously. Empirical work on reputation change remains underrepresented in the literature despite the multiple theoretical frameworks proposed to explain reputation change for organizations (e.g. Love & Kraatz, 2006; Rhee & Valdez, 2009). However, little is known as to which theoretical lenses best explain the phenomena. This study attempts to provide new empirical support of current theoretical explanations.

This study is organized as follows. First, the reputation literature is reviewed, highlighting the multiple perspectives of reputation and theoretical lenses used to examine this multidimensional construct. The second section introduces the hypotheses concerning reputation damage and reputation repair using the four theoretical lenses identified by Love and Kraatz (2009). Next, the methodology to test the specific research questions is reviewed. Finally, the results are presented with a discussion of the study results, limitations, and future research implications.

II. LITERATURE REVIEW

Early reputation research

Scholars and philosophers have proclaimed the importance and value of reputation for centuries. Modern business literature started taking a deeper look at reputation in the 1970s, focusing on firm reputation as an asset (e.g. Likert & Pyle, 1971). Klein (1974, 422) states "'reputation' reflects the confidence consumers have that the actual quality of the product, when consumed, will equal the quality that is anticipated, and therefore paid for, when the product is purchased." From this perspective, reputation included both risks (Anderson, Giese, & Booker, 1970) and afforded substantial benefits. For example, in an examination of the ready-to-eat cereal industry, Schmalensee (1978) proposed reputation decreased the advertising and promotional activity of firms that elected to copy the products of reputionally inferior firms. Identifying another benefit, Tolley and Wilman (1977) determined that reputation influenced firms' labor costs.

Not all scholars viewed reputation in the same manner, however. Other streams of research identified reputation as a motivator of behavior. For example, reputation was identified as a motivator for consulting firms to identify with prestigious client firms (Miner, 1971; Gore, 1972). In another study Hunt and Rubin (1973) found national publicity of government-industry contracts influenced corporate reputation. Additionally these authors concluded that in the presence of reputation benefits, top management team members were more likely to direct additional attention to the contract project as well as engage in efforts to maintain better government-industry relations. Studies, however, did not adhere to a consistent definition of reputation or necessarily include reputation as a focal element.

In the 1980s reputation took a more central role in studies along with increased attention to the social processes surrounding it. Research also focused more on the reputation of individuals as opposed to firms. Lee and Ofshe (1981) used a mock jury deliberation to investigate whether an individual’s reputation or demeanor was a stronger social influence. While participant demeanor influenced greater change in jury awards, reputation upwardly distorted participant performance ratings. Thus participants with higher reputations were considered better jurors even though they did not successfully influence their peers. Other authors proposed that given limited information-processing capacity individuals must rely on shortcuts in attaching meaning to others’ behaviors (Feldman, 1981; Lord, 1985) and such shortcuts include reputation.

Further study of reputation included the role of attributions in forming reputation. Berger, Rosenholtz, and Zelditch (1980a) proposed the social meanings attached to individuals’ characteristics influence perceived ability and performance expectations. These expectations then inform attributions of prestige and power (Berger, Cohen, & Zelditch, 1972; Berger, Fisek, Norman, & Zelditch, 1977; Berger, Rozenholtz, & Zelditch, 1980b). For example, based on the visibility of their positions, CEOs are observed by the public. These observations rely on executives’ visible characteristics to inform expectations.

Expansion of reputation research

Increased attention was paid to reputation in the 1990s. Multiple disciplines examined reputation from both macro and micro perspectives. Reputation was viewed as an asset, signal, information processing mechanism, and sense-making tool (Fombrun & Van Riel, 1997). As an asset reputation was found to positively impact profits (Chu & Chu, 1994) and overall financial performance (Preston & O'Bannon, 1997) while providing protection from competitors (Clark & Montgomery, 1998). Studies viewing reputation as a signal found positive influence on credibility (Ganesan, 1994) and increased attraction for joint venture partners (Dollinger, Golden, & Saxton, 1997) and potential employees (Gatewood, Gowan, & Lautenschlager, 1993; Turban & Greening, 1997). Additionally, reputation aided in maintaining positive relationships with distributors (Anderson & Weitz, 1992) and acted as a substitute for monitoring (Diamond, 1991). As an information-processing tool reputation was found to influence customers' product selection (Choi & Kim, 1996) along with the actions of auditors and the overall quality of audits (Deis & Giroux, 1992).

Growing reputation conceptualizations and operationalizations prompted critique in the literature (e.g. Brown & Perry, 1994). Reputation's value to both managers and firms prompted examination of its causes and consequences. For example, Hirshleifer (1993) examined investment decisions of managers to determine the role reputation played in decision-making. He found managers engage in three specific types of action to maintain their reputations: (1) attempting to make short-term successes appear more successful, (2) attempting to release good news faster and delay bad news, and (3) attempt to mimic the actions of highly successful managers while avoiding similar actions of unsuccessful managers.

At the turn of the twenty-first century the central definition of reputation was beliefs about the likelihood a firm would deliver value among performance dimensions (Rindova & Fombrn, 1999). Thus attention to the impact of reputation, whether executive or corporate, on firm performance saw a substantial increase. For example, Deephouse (2000) investigated the value media favorableness, a proxy for firm reputation, as a resource and found the reputation of commercial banks was positively related to return on assets. From this perspective the reputation literature began to answer questions related the leverage of reputation as an asset or resource to improve strategic position (e.g. Mahon & Wartick, 2003). Studies found reputation increased investor awareness, customer satisfaction, firm equity and pricing strategies, while allowing firms better access to key suppliers, bargaining power, and a protective buffer in the face of negative information (Banks, Hutchinson, & Meyer, 2002; Deephouse & Carter, 2005; Dowling, 2002; Roberts & Dowling, 2002).

Multiple studies of reputation's antecedents created convergence on its proposed formation. Staw and Epstein (2000) found firm performance and size influence reputation formation. Highhouse, Brooks, and Gregarus (2009) took a more micro perspective on the formation of reputation and proposed the cues of specific attributes, such as investments in product development, diversification, corporate social responsibility policies, and advertising, as well as external factors like the media and customer feedback create impressions in the minds of stakeholders. Reputation is thus a "collective of individual impressions" (Highhouse, et al, 2009). Over time, reputational impressions generalize across audiences (Highhouse, Broadfood, Yugo, & Devendorf, 2009).

Interest in the formation of extraordinarily high levels of reputation prompted the introduction of celebrity as a construct in the reputation literature. Hayward and colleagues (2004) combine the attributions made by journalists with the attention-garnering actions of executives in their celebrity formation propositions. These authors further propose that such high levels of reputation influence executive decision-making by prompting repeated action of that which first gave rise to the celebrity, regardless of the potential for negative consequences. Other authors propose authenticity and credibility influence the formation of celebrity

(Treadway, Adams, Ranft, & Ferris, 2009). Still others propose seeking celebrity is a decision that prompts specific action instead of an incidental consequence of good performance (Parmentier, Fischer, & Reuber, 2008, 2013). Celebrity's strong ties with performance (Rindova, Pollock, & Hayward, 2006) indicate it is ultimately a signal of ability (Milbourn, 2003). Celebrity consequences include higher executive compensation (Wade, et al., 2006), changes in human resources communication (Ranft, Ferris, Perryman, 2007), firm performance (Treadway, et al, 2009).

Many of the reputation studies during this period focused on the positive characteristics and actions leading to reputation as well as the positive outcomes afforded to those with high reputations. However, a few exceptions to this draw interesting conclusions. In their study of the most visible American corporations, Gardberg and Fombrun (2002) found that firms nominated for the best reputation were typically also nominated for the worst reputation. Microsoft's nominations, for example, were 65 percent best reputation nominations while 35 percent were for worst reputation. Interestingly, only thirty companies comprised approximately 90 percent of the 10,000 nominations for best and worst US corporate reputations. Building on Fombrun and Shanley's (1990) conclusion that strong media exposure was actually negatively related to reputation, Brooks and colleagues (2003) found individuals hold more positive and negative evaluations when the target reputation object is more familiar to them. These authors conclude that since individuals "construct attitudes from [a] large database of beliefs about the attitude object" (Wilson & Hodges, 1992, 911), multiple reputations are held simultaneously, such as financial, customer service, or social responsibility reputation.

Current reputation landscape

The aforementioned studies highlighted the need for additional work in to defining reputation and distinguishing it from other constructs like status, legitimacy, and other forms of social approval. Pfarrer and colleagues (2010, 1132) delineate reputation and celebrity by defining the former as the "accumulation of high levels of public recognition of quality" and the latter as "high level of public attention" with "positive responses from stakeholder audiences". Here reputation is viewed as a signal of quality and celebrity an affective response brought about by the media's portrayal. Hypothesizing that reputation acts as a stronger buffer than celebrity due to greater stability, these authors find that reputation and celebrity have differential impacts. First, high reputation had a negative relationship with positive earnings surprises while celebrity had a positive relationship. Additionally, celebrity firms experienced more positive investor reactions to earnings surprises than high reputation firms.

In another study, Stern, et al., (2014) investigate the differences in outcomes for reputation and status. These authors draw on Fombrun's (1996, 72) definition of reputation as "a perceptual representation of a company' s past actions and future prospects that describes the firm's overall appeal to all its key constituents when compared to other leading rivals." Status, on the other hand, was based on Washington and Zajac's (2005, 284) definition of a "socially constructed, intersubjectively agreed-upon and accepted ordering or ranking of individuals, groups, organizations, or activities in a social system." These authors find while lower reputation and lower status decrease the likelihood of alliance formation, the interaction of high reputation and high status amplifies the likelihood of alliance formation.

Another important aspect to the difference between reputation and related constructs concerns measurement. For example, some studies use press citations for reputation (e.g.

Milbourn, 2003; Rajgopal, Shevlin, & Zamora, 2006) while others use the same for celebrity (e.g. Koh, 2011; Pfarrer, et al, 2010). These and other inconsistencies over the past decade prompted a comprehensive review of the reputation literature (Lange, et al., 2011). The most important conclusion was the multidimensionality of reputation, though rare explicitly mentioned in prior literature (Lange, et al, 2011). Reputation includes three dimensions: being known, being known for something, and generalized favorability. First, being known refers to the extent of awareness or knowledge. Second, being known for something refers to the level of confidence held about future behavior. Finally, generalized favorability refers to the consistency in positive or negative judgments or impressions held. The identification of reputation's dimensions provides a structured way of grouping studies together during this time period in order to examine the convergence and divergence in perspectives.

Most reputation studies do not focus solely on the being known dimension (Lange, et al, 2011), primarily due to the typical perspectives that reputation is either an asset or signal, both concerned with known *for something* specific. A reputation definition used in studies of being known stems originates from Bromley's (2000) delineation of identity, image, and reputation. Here reputation is simply the conceptualization of external stakeholder groups. Another conceptualization of reputation as being known is an opinion of external constituents about a group of individuals, such as a team (Kilduff & Krackhardt, 1994). A third example includes reputation simply defined as the collective perceptions of individuals about a reputation object (Davies, Chun, da Silva, & Roper, 2001). Using such definitions, Shamise (2003) uses industry dominance (e.g. market share) to examine the formation of reputation, finding specific industry characteristics influence the level of being known. Such characteristics include purchase frequency, thus indicating firms producing products purchased more often are associated with high reputation. Shamise (2003) also found firms with lower priced products had higher reputations.

A large number of reputation studies are concerned with the second dimension of being known for something (Lange, et al, 2011). To be known for something implies specific and noticeable action. Kotler and Levy (1969) introduced the notion that people, just like products, can be marketed to wide audiences, coining the term “personal marketing”. Drawing on this Parmentier and colleagues (2013) determine that fashion models need to develop upward affiliations in order to become known for something.

The element of quality underscores this dimension, and multiple definitions include reference to quality. First, Bergh, Ketchen, Boyd, and Bergh (2010, 629) describe reputation as “product quality differences” between firms. Second, Rindova and Fombrun (1999) define reputation as the stakeholders’ beliefs about the possibility of delivering value. Third, others view this dimension of reputation as those with desirable quality traits, such as dependability and reliability (e.g. Davies, 2002; Dowling, 2002). With a focus on quality, many studies examining this dimension of reputation typically draw on signaling theory (Ferris, et al., 2014), viewing reputation as a quality signal.

In signaling theory the difference of information between parties is very important when quality is concerned (Stiglitiz, 2000). Signals typically attempt to communicate positive information to highlight desirable attributes (Connelly, Certo, Ireland, & Reutzel, 2011). When viewed as a signal, reputation provides information to stakeholders and the general population to reduce their information gaps.

Examining the impact of academics’ quality research signals, Zamudio, Wang, and Haruvy (2013) found the research accomplishments of academics at top universities were viewed more favorably than equivalent research accomplishments at average universities. Thus reputation created an accumulated advantage (e.g. Matthew effect). In an investigation of celebrity CEOs, those known for winning awards, Koh (2011) found reputation was associated with more conservative accounting practices, less opportunistic earnings management, and stronger firm performance. Finally, Sinha, Inkson, & Barker (2012), found that being known for something signaled justification for the escalation of commitment to failing firm strategy.

The final dimension of reputation is based on generalized, global perceptions and not simply individual attributes of the reputation object or individual stakeholder perceptions. Reputation must therefore include all relevant stakeholder impressions (Davies, et al, 2001) to be studied from this perspective. At the same time reputation is not viewed in the light of specific, identifiable actions, such as winning awards or responding well to a crisis. The attributions of specific stakeholder groups influence reputation (Treadway, et al, 2009) in the presence of consistent action over time (Hayward, et al, 2006). For example, Kjaergaard, Morsing, & Ravasi (2011) investigate the long-term influence of media coverage on high reputation firms. Employing content analysis of press articles as well as analysis of radio and TV coverage, these authors focus on general evaluations and perceptions of the media as stakeholders. Other studies reveal that firms with higher reputations receive more applications (Turban & Cable, 2003) and have the opportunity to select better applicants (Close, Moulard, & Monroe, 2011).

Reputation studies historically focused on one reputation dimension (Lange, et al, 2011), however, no evidence currently supports one dimension as more powerful, more valuable, or more important than another. At the same time, reputation studies continue to examine reputation as a static construct, despite the inherent changes it undergoes based on its conceptualization. The next section will review the literature on reputation change, including decline and repair. This section will examine the view of reputation, the appropriate dimensions, the reputational audience (e.g. individual, firm, stakeholders), and measurement. By structuring the next section in this way, the appropriate gaps in the literature are more easily identified, thus introducing in more detail the specific contributions of this paper.

Reputation change

Despite the fact reputations inherently change and shift over time, almost all reputation studies examine its consequences from a static perspective. Reputation research has only recently highlighted the importance of reputation change over time. Changes in reputation occur for many reasons. Kraatz and Love (2006) provide a framework of theoretical perspectives on organization reputation change influences. First, when reputation is viewed as a function of specific character traits, then reputation change occurs when actions are inconsistent with stakeholders' view of identity. Second, when reputation is viewed as a function of symbolic conformity and cultural prominence, reputation changes when symbolically appropriate practices are either deviated from or adopted. Third, when reputation is viewed as a function of technical efficacy, reputation change occurs when actions are taken which either increase or decrease performance or quality. Finally, when reputation is viewed as a function of relational status, reputation change occurs when actions are undertaken that enhance or disconnect one's personal network. Such a framework points to the importance of clearly identify the appropriate theoretical perspective and view of reputation. The remainder of this section uses this framework to review the current literature on reputation change.

Character traits (opportunism or identity-inconsistent). Fischer and Reuber (2007) propose that new firms face challenges to reputation formation. This study views reputation as a function of attitudes held by general stakeholders, and it is not the actual signals sent by firms that influence reputation or its change, it is the beliefs of stakeholders about the firms' cues that truly impacts reputation. These authors propose that new firms build their reputations by being perceived to have the characteristics associated with other firms in a specific category. The degree of discrepancy between the firms' signals and that of other firms, the credibility of the firms' signals, and the motivation by stakeholders to actually process firms' signals together positively influence the formation of positive reputation for new firms.

Symbolic conformity (doing what supposed to do because it is deemed "good"). Bae and Cameron (2006) investigated the impact of reputation and corporate giving and found the public's perceived motive for the gift was impacted by firm reputation. Specifically, firms with strong reputations were perceived as giving altruistically, while firms with poor reputations were viewed as giving for self-interested reasons. Thus despite being viewed as a symbolically conforming action, corporate social giving alters attitudes about firms differently depending on prior reputation.

Technical efficacy (impacts performance or quality). Suurmond, Swank, and Visser (2004) present evidence that individuals with poor reputations engage in actions that mimic those with good reputation, and it is the engagement in mimicking activities of those with good reputations that improves the performance of those with bad reputations. This allows those with poor reputations to improve their reputation while at the same time creating additional work for those with high reputations in order to eliminate the possibility of reputational decline.

Relational status (impacts who will work with you). Arend (2000) investigated the reputation and its importance to alliance activity and found investing in reputation when other similar firms have low reputations lead to an increase in alliance activity. However, attempting to positively impact reputation when others' reputations were on average at a good level proved more difficult and resulted in decreased alliance activity.

One exception in the area of reputation change is Rhee and Valdez's (2009) theoretical examination of reputation repair, incorporating multiple theoretical perspectives to propose the critical factors for reputation repair in the event of a damaging event. Rhee and Valdez (2009) proposed that reputation not only influences stakeholder perceptions but also stakeholder behavior. They further posit that reputation repair is not equivalent to reputation building due to the impact of the damaging event. These authors conclude firm age, specialization, and networks influence firms' ability to repair damaged reputations.

These authors determine that, first, firm age, as an organizational characteristic related to reputation change, places a larger burden to do what stakeholders expect or want given a longer history of behavior. Firms that fail act outside their perceived identity would thus have a more difficult time repairing damaged reputations. Second, specialization, not operating in too many markets, takes the reputational change perspective of technical efficacy since firms that only operate in few industries are perceived to have specialized skills. Therefore when stakeholders perceive such specialized skills put into practice, steps taken to positively impact firm performance influence reputation repair. Finally, networks and other third parties take the perspective of relational status in reputation repair. Specifically, when firms maintain positive relations with the media, watchdog agencies, or other groups, stakeholders rely on the information that ties remain intact and thus hold more positive perceptions of the firm, influencing reputation repair.

III. HYPOTHESES DEVELOPMENT

Reputation Decline and Termination

Executives that are released from employment face multiple social and professional consequences. Broadly speaking, terminations occur due to some form of deviant behavior, such as violating work rules or acting in a manner in which performance expectations are not met. Thus multiple forms of deviance lead to executive termination. First, executives who fail to deliver adequate firm performance, such as through poor decision-making, engage in deviance against the firm and its shareholders. Those without specific ties to the firm (e.g. the general population) are un-impacted by this type of deviance, barring a unique circumstance. Therefore the only parties concerned with this type of deviance are those with ties to the firm, and these parties possess the power or influence to punish offenders. As such this termination is based on deviance related to executive capability and referred to as a capability termination.

Other reasons for executive termination include involvement in scandal or other action that negatively impacts how the firm is viewed, such as illegal activity. Since society has rules and expectations in place concerning the general conduct of its citizens, those whose deviance goes against these rules impact society as a whole. Social punishment, as a result of deviant action, serves the purpose of defining moral boundaries in society (Matsueda, 2013). Thus when executives violate moral or ethical expectations, they are subject to punishment or sanctions from not only those associated with the firm but with the entire society who have put such expectations in place. This type of termination is based on deviance related to an executive's character and herein referred to as character termination.

Since the power to distribute social punishment depends on the type of deviance, in this case character or capability, each type carries with it distinct reputation penalties. The foundation for multiple types of reputation decline arises from two different sociological perspectives. According to the interpretive paradigm "social interaction is an interpretive process among interactants" (Matsueda, 2013, 28). Thus the interpretations of others are based on what is observed about them, such as their appearance, demeanor, or outward actions. Such observations do not carry with them literal meanings but rather serve as cues in a perceptive process that ultimately creates meaning (e.g. Blumer, 1969; Wilson, 1970). From this perspective the observables about individuals vary in their meaning depending on the context in which they are observed and do not conform to hard and fast rules about behavior. For reputation this means there are not rules attached to which actions are deemed acceptable or unacceptable and subject to social punishment in the form of reputation decline. The impact of one's actions on reputation is then influenced more by the characteristics of both the person and situation as opposed to generalizable rules or guidelines for behavior.

The second sociological perspective "assumes social interaction is rule governed" (Matsueda, 2013, 28), meaning for reputation there exist actions which are always viewed negatively and subject to social sanction. This normative perspective is based on a system of shared meaning (Wilson, 1970) that guides individuals' perceptions in social interactions. The generalized meaning on one's actions prompts specific actions and outcomes by others, giving less weight to the context surrounding the action. For example, when an individual violates a law of society, such as theft, the action consistently holds specific meaning negative and is subject to pre-specified consequences.

Early work on social sanctions found that it links individuals together in a common response to negative actions by others (Mead, 1918). Therefore when an individual engages in negative action it attacks the shared collective conscience and threatens social order (Durkheim, 1964). Social sanction for individual action thus serves two purposes in society. First, such punishment reinforces the collective conscience of a society, and, second, it defines society's moral boundaries to guide future action (Durkheim, 1964). Thus when people engage in an action that is viewed negatively by a social group, the group reinforces their behavioral expectations through social sanctions. When individuals experience reputational decline, it is an outcome of the violation of their social group's expectations.

Individuals' actions also create conflict in social interactions. The first form of conflict arises when individuals with the greatest political or economic (financial) power create rules and expectations for behavior, in essence determining (1) which actions are deemed "bad" and worthy of punishment (e.g. which type of termination actions warrant reputation penalties and (2) the actual punishment associated with a specific action (e.g. the level of reputation penalty) (Paternoster & Iovanni, 1989). This type of conflict typically occurs at the societal level. For example, legislators create laws governing the behavior of citizens. These laws specify which behaviors are acceptable and which behaviors violate the established laws. At the same time these laws also specify the consequences associated with violation of established laws. Therefore, when individuals break established laws society reinforces its behavioral expectations by handing down punishment to the individual violators.

The second form of conflict arises through organizational processing (also refereed to as middle social control agencies) wherein individuals' actions are subject to the consequences of those with power to carry out consequences (Paternoster & Iovanni, 1989). This conflict arises when individuals violate the expectations of others in their peer group, professional network, organization, or other small social group. This type of conflict does not assume the presence of specific rules governing behavior, but rather that collective expectations of members' behavior are present. For example, in the event one member of a peer group poaches a client from another member, this behavior is either deemed acceptable or unacceptable based on the collective expectations of this specific peer group. If the action is deemed acceptable, then no reason exists to introduce a social punishment. However, if the action is deemed unacceptable based on the group's expectations, then the violator is subject to consequence from those with power to distribute them.

It is not a requirement for actual engagement in a negative action but simply being viewed as having engaged in negative action that prompts social sanctions (Matsueda, 1992). Additionally, while it matters who commits an action worth of social consequence, those who perceived themselves to be harmed by an action are also of importance (Becker, 1963). Thus disparate groups experience perceived harm differently. Therefore, individuals engaging in actions that are viewed as violating societal rules are subject to social sanctions by those attempting to reinforce the shared social conscience and the moral boundaries. However, not all actions will be relevant to society at large. In these instances social groups, with their own behavioral expectations, hand down social sanctions in accordance with the specific group's norms and expectations. The power of each of these groups to carry out social sanctions differs and the purpose for social sanction also differs. Therefore, different groups will distribute social sanctions at varying levels.

Social sanctions arise from information signals received by powerful parties. The following section reviews signaling theory and its application to reputation. The implications of reputation, as a signal of quality, stem from information economics. Parties to a transaction have access to different information about the transaction, and the lack or possession of information impacts how the parties interact (Kirmani & Rao, 2000). This difference in information between the parties leads them to seek to reduce the resulting asymmetry (Spence, 1973, 2002). The information available to individuals is that which is accessible to the public, but some parties to a transaction may obtain private information therein creating stark differences in information between parties (Connelly, et al., 2011). Two types of information asymmetry are present in the literature: quality information and intent information (Stiglitz, 2000). Quality information refers to one party not having full information about the characteristics of another party, while intent information manifests in a lack of information about another party's potential behavior (Connelly, et al, 2011).

The individual or firm sending a signal is referred to as a signaler while the receiver is the actor or group of actors using a signal as information (Connelly, et al, 2011). Typically in management research receivers are investors (e.g. Certo, Daily, & Dalton, 2001; Park & Mezias, 2005; Zhang & Wiersema, 2009) or potential investors (e.g. Certo, 2003; Gulati & Higgins, 2003; Sanders & Boivie, 2004). However, other receivers include consumers (Chung & Kalnins, 2001; Lampel & Shamsie, 2000), competitors (Basdeo, Smith, Grimm, Rindova, & Derfus, 2006; McGrath & Nerkar, 2004), shareholders (Goranova, Alessandri, Brandes, & Dharwadhar, 2007; Kang, 2008), and the labor market (Davila, Foster, & Gupta, 2003; Ndofor & Levitas, 2004). All of these groups represent potential powerful parties capable of responding with social sanctions in the event of termination.

Signals, actions supposed to demonstrate true form, are a means through which receivers reduce the information asymmetry between parties (Kirmani & Rao, 2000). For example, an applicant for employment is unable to truly know what it is like to work for the specific firm. The individual may desire to reduce the gap between knowing very little about the actual job or working conditions and having first-hand experience at the firm. This can be undertaken by reviewing pubic information on locally superior places to work or reading testimonials of current employee's on the firm's corporate website. Through these signals the applicant perceives the relative quality of the firm, thus influencing reputation assessments, and uses that information to make judgments about the firm and aid in deciding whether working for that firm would be acceptable.

Signals take on various forms and include press releases (Carter, 2006), board member diversity (Miller & Triana, 2009; Filatotchev & Bishop, 2002) and prestige (Certo, 2003), founder ownership (Busenitz, Fiet, & Moesel, 2005), and top management team characteristics (Cohen & Dean, 2005; Higgins & Gulati, 2006; Zimmerman, 2008). Other signals include demographics (Close, et al., 2011), educational background or institution (Zamudio, et al., 2013), family name (Rojek, 2001), and prior successful experience (Ndofor, Priem, Rathburn, & Dhir, 2009). As illustration, the characteristics and actions (i.e. signals of quality) of top management team members send information to the external environment where various actors use the signals to develop perceptions about the acceptability of the TMT (Cohen & Dean, 2005).

All signals are not created equal, however (e.g. Higgins & Gulati, 2006; Park & Mezias, 2005). For example, exploring the relationship between top management teams and the decisions of institutional investors, Higgins and Gulati (2006) introduce three types of signals: resource, role, and endorsement. Results suggest that top management team prior work experience (signaling access to resources) and firm prestigious partnerships (signaling positive endorsement by external actors) have independent and differential impacts on the decisions of institutional investors (Higgins & Gulati, 2006), highlighting the fact that different signals result in differential behavior of social actors toward a social object.

Since violations of societal rules activate needs to reinforce and re-establish social order and norms, one primary determinant in the distribution of social punishment is the type of violation that occurred. Terminations are one signal of engagement in an act violating norms. Terminations alone do not, however, carry with them specific meaning. Rather, it is the reason for termination that provides meaning to the signal. Reason for termination also influences which groups of individuals experience harm from the norm violation.

Reasons for termination include failure to maintain satisfactory performance of job duties. While specific CEO behaviors leading to performance are difficult to observe (e.g. Barkema & Gomez-Mejia, 1998), CEOs bear overall responsibility for the firm. Thus CEOs are terminated for failure to ensure adequate firm performance, sound decision-making, and acceptable general management. This type of termination, a capability termination, concerns the CEOs capability to perform the role of CEO adequately, and violating organizational, industry, or other normative expectations of the CEO position. For example, Mark Frissora was terminated from Hertz Global Holdings in September 2014 after accounting issues were discovered. Steve Bennett was terminated from Symantec due to declining firm performance (e.g. decreased revenue). Siemens terminated Peter Loescher in mid-2013 amidst declining profits and lackluster overall firm performance. In these cases the individuals experiencing perceived harm from these actions are primarily economic actors such as investors, analysts, and customers.

Character terminations include violations of legal or ethical standards as set forth by society at large. Such terminations violate public trust and integrity. For examples Mark Hurd was terminated for a controversy surrounding relationship with a female contractor. In December of 2014, Dov Charney was terminated based on multiple allegations including failure to "stop the publication of nude photos of a former employee who had sued him for sexual harassment" (Pollock, 2014, 1). Finally, in 2007, former CEO of BP John Browne was terminated amid perjury accusations. The individuals perceiving harm in these cases include not only economic agents but also social and legal agents. Social agents include the media and watchdog groups, while legal agents include law enforcement, prosecutors, and governmental agencies (Wiesenfeldt, Wurthman, & Hambrick, 2008).

Given terminations are handed down in the event of a harmful action done to the firm, they are inherently negative. Terminations signal to social, economic, and legal agents the need to remedy CEOs' violations. One form of punishment is decline to the CEO's reputation through the loss of their employment. Therefore, despite termination for either reason, it is hypothesized that such terminated CEOs will have a more difficult time repairing their reputations than those who lose their jobs for less damaging reasons.

H1: Character terminations negatively influence reputation repair.

H2: Capability terminations negatively influence reputation repair.

Building reputation occurs through such means as media attention to distinctive and consistent action (Hayward, et al, 2004), high-quality confirmation of industry norms (Parmentier, et al., 2008, 2013), winning awards (Wade, et al, 2006), and demonstrating authenticity as a leader (Treadway, et al, 2009). Rebuilding reputation, on the other hand, has yet to receive sufficient attention in the literature and thus little theoretical and empirical evidence leaves gaps in our knowledge about processes occurring during reputation repair. One clear factor delineating reputation building from reputation repair is the presence of a reputation-damaging event. Once this event occurs there is no way to remove the event from one's professional history, only the possibility of concealing the event, minimizing the event's exposure, or demonstrating how the event is truly isolated in occurrence and not related to an individual's quality or performance.

The type of damaging event not only influences the level of reputation damage but also the ease or difficulty of reputation repair, primarily through damage to an executive's integrity. Integrity of leaders is judged based on their perceived commitment to moral and ethical behavior (Bauman, 2013). Lack of integrity is viewed as deviation from stakeholders' moral understanding (Grover & Hasel, 2014). Stakeholder perceptions of executives, specifically reputation, are influenced by both behaviors inside and outside the formal leadership role (Bass & Steidlmeier, 1999). Therefore the extent to which an executive's behavior, whether or not the behavior takes place when the executive is acting in a formal leadership capacity, breaches the moral boundaries built by stakeholder groups and alters stakeholders' integrity perceptions.

For example, internal ethical complaints prompted accusations of former CEO of Best Buy, Brian Dunn, of having an inappropriate relationship with a young, female colleague. After investigation the board's audit committee determined that even though both parties denied the relationship to be of a romantic nature, Dunn still "demonstrated extremely poor judgment and lack of professionalism" and his relationship with this employee "negatively impacted the work environment" (Audit Committee, 2012, 1). This breach of ethical boundaries resulted in Dunn's forced resignation and prompted a furry of media attention regarding Dunn's integrity as well as the integrity of other executives engaging in relationships with employees of lower rank and power. This example typifies integrity as an integral component of the reputation repair process.

In other words, for reputation repair to occur, executives "must not only reestablish positive expectations, but also overcome negative expectations" (Kim, Ferrin, Cooper, & Dirks, 2004, 104).

A character termination specifically questions an executive's integrity, a hallmark of this type of termination. When integrity is called in to question, trust is violated (e.g. Grover & Hasel; 2014; Kim, Dirks, Cooper, & Ferrin, 2006; Kim, et al, 2004). Two types of trust are of particular interest here. Integrity-based trust refers to perceptions that a focal individual conforms to standards deemed acceptable by other individuals (Mayer, Davis, & Schoorman, 1995). Competence-basted trust refers to the possession of technical and interpersonal skills needed for a particular job or task (Butler & Cantrell, 1984). Repairing trust takes place through such means as apology and acceptance of responsibility in the event of competency-based violations, but these behaviors do not repair trust in the event of integrity violations (Kim et al, 2004, 2006). Integrity violations are also judged more harshly when the violator held substantial power (Doherty, Dowling, &Miller, 2011). These findings suggest it is more difficult to repair one's reputation after a character termination as opposed to a capability termination. Therefore it is suggested that with capability terminations are more likely to repair their reputations than CEOs with character terminations.

H3: CEOs terminated for character-damaging events are less likely to repair their reputations than CEOs terminated for capability reasons.

Factors influencing reputation repair

Since identical actions do not carry the same level of punishment, multiple factors influence an individual's change in reputation. These include the specific characteristics of the individual, the conformity of actions to that deemed positive by society, the quality or performance of an individual, and the increase or decrease in relational status of an individual to other actors. Table 1 summarizes the theoretical foundations of each function of reputation.

INSERT TABLE 1 ABOUT HERE

Executive traits and characteristics

First, according to status characteristics theory, status characteristics represent features of individuals that are used to build expectations and beliefs of the focal individual (Berger, Fisek, & Norman, 1989). Introduced by Berger, Fisek, and Norman (1966), an underlying assumption holds that individuals use status organizing processes, referring to differing cognitions among individuals that influence their evaluations of other individuals in a social context. In these cognitive processes status characteristics serve as cues about individuals (Bunderson, 2003), and the social meaning of each characteristic informs external actors of the expectations then placed on focal individual (Balkwell, 1994; Berger, et al., 1980b). In other words, the specific characteristics of an individual inform the expectations others hold of him. Based on this, societal inequalities influence the level of power, influence, and ultimately reputation of individuals (Lucas, 2003).

The theory posits that performance expectations based on the characteristics of individuals (e.g. gender, national origin, educational background, etc.) lead to their relative social power and prestige, which, in turn, influences social outcomes (Berger, et al., 1972; Berger, et al., 1977; Berger, et al., 1980a). Another way to view this, given actual quality cannot in its entirety be directly observed, expectations of quality are formed through observable characteristics and the relationship those observable characteristics have with socially dictated quality (Bunderson & Barton, 2011). For example, in an experiment Lucas (2003) finds that male leaders (gender status characteristic) tend to have more influence on outcomes than female leaders, but after the institutionalization of female leaders women had as much influence on outcomes in leadership positions as their male counterparts. This also demonstrates that the social meaning attached to characteristics is malleable.

Other examples further illustrate the impact of status characteristics on social perceptions and judgments. Anderson, John, Keltner, and Kring (2001) investigate personality and attractiveness as status characteristics. Results indicate that extroversion is positively related to social approval for both men and women. Finally, Bunderson (2003) discusses the difference between two types of status characteristic cues: diffuse and specific. The former refers to cues based on social category while the latter refers to cues based a task. These cues have differential impacts on the attributions of expertise on individuals based on tenure and other group characteristics. Bunderson (2003) finds that specific cues related to a task are positively related to expertise attributions in decentralized, long-tenured groups while diffuse cues related to social category are positively related to expertise attributions in centralized, short-tenured groups. These studies highlight the role of individual characteristics in altering the perceptions of social actors. Two different executive characteristics are proposed to influence the perceptions of terminated executives, thus altering the level of reputation decline. These characteristics include minority status, specifically gender and nationality, and attractiveness.

CEOs vary in their observable characteristics. One visible executive characteristic is minority status (i.e. gender, race, nationality). A 1995 study found 97 percent of senior managers of the largest 100 industrial firms and Fortune 500 firms were white (Rosenblat, 1995). Similarly, in 1992 CEOs were asked the likelihood their firm would have a female CEO in the next decade (by 2002), and only 2 percent responded that it would be likely or very likely (Fisher, 1992). Statistics like this signal to society that being a white male is synonymous with being a good leader. For example, certain minority characteristics are associated with lack of skills or incompetence, such a person acting “feminine” being rated as less competent than someone acting “masculine” (Jamieson, 1995). Minority status is also associated with differences in communication interpretation, where assertiveness in male communication styles is valued more highly (Oakley, 2000). This leads to stereotypes of those further away from the leader type perceived to be most successful. Thus, those who do not fit the fit the prototypical tone of voice or mode of dress are preemptively assumed to be less successful than those who fit the prototype.

There are consequences associated with failing to fit the prototypical mold in a transaction. First, such individuals are treated differently in negotiations, primarily through lower monetary offers yet with greater performance demands than their majority counterparts (Solnick & Schweitzer, 1999). Multiple field studies provide further evidence of the differential treatment between minority and majority members. These studies, conducted through auto purchase transactions, found minorities received higher initial and ending prices than did those belonging to the majority (Ayres, 1991; 1995; Ayres & Siegelman, 1995). Such studies highlight that perceptions of minorities influence how they are viewed and how they are treated.

Those not fitting the successful manager prototype are also subject to greater scrutiny than those with characteristics more closely associated with managerial success (Rosener, 1995). In the presence of a ratio of minority to majority that is highly skewed in the direction of the majority, those in the minority are subject to more scrutiny and pressure primarily because they stand out so much and thus draw attention to themselves (though not necessarily on purpose) and this increased attention creates additional pressures to maintain good performance (Oakley, 2000). This indicates that those who don't fit the typical mold of CEO get more attention simply because they don't fit that mold, and this increases their exposure making any failure stand out more.

Implicit leadership theories of what the successful manager "looks like" influences the expectations held about minority managers (e.g. Ryan & Haslam, 2007; Schein, 1973, 1975). Leadership prototypes are the foundation of individuals' perceptions of leaders and their behavior (Lord & Maher, 1990). The incongruity arising from difference in appearance for minority mangers leads to decreased favorableness in evaluation as potential leaders as well as decreased favorableness in evaluation of minority managers' behaviors as managers. Since less powerful groups are typically singled out for more severe social punishments (e.g. Paternoster & Iovanni, 1989), it is posited that the minority status of CEOs increases the level of reputation decline after being terminated, regardless of the reason for termination, because these individuals are not viewed to possess the appropriate characteristics of successful managers coupled with their increased visibility compared to majority status CEOs.

H4: Minority CEOs are less likely to repair their reputations after a reputation-damaging event.

The second characteristic of interest is the attractiveness of managers. It is well established in the literature that one's level of attractiveness matters when people make judgments about them as well as how they are treated (Langlois, et al, 2000). However, attractive individuals do not necessarily act differently than unattractive individuals (Solnick & Schweitzer, 1999). Attractiveness then serves as an information source in perceptual processes, leading to differential treatment based on the meanings attached to attractiveness. Thus, attractiveness is a status characteristic for managers. For example, people assume more positive interactions with attractive others (Snyder, 1984), indicating one way in which attractiveness influences reactions to a person.

Other positive meanings are attached to attractiveness. First, people assume attractive individuals have more socially appropriate personalities (Dermer & Thiel, 1975; Dion, Berscheid, & Walster, 1972). Second, attractiveness also influences attributions of ability (Beehr & Gilmore, 1982). Third, attractiveness is also associated with perceived occupational and interpersonal competence as well as social appeal (Langlois, et al, 2000). Finally, attractive individuals' academic competence is viewed more favorably than unattractive individuals (Jackson, Hunter, & Hodge, 1995). Taken together, attractiveness positively influences perceptions held of others in multiple ways. One potential reason for this is that attractive individuals have more confidence in their abilities (Mobius & Rosenblat, 2006) and stronger core self-evaluations (Judge, Hurst, & Simon, 2009).

Yet attractiveness does not stop at influencing perceptions of others as it influences how individuals are treated as well. Attractive individuals are more likely to earn more money (Judge, et al., 2009) both in terms of starting salary and future earnings, with the largest effects on earnings later in one's career (Frieze, Olson, & Russell, 1991). In fact, in a study of MBA graduates, Frieze and colleagues (1991) found attractive men and women earned $2,600 and $2,150 per year more for each unit increase in attractiveness, with attractiveness measured on a five-point scale. Thus a highly attractive male MBA graduate (rated as five) earned $10,000 more per year than an unattractive male MBA graduate (rated as one). These sharp contrasts between attractive and unattractive individuals extend in to other areas outside of pay.

First, attractiveness positively impacts supportive resources for academic achievement and subsequently educational attainment (Judge, et al, 2009). Second, attractive individuals are less likely to receive punishment or negative feedback (Langlois, et al, 2000) while unattractive individuals are more likely to received negative judgment and treatment from others. Third, attractiveness is negatively associated with remedial action in the event of poor performance (Elovitz & Salvia, 1982). Subsequently, this leads to the perception of greater constraint for unattractive individuals and lesser constraint for attractive individuals and finally better treatment of those deemed attractive by society's standards. Also, judgments in one area tend to generalize to other areas (Kroska & Harkness, 2006), so since attractive individuals are view positively this spills over to other positive judgments.

Attractiveness therefore goes beyond simply impacting the opinions of others though to actually influences how such individuals are treated, with attractive individuals treated better compared to unattractive individuals (Langlois, et al, 2000). Differential treatment takes place both knowingly and unknowingly, and the level of familiarity does not influence this treatment (e.g. people treat an attractive stranger the same as they would an attractive friend) (Langlois, et al, 2000). One reason for this is that attractive people tend to feel more confident in their abilities and are typically considered more popular in social circles (Langlois, et al, 2000).

The impact of attractiveness on selection underscores its value in predicting executive reputation repair. First, attractive individuals are more likely selected for jobs than their less attractive counterparts (Diboye, Arvey, & Terpstra, 1977). Starting salary is also influenced by candidate attractiveness (Dipboye, Fromkin, & Wiback, 1975). Recent research provides evidence that attractiveness acts as a differentiating mechanism in executive candidate pools (Cook & Mobbs, 2014). Additionally, whether intentionally or unintentionally, the market responds positively to the announcement of attractive CEOs, evidenced by higher abnormal returns after such announcements (Cook & Mobbs, 2014).

Attractiveness' impact on selection stems from implicit personality theory. Accordingly, individuals build cognitive structures based on others' personal characteristics and how those personal characteristics relate to each another (Eagly, Ashmore, Makhijani, & Longo, 1991). Further, social categories are tied to specific personalities and personal characteristics (Ashmore & Del Boca, 1979) and these social categories prompt inferences about the characteristics possessed by another (Ashmore, 1981). Thus possessing certain characteristics activates ties to other characteristics, such as a person large in stature viewed to be also strong and powerful. Since attractiveness is linked to such attributes as social skills and intelligence (Eagly, et al, 1991), attractive individuals are viewed more positively in these areas. In the context of selection, the relationship between attractiveness and other positive characteristics of exemplar employees influences their viability as candidates. Therefore, attractive CEOs are linked to more positive characteristics of executive-level employees, and are thus more likely to be selected for new positions, mitigating the impact of a reputation-damaging event. It is then posited that attractive terminated CEOs will be viewed less negatively than unattractive CEOs and more apt to repair their reputations.

H5: Physically attractive CEOs are more likely to repair their reputations after a reputation-damaging event.

Relational Status

The relationships one has in the corporate elite are quite valuable (e.g. Fich & Shivdassani, 2007; Westphal & Stern, 2006). Being associated with such impacts resource access (Cowen & Marcell, 2011), compensation and employment opportunities (Graffin, Wade, Porac, McNamee, 2008), directorship opportunities (Westphal & Stern, 2007), and other benefits. These relationships also influence both norms of behavior and group identity (Useem, 1982). Members of the corporate elite are subject to social sanctions and rewards based on their decisions and behavior (Cowen & Marcel, 2011; Westphal & Khanna, 2003) that either align or deviate from established expectations resulting in a form of social control. Social control can be either formal or informal in nature (Black, 1984), and reputation represents an informal form of social control. Therefore, reputation changes in response to the nature of relationships one has developed.

The primary relational mechanism of interest is CEO power as power changes the nature of social relationships and the ability of others to influence social control. Power refers to the capacity to exert one's own will (Finkelstein, 1992). CEO power stems from large ownership of a firm (Zhang, 2008), long tenure (Shen, 2003), or holding the positions of both CEO and chairman of the board (Zhu & Chen, 2014). CEOs terminated for character violations create collective rulemaking conflict, hallmarked by a power struggle between members of society (e.g. Paternoster & Iovanni, 1989). Powerful CEOs are in a unique position to influence their own outcomes, but in the face of a character violation the power struggle between those in the position of authority to hand down social sanctions and a power CEO only increases. Therefore, powerful CEOs will need substantial sanction to remedy their violation in order to reinforce society's behavioral boundaries.

In the case of a CEO's termination, a smaller stakeholder group determines the appropriate social sanction. This group consists of individuals with more in-depth knowledge of the CEO's responsibilities, limitations, and strengths. This group thus has a different perspective on a termination than that of the general population. Powerful CEOs are viewed as more competent and more influential than other executives, so their actions are weighed differently. The groups responsible for conferring social sanctions on CEOs after a capability violation are using different information to determine the appropriate sanction than those stakeholders activated in a character violation. Due to this group's familiarity with the CEO, their sanctions require less punishment to achieve reinforced expectations and boundaries. Additionally, CEOs with power have a larger capacity to retaliate for negative information exchanged in their peer group (Bolton, Grenier, & Ockenfels, 2013). Thus in the event of a capability violation, CEO power weakens the impact of a termination event on an executive's reputation.

H6: Powerful CEOs are more likely to repair their reputations after a reputation-damaging event.

Technical efficacy

Reputation has long been viewed as a function of performance and quality (Lange, et al., 2011). The literature strongly suggests that reputation judgments are largely influenced by signals of quality and superior performance (e.g. Fich & Shivdasani, 2007; Fombrun & Van Riel, 2004; Fryxell & Wang, 1994; Srinivasan, 2005). Based on that it is also well established that the signals performance and quality signals to which audiences are attuned can vary greatly. In the case of CEO termination from employment, the media can alter this signal through its coverage of event thereby impacting the meaning attached to the signal termination sends. Additionally, the actions other firms take in regard to their CEOs who engage in similar deviant behavior can influence the signal termination sends as well. The following section examines how the meaning attached to termination signals is altered.

Media influence

The meaning of social objects is not simply determined by characteristics of the object itself but also the process of meaning constructions (Ashforth & Humphrey, 1997). Such a process takes the form of sensemaking by stakeholders wherein blame for negative action is assigned to terminated individuals. Blame is not simply applied based solely on the fact of termination, but rather it is guided by both rational analysis and individual biases (Wiesenfeldt, et al, 2008). Thus factors related to the dissemination of information to stakeholders as well as factors influencing the activation or enhancement of individual biases warrant investigation in examining the meaning associated with executive termination.

The first factor of interest concerns the media's role in the sensemaking process of meaning creation. First, individuals' feelings about people or objects change in the presence of new events and information (Smith-Lovin, 1988). Information intermediaries, also know as infomediaries, include both individuals and groups responsible for disseminating and brokering information in social space (Deephouse & Heugens, 2009). Since the media, and primarily popular press, serves the primary function of disseminating information to the public at large, it is an important factor to consider in shaping the attitudes and perceptions of executive termination.

There are multiple ways the media influences the meaning creation process. First, in making information public, the media provides potentially new information that confirms or denies current perceptions about executives. Second, the media's coverage of an event provides more noise in which to sift through to arrive at meaning for an event. Third, the media's information impacts specific individual biases, including availability bias, attributional biases, and emotional biases. Taken together, the media plays a large role in the construction of meaning surrounding executive termination.

The media influences individuals' perceptions of the appropriateness of managerial action (Deephouse & Heugens, 2009; Pollock & Rindova, 2003). Since media attention includes positive, negative, or neutral information, positive media attention is the first part of the media's role is shaping meaning. For example, since goodwill positively influences affective responses (Zajonc, 1980), positive media attention confers a level of goodwill to media subjects, and in this case to CEOs, that positively alters perceptions of a CEO. A greater amount of positive information then lessens the negative impact of CEO termination on executive reputation. Greater amounts of positive media attention also create a veil over the reasons concerning termination. When the termination is announced, little other information is available to stakeholders. As the media reports additional information, the announcement itself is temporally moved further back. Thus, the media's reported information becomes the most recent information available to stakeholders during the sensemaking process. Recent information is viewed as the most relevant or reliable during processing, leading to availability bias (Tyversky & Kahneman, 1974). Thus if the most recent information is primarily positive, individuals are biased toward positive perceptions.

H7: The amount of positive media attention positively influences CEO reputation repair.

Negative media attention also influences the meaning attached to executive termination. First, negative media attention increases internal attributions and leads to greater negative judgments (Ross, 1977). When executives are terminated due to an individual choice of violate societal rules or not, such individuals are portrayed as villains with self-serving motives.

Second, evidence suggests firms announce negative events more quickly in the presence of possible litigation threats (Baginski, Hassell, & Kimbrough, 2002; Kasznik & Lev, 1995; Skinner, 1994, 1997). The prompt release of negative information serves the purposes of facilitating transparency and reassuring stakeholders that events are being acknowledged and presently handled. When CEOs engage in a character violation it create threats of litigation or other regulatory action, such as in the event of legal action in response to harassment allegations or law enforcement presence in response to embezzlement.

Finally, emotions matter in making judgments (Kahneman, 2003). The release of negative information heightens an emotional bias of pleasure in others' misfortune, commonly referred to as schadenfreude (Brigham, Kelso, Jackson, & Smith, 1997; Feather & Sherman, 2002; Smith et al., 1996). Multiple studies drawn on Nietzche's (1911, 1967) discussion of schadenfreude as compensation for lower social approval, ultimately resulting in prejudice against a social object (e.g. Leach, Spears, Branscombe, & Doosje, 2003; Leach & Spears, 2008; Smith, et al, 1996). Not only do individual emotions influence meaning attachment and subsequent behavior, group-based emotions also lead to social perceptions and social interaction (e.g. Leach & Spears, 2008).

Experiencing pleasure from others' misfortune has multiple antecedents. First envy, an emotion of mixed pain and pleasure (e.g. Neu, 1980) is a strong influence in the activation of this bias (Smith, et al, 1996). Second, the deservingness of negative outcomes impacts how much pleasure people draw from others' misfortunes (Van Dijk, Ouwerkerk, & Goslinga, 2009). Third, dislike-based anger (Hareli & Weiner, 2002) and illegitimacy-based anger (Feather & Sherman, 2002) toward a successful person heighten pleasure when a successful person fails. These studies support the idea that the setbacks of high achievers are consistently pleasing to others (e.g. Feather, 1989, 1991; Feather, Volkmer, & McKee, 1991). Even more, the pleasing nature of such achievers' setbacks impacts perceptions of deservingness of setback (Feather, 1989) and the likability of the person (Feather, et al, 1991). Thus the more negative information the media portrays blaming the terminated executive, it leads to increased attention and scrutiny from the public (e.g. Hoffman & Ocasio, 2001) and the more social-comparison based emotions (Smith, et al, 1996) are evoked.

In summary firms are more likely to release negative information in the face of potential litigation, negative media attention of executive termination creates greater attention to the event and critical evaluation of the executive, and society desires to see executives suffer social punishment for violation of society's rules. Therefore, it is posited that greater negative media attention activates social and emotional biases that strengthen the impact of termination on an executive's reputation in the event of a character violation.

H8: CEOs with greater negative media attention are less likely to repair their reputations after a reputation-damaging event.

Termination prevalence

While the meaning attached to termination is influenced by the media's coverage of the events, environmental factors also contribute to the outcomes related to employment termination. The prevalent reason for termination, environmental favorableness, and the terminating firm's industry social categorization are all hypothesized to impact the level of reputation decline conferred to terminated executives.

Sensational and dramatic events require sustained attention and possess the potential to influence social matters (Pride, 1995). However, social attention is a resource in short supply, and individuals cannot attend to all information equally (Hilgartner & Bosk, 1988). Common or routine events thus draw less attention. From a neuroscience perspective, information processing limits of the human brain require selection of specific stimuli to which to attend (Lavie, 1995), or, in other words, attention cannot be paid to all information at once so mental processes determine which information is most important to which to attend. Thus some information and events garner attention while others do not. Attention is also limited by perceived mental effort requirements to maintain attention (Lavie, 1995). Therefore events requiring sustained attention push processing capacities further. As such, repeated executive terminations for identical or similar circumstances require additional processing than events occurring in isolation (e.g. novel or startling events). These events are then less likely to receive attention.

Since consequences of attention include attributions and judgments (Malle & Pierce, 2001), less attention paid to an event impacts the causal attributions and subsequent judgments of the event. Furthermore, when multiple similar others are terminated for the same reasons and around the same time periods, the practice is viewed more universally acceptable (e.g. Westphal, Gulati, & Shortell, 1997) and subsequently less damaging. It is therefore posited that greater prevalence of capability-based executive terminations decreases attention paid to such terminations, thus limiting its impact on executive reputation.

H10: Greater prevalence of CEO terminations positively impacts CEO reputation repair after a reputation-damaging event.

Symbolic Conformity

Social audiences hold admiration for those that conform to cultural norms (Kraatz & Love, 2006). Thus good reputations result from behavior consistent with expected societal values, and reputations decline when behavior deviates from the same (Love & Kraatz, 2009). For example, reputation was enhanced when popular management techniques of the time were adopted (Staw & Epstein, 2000). Executives who are terminated that actively participate in socially desirable endeavors demonstrate conformity to societal values. Civic activity represents one area where executives can reaffirm their commitment to cultural norms and expectations.

Repudiation techniques

After termination occurs, executives influence the reputation repair process though the activities in which participate. Activities that uncouple the executive from the termination in the eyes of stakeholders positively influence reputation repair. In order to influence reputation repair, these activities should positively impact one or more reputation dimensions: being known, being known for something, and generalized favorability. For example, terminated executives are known for both the acts leading to their termination as well as the termination outcome itself. Since the most recent information about an individual is deemed to be the most accurate and relevant (e.g. Tversky & Kahneman, 1974), engaging in activities that associate the executive with behaviors and outcomes more in line with stakeholder expectations will improve the executive's reputation. One such activity is civic service.

Executives engage in multiple types of civic activity. Serving as a board member for a not-for-profit organization, for example, creates visibility as a civic leader. Executives that increase their participation charities or not-for-profits also increase the visibility while aligning themselves with positive activities. Earning awards for active involvement in civic activities, such as awards for charitable fundraising, creates positive associations between the executive and civic service. Finally, working for a not-for-profit organization in a paid capacity serves to signal the values of an executive, values that are more positive than those associated with the termination. Therefore, executives who engage in civic service activities separate themselves from the label attached to termination and are able to repair their reputations through the creation of more positive associations.

H10: CEOs engaging in civic leadership are more likely to repair their reputations after a reputation-damaging event.

H11: CEOs engaging in civic employment are more likely to repair their reputations after a reputation-damaging event.

IV. METHODOLOGY

Data Sources

Data was collected from multiple secondary sources including BoardEx and Compustat. First, BoardEx, provided by private research company Management Diagnostics Limited, contains biographical profiles on both C-suite executives and boards of directors dating back to 1999. More than 800,000 organizations across the globe are included in the database, updated daily by more than 250 analysts. BoardEx profiles include the areas of demographics, education, employment history, director history, and social activities. Demographic profiles include descriptive information such as gender, age, and nationality. Education profiles provide information on universities attended, dates attended, and degrees obtained. Employment history includes positions held, position descriptions and types, dates in positions, and basic identifiers of each employer. Director history includes total number of current and past quoted, private, and other (e.g. not-for profit, charity, etc.) board service; time in role and company; average board tenure; individual committee membership; and board position. Characteristics about the focal board (e.g. number of directors, committee structures) are also included. Social information includes networked relationships among profiles, awards received (business and non-business related), membership in social clubs, civic service activities, and charities to which the individual belongs or with which is associated. Information on some individuals dates as far back as 1926 (Chidambaran, Kedia, Prabhala, 2011).

Dependent variables. Executive profile information was matched to financial and economic data from Compustat. Compustat information of interest includes executive compensation and firm financials. Given the abundance of missing information from BoardEx on U.S. firms prior to 2000, following other studies (e.g. Engelberg, Gao, & Parsons, 2013; Fracassi & Tate, 2012) any matched data prior to this date was excluded, leaving the sample period from 2000 to 2014.

Independent variables. Physical attractiveness data came from executive photographs found on corporate websites, annual reports, or media articles citing the executive. Data on media attention came from web searches of popular press articles from newspapers, magazines, and trade journals. Newspapers include the *New York Times, Chicago Tribune, Washington Post*, and *USA Today.* Magazines include *Newsweek*, *Time*, and *Bloomberg*, while trade journals included the *Wall Street Journal*. Since many of the executives in the sample did not work for large, publicly traded firms and thus not represented in publications with national readership, articles were also collected for local newspapers and magazines such as the *Kokomo Tribune* (Indiana) or *The Daily Reporter* (Wisconsin).

Models

Model summaries, including the dependent, independent, and moderator variables of interest, and measures are provided in Tables 2 and 3.

INSERT TABLE 2 ABOUT HERE

INSERT TABLE 3 ABOUT HERE

Measures

Dependent variables. One important aspect of this study is the investigation of different types of reputation-influencing factors simultaneously in order to determine which is really the greatest influence on changing one's reputation. Thus the measure for reputation repair needs to be able to encompass the all. For example, if this study used measures such as awards then it would only make sense to test the performance mechanisms. Additionally the assumptions underlying the logic of these measures must be addressed. First, in the labor market for executives, CEO is the highest attainable position. Therefore, CEOs have the highest reputations of those in executive positions. Second, getting fired damages one's reputation because it is a socially undesirable outcome and a signal of lesser quality. So the reputation repair measure is based on whether an executive was able to "get back what they lost" either at any level (i.e. getting a job) or a high level (i.e. getting another CEO job, where the person started). Thus the new job actually is a proxy for the executive's new reputation in the executive labor market.

Therefore, presence of *reputation repair* was measured in two different ways. First, *obtained employment* was measured as obtaining another job after termination and is an indication of repairing one's reputation. Therefore the first measure of reputation repair was coded as 1 if the CEO obtained another job after the termination event and 0 otherwise. Employment after termination is indicative of third party endorsement (i.e. endorsement by the employing firm) of the CEO, and prior studies have suggested third party endorsement has a substantial role in reputation change (e.g. Love & Kraatz, 2009; Rhee & Valdez, 2009). Given prior studies have not measured reputation repair the choice of reputation repair measure was based primarily on the mechanisms identified in prior reputation damage studies. Importantly, this measure of reputation repair is specifically for the presence of any repair, while the next measure is for the level of repair.

The second dependent measure of interest is level of reputation repair. First, the type of job CEOs obtained was classified by job title: CEO, president, executive, vice president, manager, or other. All terminated executives who obtained a new job with the title of CEO (*obtained CEO job*) were coded as 1 and all others, whether they obtained employment with a different job title or did not obtain employment at all, were coded as zero. Terminated executives who obtained new employment as CEOs would represent those with the greatest level of reputation repair since these positions are the closest to that which they held prior to the reputation-damaging event.

Independent variables. Since executives are typically not listed as "terminated" in announcements (Taylor, 2010), it necessitated a determination of voluntary in involuntary turnover. Similar to other studies (e.g. Nguyen, 2012), both media coverage of the event and the announcements themselves were searched. In order to obtain media content specific to the executive of interest, an Internet search was conducted using the executive's first and last name, company name, and CEO. Once collected, articles were searched for phrases such as "forced resignation", "forced out", "dismissed for cause", and "asked to step down" to ascertain whether or not the executive was actually terminated. Once a turnover event was classified as a termination, it was coded in to one of three categories. *Capability termination* was coded as one if the executive was terminated in the wake of poor firm performance, poor decision-making, or poor leadership and zero otherwise. A termination event was coded as a *character termination* if the executive was dismissed for allegedly or actually committing illegal or unethical acts such as embezzlement or other theft, harassment or inappropriate relationships, or ethical violations of firm values and zero otherwise. Other termination was coded as one if the executive was dismissed for such reasons as disagreement with the board or the board electing to "take another direction".

Gender was coded as one if the CEO was a female and zero otherwise. *Nationality* was coded as one if the executive was from a country outside of the United States and thus a national minority (e.g. China, India). All other executives were coded as zero.

For executive *attractiveness*, photographs are a common means in research by which to determine attractiveness (Langlois, et al, 2000). Only facial information was presented in photographs for multiple reasons. Both facial and bodily attractiveness have independent influence on physical attractiveness ratings and bodily ratings reflect the specific clothing worn by the individual (e.g. Confer & Perilloux, & Buss, 2010; Currie & Little, 2009). Following other studies (e.g. Commissio & Finkelstein, 2012; Frieze, et al, 1991; Judge, et al, 2009; Scott & Judge, 2013), three different individuals were asked to rate their *opinion* of the attractiveness level of the executive in a photograph on a scale of 1 (very unattractive) to 5 (very attractive). A second measure of attractiveness asked raters to determine the degree of facial characteristics match comparing the executive's photograph with a scientific *mask* of the ideal face. Raters were only shown one photograph at a time to avoid comparing attractiveness between executives. Overall attractiveness score was computed using the average attractiveness rating across the three rater responses. Table 3 provides a summary of the studies with which the attractiveness measure was developed.

INSERT TABLE 7 ABOUT HERE

CEO power in the labor market was measured using three different measures. First, the influence that CEOs possess amongst their peer groups and broader network is indicative of their power. CEOs with larger networks possess greater reach of influence. Thus CEO power was measured using the size of a CEO's network connections as reported in BoardEx (*network size*). Second, the *number of CEO positions* held by the focal executive is an indication of their breadth of experience in the top job of organizations. Finally, CEOs who recently held the position of CEO prior to the position from which they were terminated indicate their consistency in strategic leadership (*previous CEO*).

Both positive and negative media attention were measured using LIWC software. Such software allows for a qualitative form of analysis by procedurally categorizing text (Weber, 1990). Computer-aided text analysis was selected for this study for multiple reasons. First, text analysis software has been used in the analysis of media articles, transcribed conversations, and books for multiple studies in the areas of politics (Bligh, Kohles, & Meindl, 2004a), ethics (Rogers, Dillard, & Yuthas, 2005), organizational performance (Hunter, 2003), and leadership (Bligh, Kohles, & Meindl, 2004b) because the dictionaries developed for text analysis software are able to analyze virtually all forms of text (Tausczik & Pennebaker, 2010). This flexibility is of importance to this study, as turnover announcements and executive media coverage vary in form and structure. Second, text analysis software enabled me to capture latent constructs that would otherwise not be identified by narrative analysis (Kabanoff, Waldersee, & Cohen, 1995). Finally, computer-aided text analysis significantly limits the potential for researcher bias (Barr, Stimpert, & Huff, 1992), thereby offering greater reliability and validity as compared to just narrative analysis conducted by human coders (Morris, 1994).

LIWC analyzes text by categorizing each word of a text file by comparing the word with dictionaries, "a collection of words that define a particular category" (Tausczik & Pennebaker, 2010, 27). For example, if a sentence starts with the word "it", LIWC determines if "it" matches any dictionaries, then codes it as personal pronoun, pronoun, and functional word (Tausczik &

Pennebaker, 2010). After comparing all of the words in a specific text, the percentage of each category is calculated. *Positive media attention* was measured by the percentage of positive emotion words across all media articles discussing a CEO termination event. *Negative media attention* was measured by the percentage of negative emotion words across all media articles discussing a CEO termination event. Amount of media coverage was not measured using LIWC. *Media amount* was measured as the count of articles that discussed a CEO termination event. Articles that only mentioned the CEO was no longer with a firm or that only discussed an incoming CEO were excluded because they were not written about the focal CEO.

Following other studies on practice prevalence (e.g. Love & Kraatz, 2009), capability *termination prevalence* was measured using the percentage of capability terminations during the previous year. Only one year prior was selected because more recent termination information is viewed as the most relevant in the minds of social actors (e,g, Tyversky & Kahneman, 1974).

CEO civic service was measured in two ways. First, *civic leadership* was measured using total board seats at organizations classified as charities as listed in BoardEx. Second, *civic employment* was measured using "other employment" as listed in BoardEx for all positions classified as charities. This refers to paid positions held by the executive at charitable organizations. These positions were not used to determine whether or not the CEO obtained new employment, the primary event of interest.

Control variables. CEO *age* was measured to account for terminated CEOs who are close to retirement age, since being close to retirement age may prompt executives to withdraw from the labor market and decide not to seek further employment. CEO *qualifications* were measured as the number of educational degrees and professional certifications held by a CEO as reported in BoardEx. For example, a CEO with bachelors and masters degrees as well as holding a CFA designation was coded as three, while a CEO with only a bachelor's degree was coded as one. CEOs who start their own firms after termination have the potential to re-enter the workforce faster despite reputation damage, so CEOs whose job after termination was at a firm founded by the former CEO then it was coded as one and zero otherwise.

Method to predict reputation repair

Models. Survival analysis will be used to predict the CEO re-employment. Instead of the typical employment of survival analysis to determine time to failure, this method will be used to predict time to hire. In a survival model the purpose is to examine the implications of various independent variables on the likelihood of an event, here obtaining employment after termination. The hazard rate is impacted by the independent variables of interest where the likelihood of getting a job at any given point in time t is of interest. This study utilized a proportional hazard model with the assumption that the likelihood of obtaining employment is generally equal at all times. In other words, former CEOs can be reemployed at any firm, at any time, for any reason. An exponential distribution was used for all models in this study based (1) on visual examination of the data and time periods in which the event of interest occurred and (2) the model fit for the data based on the smoothed hazard rate (graph) and chi-square values for each model.

Multiple types of events were of interest for this study. The first event of interest (referred to as event 1) was obtaining new employment after termination. The second event of interest was obtaining employment as a CEO after termination (referred to as event 2). Other events that occurred during the sample period were considered censoring events, such as not obtaining employment during the same period or starting an incarceration. In this study fixed censoring was used with pre-specified time durations of 10 years, or 520 weeks. Fixed censoring, also referred to as Type I censoring, is appropriate when the observed random variable (i.e. obtaining new employment) has the potential to take a substantially long time and waiting for such observation interferes with the study (Miller, 1998). In this case, waiting to observe CEO re-employment for a long period of time limits the availability of data for the study in that recent years data would need to be dropped.

All time periods were recorded in weeks until reemployment given the potential inaccuracy of daily announcements. Therefore, all time periods were based on 7-day intervals. For example, if an individual obtained new employment two days after the termination, the event would be coded during period 1 (week one). If an individual obtained new employment ten days after the termination, the event would be coded during period 2 (week two).

V. RESULTS

All correlations are reported in Tables 5 and 6, but care needs to be taken in interpreting any correlations as some individuals in the sample lost and obtained multiple jobs and are thus repeated.

INSERT TABLE 5 ABOUT HERE

INSERT TABLE 6 ABOUT HERE

Of the 487 CEO terminations, approximately 63 percent obtained a new job within the sample period while 37 percent did not obtain other employment. This is quite similar to other recent work on CEO terminations. Nguyen (2012) reported 62 percent of CEOs were reemployed during the sample period while 38 percent did not find new employment. Figures 1 and 2 are graphs of the hazard rates for models 1 and 2, respectively.

INSERT FIGURE 1 ABOUT HERE

INSERT FIGURE 2 ABOUT HERE

Table 7 reports the results of the exponential proportional hazard models 1 and 2, and all coefficients are reported as odds ratios. Such coefficients are commonly used given their interpretation (Lester, Hillman, Zardkoohi, & Cannella, 2008). For every one-unit change in an independent variable, the odds ratio represents the proportional change in the hazard rate (probability of getting a new job). Coefficients less than one indicate a decrease in the hazard rate (a negative association) meaning longer time spent in the sample. Coefficients greater than one indicate an increase in the hazard rate (a positive association). Thus an odds ratio less than one indicates an independent variable negatively impacts obtaining employment while an odds ratio grater than one indicates a positive impact on obtaining employment. Table 8 summarizes the results of hypotheses testing.

INSERT TABLE 7 ABOUT HERE

INSERT TABLE 8 ABOUT HERE

According to hypothesis 1, CEOs terminated for a character-damaging event will experience greater reputation damage and thus less likely to repair their reputations than CEOs terminated for other reasons. CEOs terminated for a character-damaging event have a 26 percent lower probability of obtaining employment compared to other terminations. Despite the relationship being in the proposed direction the result here was not significant Hypothesis 2 predicted that CEOs terminated for performance reasons would be less likely to repair their reputations than CEOs terminated for other reasons. Surprisingly, such CEOs have a 47 percent greater probability of obtaining employment ($p < 0.05$) compared to other terminations. Thus this hypothesis was not supported. Hypothesis 3 predicted that CEOs with character terminations would be less likely to repair their reputations than those terminated for performance reasons. This hypothesis was supported. Character terminations had a negative association with obtaining employment while performance termination had a positive association with the same.

Hypothesis 4 predicts that reputation damage for minorities terminated from their positions will be greater and therefore less likely to repair their reputations than non-minority CEOs. This hypothesis was partially supported with only one measure of minority status significant and in the hypothesized direction. Surprisingly, females are approximately 2.5 times more likely than men to repair their reputations and obtain employment ($p < 0.001$), contrary to predictions. In line with predictions however, national minorities are 37 percent less likely to obtain employment after termination than US-born CEOs ($p < 0.05$).

Hypothesis 5 predicts that CEOs with greater physical attractiveness will repair their reputations faster. This hypothesis was not supported. In fact, less physical deviation from the ideal facial structure actually decreased the probability of employment by approximately 4 percent. Opinion of physical attractiveness, however, was positively associated with CEO reemployment with a 14 percent increase in probability. None of these relationships were significant though.

According to hypothesis 6, CEOs with more power in the labor market will repair their reputations faster than those without such power. Only two of the three measures of CEO power were significant, only providing partial support for this hypothesis. CEO network size was associated with approximately one percent increase in the probability of obtaining employment ($p < 0.001$). Yet CEOs with greater previous experience in the CEO position were 187 percent more likely to obtain employment during the sample period ($p < 0.001$), indicating that prior experience acts as a buffer to reputation-damaging event for CEOs. Contrary to predictions, CEOs whose job prior to termination was also CEO were 42 percent less likely to obtain employment compared to CEOs who did not hold another CEO job immediately preceding the job from which they were terminated ($p < 0.05$).

Hypotheses 7 through 9 all predict relationships between media attention and reputation repair. Hypothesis 7 predicts the amount of media attention paid to a CEO's termination event will negatively impact reputation repair. While greater media coverage of termination events negatively impact reputation repair, the results were not significant for hypothesis 7. Hypothesis 8, on the other hand, predicts that greater positive media attention will aid in reputation repair. Contrary to predictions more positive media attention was actually negatively associated with CEO reemployment. Greater positivity reduced the probability of obtaining a job by 29 percent ($p < .10$). Another surprising finding was with negative media attention surrounding a termination event. Hypothesis 9 predicts that greater negative media attention hampers reputation repair. Results indicate though that more negative press actually increases the probability of obtaining a new job, but this result was not significant.

Hypothesis 10 predicts that greater prevalence of CEO terminations will positively influence reputation repair. While increased prevalence of CEO terminations positively impacted obtaining a new job as predicted, there was virtually no change in the probability of obtaining employment, less than 1 percent, and it was not significant. This suggests that even if CEO terminations rise during a specific period, it does not decrease the novelty of the termination or provide any buffer against the reputation damage of employment termination.

Hypotheses 11 and 12 represent repudiation activities by CEOs in an effort to repair their reputations. According to hypothesis 11 CEOs who engage in civic leadership by holding board positions at charities are more likely to repair their reputations. For each additional board position held at a charitable organization the probability of obtaining employment increases by

61 percent, but even while the relationship was in the proposed direction the result was not significant and thus not supported. Hypothesis 12, on the other hand, was supported. This hypothesis predicted that paid employment at charitable organizations would positively influence reputation repair, and the results indicate that for every additional paid position at a charity the probability of obtaining a new job increased by 113 percent ($p < 0.001$).

Model 2

The event of interest in model 2 was whether or not a terminated CEO obtained a job as CEO of another firm. Thus, these executives experienced the least amount of reputation damage from their termination event. The results for model 2 present some unique differences in regard to which factors are of greatest influence on reputation repair. Hypotheses 1b and 2b predicts that terminations for character-damaging events and performance hinder reputation repair, respectively. Similar to the results of model 1, CEOs with performance terminations were more likely to repair their reputations and obtain employment compared to executives with other terminations, though the probability of such is lower for model 2 with only a 19 percent greater probability compared to 47 percent probability in model 1. Quite surprising though is the relationships between character termination and CEOs repairing their reputations by obtaining another CEO position. Here character terminations are the most likely to result in reemployment as a CEO compared to all other causes for termination. CEOs terminated for a character-damaging event were 1.8 times more likely to obtain employment as a CEO compared to those terminated for other reasons ($p < .10$). Thus, while these results present interesting evidence regarding reputation repair neither hypothesis here was supported.

Hypothesis 3b predicts that CEOs terminated for character-damaging events have greater difficulty repairing their reputations compared to those terminated for performance. This hypothesis was not supported as CEOs terminated for performance had 19 percent greater probability of obtaining a new CEO job, but those terminated for character-damaging events increased probability of obtaining such a job by 80 percent. These results are different than those for model 1, suggesting that *level* of reputation repair is influenced by different factors.

Hypothesis 4b predicts that minority CEOs are less likely to repair their reputations and obtain employment as CEO. Female executives were more than 4 times more likely to obtain CEO positions after termination than male executives ($p < 0.001$). Gender was the second largest factor in obtaining CEO employment in this model, but the relationship is not in the proposed direction. National minorities are less likely to repair their reputations evidenced by a 5 percent decrease in the probability of obtaining CEO employment after termination, but unlike model 1 the results are not significant for this model. Comparing the two models, gender is substantially more important to a greater level of reputation repair as the likelihood of CEO employment increased more than 62 percent between the two models. On the other hand, national minority status had a much smaller impact on greater levels of reputation repair with a decrease in the probability of employment of 37 percent in model 1 to only 5 percent in model 2.

Hypothesis 5b predicts that greater CEO attractiveness positively influences reputation repair. Both measures of CEO attractiveness were in the proposed direction with attractiveness based on the scientific ideal of facial attractiveness increased the probability of employment as CEO by 16 percent and personal opinion of attractiveness increased probability by 14 percent. These results present one deviation from that of model 1 where both measures increase the likelihood of reemployment as a CEO compared to only personal opinion of attractiveness in model 1. These hypotheses were not supported however as neither was significant.

Hypothesis 6b predicted powerful CEOs in the labor market are more likely to repair their reputations. This hypothesis was partially supported. The first measure of power, number of prior CEO positions, was the largest influence on obtaining a new position as CEO. For every additional prior CEO position the probability of obtaining a new CEO position increased almost 500 percent ($p < 0.001$). Network size was also significant and in the proposed direction, but the increase in probability of obtaining a new CEO position was less than 1 percent ($p < 0.10$). Holding a CEO position immediately prior to the position from which a CEO was terminated had a much larger influence in obtaining a new CEO position. Contrary to prediction previous CEO status actually decreased the probability of obtaining a CEO position by 70 percent ($p < 0.01$), much larger than the 48 percent decrease in model 1.

Hypotheses 7b though 9b predict the media's impact in reputation repair. For hypothesis 7b the amount of media coverage a termination event receives is predicted to negatively impact reputation repair. This relationship is in the proposed direction with a 35 percent decrease in probability of obtaining a CEO job but not significant. Greater media coverage appears to impact getting a CEO job more than obtaining any position as media coverage only decreases the probability of obtaining employment by 24 percent. Hypothesis 8b predicts that greater positive media coverage aids CEOs in obtaining new CEO positions. Contrary to predictions positive media attention decreases the probability of obtaining a CEO job by 3 percent though not significant. Interestingly though positive media coverage appears to matter more for a greater level of reputation repair as the probability of obtaining any position was a decrease of 39 percent compared to only 3 percent for a CEO position. Hypothesis 9b suggests negative media attention hinders reputation repair and reemployment as a CEO. Consistent with model 1 but contrary to predictions greater negative media attention actually increases the probability of obtaining a CEO job by 36 percent though it is not significant. Similar to positive media attention, it seems that negative media attention is more important for greater levels of reputation repair.

Hypothesis 10b predicts that the prevalence of CEO termination positively influences reputation repair. The results here are virtually the same as those for model 1 with approximately no change in the probability of CEO reemployment. Therefore this hypothesis was not supported. These results suggest that despite increasing commonality of termination in a specific period there is no real impact on reputation repair.

Hypotheses 11b and 12b each suggest that CEOs who engage in activities to distance themselves from a reputation-damaging event and place themselves in a more positive light will be more likely to repair their reputations and obtain employment than those who do not engage in such activities. Specifically hypothesis 11b predicts that CEOs who hold civic leadership positions are more likely to repair their reputations. The results for this hypothesis mirror those in model 1. CEOs who held board positions at charities were more likely to repair their reputations evidenced by a 63 percent increase in probability of obtaining a CEO position after termination, compared to a 61 percent increase in probability for obtaining any type of employment, though it was not significant. For hypothesis 12b though CEOs who hold paid positions at charities are substantially more likely to obtain employment as a CEO. For every additional paid charity position the probability of obtaining a CEO position increases by 242 percent ($p < 0.001$), and this hypothesis is thus supported. Compared to the 113 percent increase in probability of obtaining any employment in model 1, the evidence suggests paid charity work leads to substantially greater level of reputation repair.

Control variables

The control variables provide some interesting findings worthy of discussion. First, while age does influence reputation repair and obtaining a new job, it only decreased the probability of getting a job during the sample period by 3 percent ($p < 0.001$). Results are similar for obtaining another CEO job with the probability decreasing by 2 percent, but were not significant. Second, CEOs holding more degrees and professional certifications are more likely to obtain employment but the increase in probability is only 1 percent in model 1 and not significant. In terms of obtaining a new CEO job, however, the increase in probability is 34 percent and significant ($p < 0.05$). This suggests educational and professional qualifications do more to repair reputation. Finally, the most surprising results were from those who founded their own firms after termination. In model 1 founding a firm was the most influential factor in obtaining new employment. Those who founded a firm were 9.72 times more likely to obtain employment than those who did not ($p < 0.001$). On the other hand, individuals who founded their own firms were less likely to obtain jobs as CEOs compared to those obtaining employment at established firms. While the decrease in employment probability was only 6 percent, this is quite interesting because many founders were also CEOs of the firms they started. Thus founding a firm does repair executives' reputations, but it does not seem to be a path that offers substantial reputation repair.

VI. DISCUSSION

This study aimed to make three contributions to the literature. First, this study furthers the idea that reputations can and do change for executives and provides evidence that that reputation-damaging events do not impact all executives the same way. Second, this study built upon prior reputation change research by concurrently examining four theoretical mechanisms underlying the changing nature of reputation. Finally, specific factors within the aforementioned mechanisms were identified that influence reputation repair, and these factors each provided interesting insight into the change in executive reputation.

One core finding concerns the differential impact of a single reputation-damaging event for CEOs and their reputations. It was predicted that termination negatively impacted repairing one's reputation and that the circumstances surrounding the termination (i.e. reason for termination) would have differential impacts on reputation change. The evidence provided here suggests that even though termination is itself a reputation-damaging event, those experiencing termination for performance shortcomings were actually more likely to incrementally repair their reputations. The initial conclusion is that this type of termination does not damage executive reputation as much as other types of terminations. Prior findings suggest that performance in and of itself is not the primary mechanism by which reputation change is conferred (Love & Kraatz, 2009). At the same time, though, this result is surprising given the tendency to focus on executive performance and quality as the foundation for conferring reputation (e.g. Graffin, Pfarrer, & Hill, 2012; Wade, et al., 2006). If an audience's praise and admiration stem from a CEO's performance then when that performance is called in to question and shown to be sub-par, logic holds that reputational changes should follow. This research thus provides a starting point to examining executive reputation as less a function of performance and more a function of characteristics and relational ties.

When looking at substantial reputation repair, however, the results provide a different conclusion. Those executives with character terminations were the most likely to repair their reputations and obtain new employment in the top job of firms. This conclusion is consistent with prior research that board members with compromised backgrounds, such as those involved in fraud lawsuits, were more likely to obtain additional board seats given their experience handling negative situations, actually making them more valuable to firms (Helland, 2006). Here, terminated CEOs may possess additional expertise or at minimum experience dealing with negative social criticism and thus bring something to a firm that an individual without such experience cannot provide. Therefore, this study emphasized and provided evidence that while executive reputations change, they also vary in level of change depending on the circumstances surrounding the event.

Next, this study provides evidence that the underlying theoretical mechanisms influencing executive reputation change in terms of both reputation repair and level of reputation repair are executive characteristics and relational status, as both had the strongest influence on reputation repair. National minorities were less likely to repair their reputations than US-born executives, but female CEOs were substantially more likely to repair their reputations than male CEOs. This result is inconsistent with implicit leadership theories whereby the behavior of female managers is judged less favorably than that of male managers (Eagly & Karau, 2002). If the actions of women in positions of leadership are judged more harshly, then their actions leading to their termination should be judged as with greater criticism, hindering reputation repair. However, as such the “think manger, think male” evidence provided during the 1990s and early 2000s (Ryan & Haslam, 2007) may underlie the novelty of female CEOs, thus providing them with greater visibility in the reputational dimension of being known. Therefore, despite the presence of social prejudices concerning female executives and the lack of women holding top positions in organizations (e.g. Arfken, Bellar, & Helms, 2004; Maume, 2004), such sociostructural realities actually create greater awareness surrounding women in leadership. It is theoretically plausible then that such enhanced awareness heightens “being known” for women more than it does for men and thus has a greater influence on reputation repair.

Attractiveness, as an executive characteristic, also positively impacts reputation repair as predicted, but the results do not fully support the prediction. The conclusion here is that while attractiveness positively biases the perceptions of others (Langlois, et al., 2000) it only marginally impacts the reputation dimensions. Therefore, even though attractive individuals are less likely to receive punishment (Langlois, et al., 2009) or remedial action (Elovitz & Salvia, 1982) in response to poor performance there is little reputational effect.

The reputational status factors also provided interesting evidence regarding the change in executive reputation. Most notably, the number of prior CEO position held had substantial influence on not only repairing reputation, but it also had the largest increase in probability of higher-level reputation repair. Since relational status refers to relationships with individuals and organizations influencing reputation dynamics (Kraatz & Love, 2006), the more CEO jobs held means such a person has greater endorsement of their abilities and skills evidenced through their top job positions. Also, given CEOs are typically seen as the “face of the firm” (e.g. Fanelli & Misangyi, 2006) their position is quite prominent. Holding a greater number of CEO positions leads to increased prominence thereby being known for something prominent and important.

Unlike increasing past CEO experience, increasing network size had a small, positive impact on rebuilding reputation. The access to resources through a larger network only minimally increased the probability of obtaining new employment or employment as a CEO, suggesting that being known in one's network does not translate into being known more broadly. This may be because networks are not necessarily an endorsement of one's skills, expertise, or quality. Thus, though the results were statistically significant, network size does not substantially influence reputation repair.

The most surprising result with the relational status factors was the previous position held by the CEO. Following the same logic as that of multiple CEO positions, those with other CEO experience should be more visible given their position in the organization and signal greater prominence. This was not the case here. In fact, having a previous job that was also CEO produced the lowest probability of both repairing their reputations and repairing their reputations at a high level.

Reputation change did not appear to be a function of technical efficacy as only one measure yielded any significant results. The directionality of the relationships is of note, however. More media attention paid to a termination event did decrease the likelihood of repairing one's reputation as predicted, but the relationship between reputation repair and both positive and negative media attention were opposite that which was predicted. Surprisingly, greater positive media attention negatively impacted reputation repair. This result should be interpreted cautiously though because positive attention does not mean entirely positive media attention. Rather the greater the positive tone of an article, the less likely an executive was to obtain new employment. Since the average positive tone was 0.18 out of a possible 1.0, there was little positivity in most of the articles, and this may account for the observed result. Another explanation is that even if coverage about a termination event was written with a positive slant, it was still attention paid to the termination event nonetheless, and more attention paid to the event would negatively impact the reputation repair of the executive.

The positive relationship between negative media attention and reputation repair was the most surprising result and deserves some greater consideration. While negative media attention garners a stronger emotional and social response to executive termination, there are incentives for obfuscating negative information about a firm's executive (Kothari, Shu, & Wysocki, 2009). For example, directors releasing an executive from employment stand under the scrutiny of others for selecting such an individual in the first place, and attempts to minimize negative information stems from self-preservation.

Second, the primary social arbiters in the case of an executive's termination are other executives, directors, analysts, and the like. Individuals' careers influence their specific norms of interest (Chen & Meindl, 1991), and the interrelatedness of these groups' professions creates similarity in their professional norms. These groups also constitute a source of judgment and social punishment as well as an audience for judgment and punishment conferred by others, making them both sensegivers and sensemakers (Wiesenfeldt, et al, 2008). The media serves as an intermediary between those with the power to distribute and enforce social punishments (sensegivers) and those calling for such punishment (sensemakers). However, the continued negative attention paid to a terminated executive creates a form of celebritization, increasing this individual's visibility and prominence in the media. Increased visibility, even for negative reasons, leads to greater positive and negative reputational assessments (e.g. Gardberg & Fomburn, 2002). Increased visibility thus also positively influences being known, one dimension of reputation (e.g. Lange, at al, 2011). Even more, the reputational judgments of similar professions tend to generalize across members (Highhouse, et al, 2009b). Therefore, terminated executives garner negative media attention, but greater attention, even though negative attention, increases visibility and therefore lessens the impact of termination on reputation.

The last technical efficacy factor was termination prevalence. In line with predictions, the more executives terminated around the time of a focal termination, the more likely an executive was to repair their reputation. Thus directionality was as hypothesized, but there was no real change in probability of obtaining employment. This suggests that audiences conferring executive reputation are not comparing one's executive's event with that of others, so decreasing the novelty of a reputation-damaging event does not materially aid executives in repairing their reputations.

The strong associations between the control variables and reputation repair provided some unique insights. Age, while negatively associated with reputation repair, had a much smaller impact on reputation repair than other factors. It could be said that this is the result of older executives opting not to reenter the executive labor market due to retirement options, but the average age of terminated executives in the sample was less than 55 years old. This is well below typical retirement age, suggesting that retirement, based on age, may not be the best explanation for this outcome. In fact, age should signal experience and expertise in the labor market. Instead, it is more probable that here age was a biasing factor in the hiring decision for older individuals.

The norm conforming activities of interest, holding board positions at not-for-profit organizations or charities as well as employment at such, had positive impacts on CEO reputation repair. These executives were rewarded for giving back to their communities by getting back at least some of the reputation they lost through termination. This provides evidence that repudiation techniques, specifically where individuals separate themselves from a negative action by participating in socially desirable actions, do provide a mechanism for repairing reputation. Both board positions and paid positions go beyond just attending fundraisers or giving money or other donations to charities because they require a substantial amount of time and effort, so it is not known at this time if lesser repudiation activities would have the same effect. The activities identified here are more visible in the labor market as well, possibly aiding their impact on reputation repair.

The educational and professional certifications of executives also had an impact on their reputation repair. The most notable thing here is that it only mattered significantly for those executives who managed to repair their reputations to pre-termination levels. For the other executives the impact was only negligible. These qualifications are a signal of performance and accomplishment and, as such, are technical efficacy mechanisms of reputation change. Even though other hypothesized factors did not provide significant results here, the qualifications results provide evidence that some technical efficacy factors are relevant to reputation repair research. This factor is arguably closer to a direct performance linkage compared to the others tested, indicating that the performance signals of the media and other environmental factors do not ring as loudly as those signals with closer ties to actual performance.

The founding of firms by terminated executives, the final control variable of interest, presented two unique pieces of evidence. First, founding a firm had the largest influence on reputation repair, with a near ten-fold increase in the likelihood of obtaining a job. Many terminated executives in the sample made the decision to work for themselves instead of another firm. Further examination of the data for this study indicates that multiple founding executives started their own firm shortly after termination and either closed their doors or separated themselves from it as soon as a different position was obtained. Others were repeat founders, and after being terminated by the board of their own firms, simply started another one, continuing this cycle multiple times throughout their careers. This lends evidence that reputation plays a role in new venture creation. One reason for this may be that these executives possess greater resources or knowledge that afford them the opportunity to start their own firm. The most interesting piece though is the abandonment or separation from the new firm as soon as a new job is accepted. This begs the question whether the new venture was strictly for the purpose of getting back what an executive lost in the labor market. It would be interesting to examine both why and how these patterns emerge as well as how reputation influences firm founders.

Limitations. Even with support for multiple hypotheses this study is not without limitations. First, it was not possible to observe CEOs' motives for reemployment following a termination. Some CEOs may make a conscious decision not to re-enter the workforce in order to focus on family obligations, to pursue other interests, or to remain as a director or join other boards as a director. For such CEOs there is very limited information on what prompts former CEOs to continue seeking employment and thus repair their reputations. It was attempted though to capture one visible CEO motive, whether former CEOs decided to start their own firms as opposed to obtaining employment at other established organizations. This was found to be a significant indicator in repairing one's reputation. Future research should examine the role motives for repairing one's reputation influence actual reputation repair. The consequences of reputation change may not be uniform among executives, and this could differentially impact the motives to repair one's reputation.

Second, it was also not possible to observe what actions CEOs are taking to get other employment. Job seekers vary in their urgency to obtain new employment, and passive job seekers typically experience the least amount of urgency in the job search process while active job seekers tend to experience greater urgency and set deadlines for themselves in finding employment (Lopez-Kidwell, Grosser, Dineen, & Borgatti, 2013). Therefore CEOs who are passively seeking new employment may not obtain a new job given their lack of urgency and deadlines to do so. Perceived opportunities also influence the level job seeker effort and subsequent behavior (Dineen, Duffy, Henle, & Lee, 2015). CEOs then who perceive fewer opportunities available to them will alter their search efforts accordingly. Thus it may be that CEOs who expend greater effort during their job search process are able to obtain employment at a different rate than those who did not engage in such effort. It is important for future research to examine not just the motives for repairing reputation but the specific activities in which a person engages aimed at repairing reputation.

Third, the measure used here for reputation repair presents another limitation because proxies or measures for reputation repair are difficult to ascertain. While measures of positive reputation are directly visible in modern organizations (e.g. winning awards, media coverage, etc.), measures of the point at which one's reputation begins to repair is much more difficult to pinpoint. The use of current measures in reputation research would only capture those individuals whose reputations are considered to be higher than others (e.g. celebrities). In the case of reputation repair, however, relying on reputation's definition (Lange, et al., 2011), an individual must be viewed as being known, being known for something, and generalized favorably. The measure used here indicates, at least in the executive labor market, that the focal executive has overcome at minimum some of the negative influence brought about by termination by obtaining employment. This new employment represents the new level of reputation that an executive possesses in the labor market. At the same time, an executive who obtains new employment is viewed at least favorably by the employing firm and is known for his or her position. It is acknowledged that the operationalization of reputation repair used here may limit the generalizability of the results. However, this measure allowed for the simultaneous testing of multiple theoretical lenses in reputation repair that provided unique insight and evidence into which mechanisms most influence reputation change.

Finally, employing the use of media articles about terminated executives presents some substantial challenges. First, obtaining access to multiple article sources proved to be quite difficult. Many databases do not allow for the simultaneous downloading of articles related to specific search criteria. This lead to individual manual searches that cannot unearth all possible articles related to a particular CEO. Second, very few articles were written solely about a focal executive and their termination. Instead, many articles' subjects were newly appointed CEOs and only mention that this person is replacing the terminated executive. In the event of character terminations, however, more articles were written about the terminations and how such terminations impact society as opposed to a specific CEO and the termination. Third, with the limited amount of articles found for the executives in this study the results should be interpreted with care.

Future research. This study remains the first to study the change in reputation of executives terminated from employment, but future research should examine other reputation-damaging events. The current literature is laden with that which builds reputation but still far less is known about what influences reputation decline. What types of events actually impact reputation decline? Association with environmental issues, fraud events, lawsuits by employees, or social media attacks offer examples that may influence the decline of one's reputation. Alternatively, what role does reputation itself have in reputation damage? Reputation acts as a buffer in the event of negative information (e.g. Dowling, 2002; Pfarrer, et al., 2010), but little is known about how much reputation one needs in order to buffer negative information and subsequently decrease reputation. A small number of reputation studies even point to reputation's relationship with negative behaviors, such as financial statement fraud (Beasley, 1996). This then begs the question of whether or not reputation itself may also provide a "get out of jail free" card to those conferred high levels of reputation wherein the engagement of certain reputation-damaging events might increase.

Another area of potential future research concerns reputation repair mechanisms. This study highlights the impact of executive characteristics on reputation repair, the influence of external factors outside executives' control, and the actions taken to distance themselves from a reputation-damaging event. Which factors then are of greater influence to those attempting to repair their reputations? Another way to phrase that would be to investigate if there are actual steps individuals can take to repair their reputations or if it is largely outside of their control. The reputation literature has long held that media plays a large role in influencing reputation (e.g. Bednar, Love, & Kraatz, 2015; Fombrun & Shanley, 1990; Treadway, et al., 2009). However, the influence of media on repairing a damaged reputation has received very little attention.

In conclusion, reputations can and do change over time in response to reputation-building or reputation-damaging events. This study provides both an important step forward to understanding the mechanisms that alter reputation and the factors of greatest influence on reputation change. This area of the literature has only started to emerge and provides a new and exciting avenue to continue exploring the causes and consequences of social approval assets. Without more work on the changing nature of reputation we will only be able to have a narrowed view of the construct itself and be limited in our understanding of it. The literature has clearly suggested that reputation matters (e.g. Lange, et al., 2011), so additional inquiry will provide greater insight in to how the actions and decisions of managers influence their reputations.

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LIST OF APPENDICES

APPENDIX A: HAZARD GRAPHS

Figure 1: Model 1

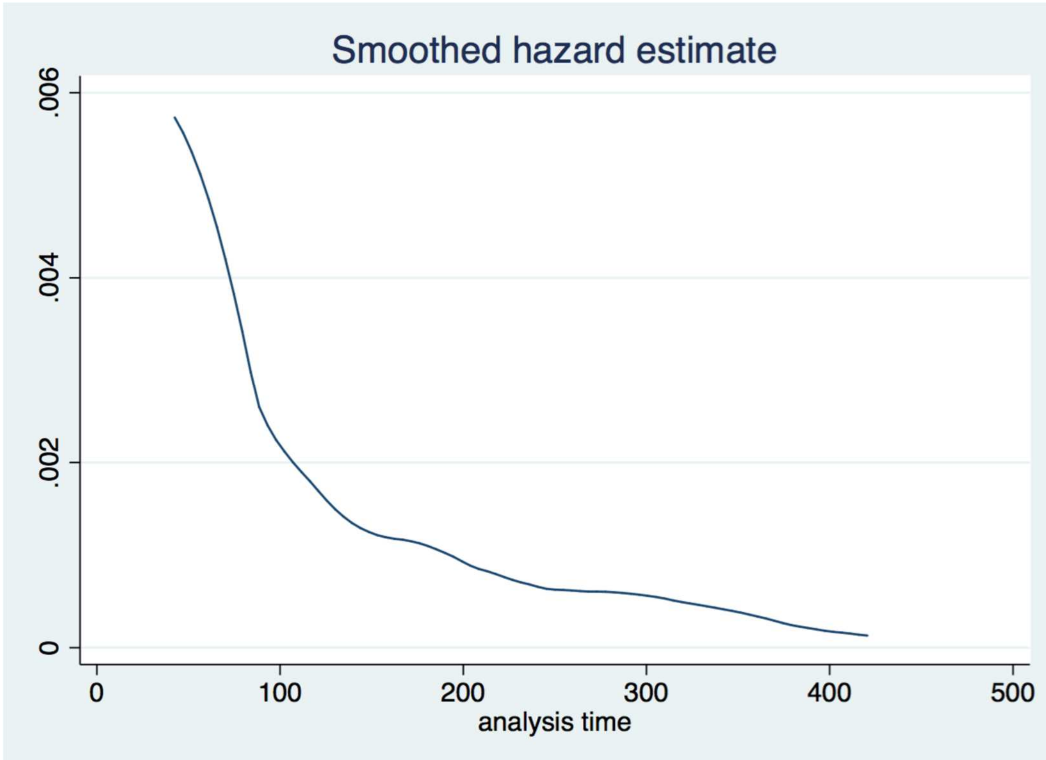
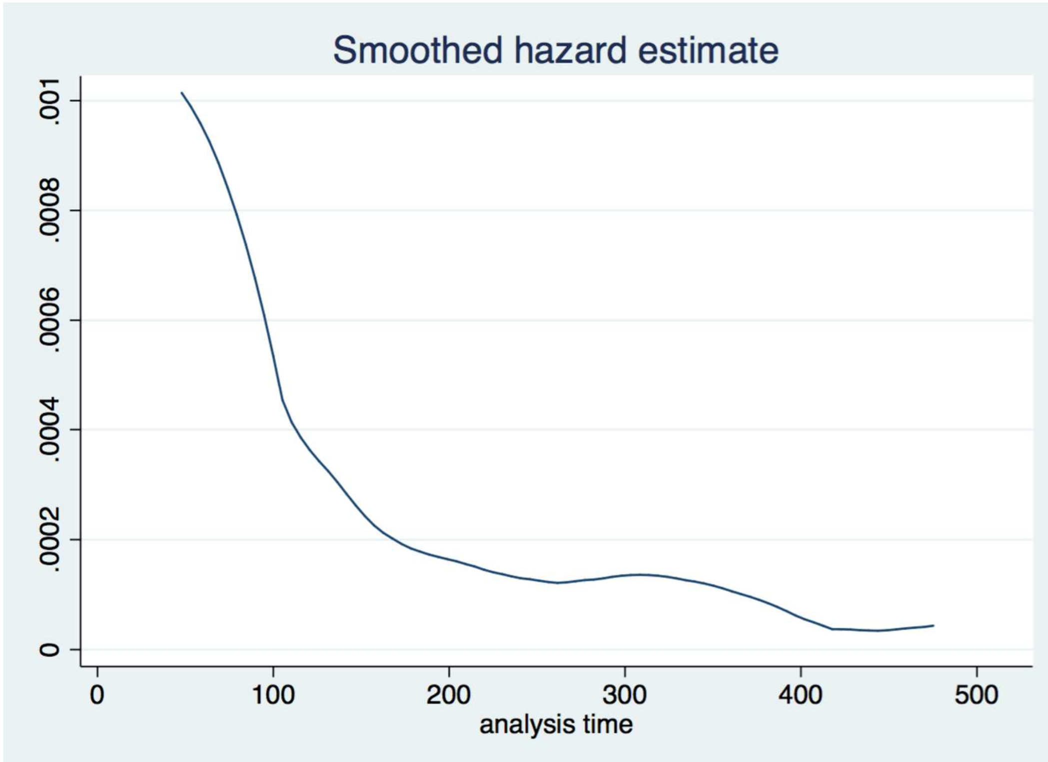


Figure 2: Model 2



APPENDIX B: SUMMARY OF REPUTATION FUNCTIONS AND THEORETICAL FOUNDATIONS

Table 1

Summary of Reputation Functions and Theoretical Foundations

Reputation function of	Theoretical foundation
Executive traits	Status characteristics
Networks and relationships	Social comparison and status diffusion
Performance information	Signaling
Social norms and expectations	Norm conformity

APPENDIX C: VARIABLE MEASURES

Table 2

Model 1 – Reemployment

Variables	Measure
Dependent variable	
Reputation repair	Obtained employment (0,1)
Independent variables - Employment characteristics	
Character termination	Legal or ethical reason for termination
Capability termination	Performance-based termination
Number of CEO positions	Count of CEO positions prior to focal position
Previous position CEO	Position prior to focal position was CEO (0,1)
Network size	Number of connections as defined in BoardEx
Independent variables - CEO characteristics	
Attractiveness (1)	Degree of facial characteristics match (1-5)
Attractiveness (2)	Respondent opinion of facial attractiveness (1-5)
Gender	Female, male (0,1)
National minority	Birthplace outside of US (0,1)
Independent variables - Environmental factors	
Positive media attention	Text analysis score
Negative media attention	Text analysis score
Termination prevalence	Number of CEOs terminated during a period
Independent variables - Repudiation activities	
Civic leadership	Number of board positions held at charities
Civic employment	Number of paid positions at charities
Control variables	
CEO age	Age in years
Qualifications	Number of degrees and professional certifications
Founder	Started own firm (0,1)

Table 3

Model 2 – Reemployment as CEO

Variables	Measure
Dependent variable	
Reputation repair	Obtained employment as CEO (0,1)
Independent variables - Employment characteristics	
Character termination	Legal or ethical reason for termination
Capability termination	Performance-based termination
Number of CEO positions	Count of CEO positions prior to focal position
Previous position CEO	Position prior to focal position was CEO (0,1)
Network size	Number of connections as defined in BoardEx
Independent variables - CEO characteristics	
Attractiveness (1)	Degree of facial characteristics match (1-5)
Attractiveness (2)	Respondent opinion of facial attractiveness (1-5)
Gender	Female, male (0,1)
National minority	Birthplace outside of US (0,1)
Independent variables - Environmental factors	
Positive media attention	Text analysis score
Negative media attention	Text analysis score
Termination prevalence	Number of CEOs terminated during a period
Independent variables - Repudiation activities	
Civic leadership	Number of board positions held at charities
Civic employment	Number of paid positions at charities
Control variables	
CEO age	Age in years
Qualifications	Number of degrees and professional certifications
Founder	Started own firm (0,1)

APPENDIX D: ATTRACTIVENESS REFERENCE STUDIES

Table 4

Attractiveness reference studies

Authors	Year	Raters	Number of raters	Media	Scale
Commissio & Finkelstein	2012	Undergraduate students	Unknown	Photographs	7-point
Frieze et al	1991	Adults	2 men/2 women	Photographs	5-point
Judge et al	2009	Undergraduate students & adults	6	Photographs	7-point
Scott & Judge	2013	Unknown	4	Photographs	Unknown
Solnick & Schweitzer	1999	Adults	4	Photographs	5-point

APPENDIX E: SUMMARY STATISTICS FOR MODELS 1 AND 2

Table 5: Model 1 – Means, Standard Deviations, and Correlations

	Variable	Means	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Obtained Job	0.64	0.48	1.00																	
2	Character	0.09	0.28	-0.04	1.00																
3	Performance	0.33	0.47	0.14	-0.22	1.00															
4	Number CEO jobs	1.67	0.89	0.29	-0.08	0.19	1.00														
5	Network Size	714.3	534.9	0.09	0.00	-0.01	0.04	1.00													
6	Previous CEO	0.14	0.35	0.11	0.00	0.07	0.60	0.02	1.00												
7	Mask	2.59	0.67	0.00	-0.04	0.22	0.03	-0.02	0.09	1.00											
8	Attractiveness	2.52	0.67	0.07	-0.09	0.14	0.07	0.03	0.12	0.64	1.00										
9	Gender	0.14	0.35	0.15	-0.06	0.11	0.27	0.16	0.21	0.07	0.22	1.00									
10	Nationality	0.19	0.40	-0.06	-0.04	-0.07	-0.03	0.05	-0.06	-0.12	-0.09	0.03	1.00								
11	Civic Lead	0.03	0.22	-0.03	-0.04	-0.08	-0.08	0.07	-0.05	0.07	0.02	0.12	-0.06	1.00							
12	Civic Employ	0.06	0.35	0.14	0.07	0.18	0.31	-0.05	0.35	0.15	0.03	-0.07	0.00	-0.02	1.00						
13	Prevalence	21.7	9.84	-0.04	-0.02	0.07	-0.06	0.06	0.00	-0.03	-0.06	0.08	0.08	0.04	0.00	1.00					
14	Qualifications	1.72	1.01	0.01	0.06	0.05	-0.18	0.17	-0.14	0.23	0.21	0.09	-0.02	0.20	-0.20	0.12	1.00				
15	Founder	0.11	0.31	0.22	-0.04	0.11	0.29	-0.02	0.22	-0.05	0.00	0.16	-0.02	-0.04	0.05	0.17	-0.03	1.00			
16	Age	53.3	8.60	-0.31	0.15	-0.02	-0.16	-0.23	-0.04	0.12	-0.03	0.02	-0.04	0.17	0.03	0.27	0.17	-0.04	1.00		
17	Media Amount	0.15	0.41	-0.20	0.16	-0.09	-0.12	0.07	-0.06	0.02	0.04	-0.06	-0.03	-0.04	0.02	-0.15	-0.05	-0.13	-0.05	1.00	
18	Positive Media	0.18	0.61	-0.08	0.00	-0.01	0.09	0.03	0.06	-0.07	-0.09	0.12	-0.05	-0.03	-0.05	-0.17	-0.11	0.03	-0.14	0.52	1.00
19	Negative Media	0.04	0.22	-0.22	0.09	-0.02	-0.07	0.06	-0.07	0.07	-0.05	-0.07	0.04	-0.02	-0.03	-0.20	-0.07	-0.06	-0.12	0.57	0.60

Table 6: Model 2 – Means, Standard Deviations, and Correlations

	Variable	Means	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Obtained CEO job	0.21	0.41	1.00																	
2	Character	0.09	0.28	0.05	1.00																
3	Performance	0.33	0.47	0.19	-0.22	1.00															
4	Number CEO jobs	1.67	0.89	0.58	-0.08	0.19	1.00														
5	Network Size	714.3	534.9	0.07	0.00	-0.01	0.04	1.00													
6	Previous CEO	0.14	0.35	0.15	0.00	0.07	0.60	0.02	1.00												
7	Mask	2.59	0.67	0.06	-0.04	0.22	0.03	-0.02	0.09	1.00											
8	Attractiveness	2.52	0.67	0.07	-0.09	0.14	0.07	0.03	0.12	0.64	1.00										
9	Gender	0.14	0.35	0.19	-0.06	0.11	0.27	0.16	0.21	0.07	0.22	1.00									
10	Nationality	0.19	0.40	0.09	-0.04	-0.07	-0.03	0.05	-0.06	-0.12	-0.09	0.03	1.00								
11	Civic Lead	0.03	0.22	-0.06	-0.04	-0.08	-0.08	0.07	-0.05	0.07	0.02	0.12	-0.06	1.00							
12	Civic Employ	0.06	0.35	0.26	0.07	0.18	0.31	-0.05	0.35	0.15	0.03	-0.07	0.00	-0.02	1.00						
13	Prevalence	21.7	9.84	-0.01	-0.02	0.07	-0.06	0.06	0.00	-0.03	-0.06	0.08	0.08	0.04	0.00	1.00					
14	Qualifications	1.72	1.01	-0.04	0.06	0.05	-0.18	0.17	-0.14	0.23	0.21	0.09	-0.02	0.20	-0.20	0.12	1.00				
15	Founder	0.11	0.31	0.12	-0.04	0.11	0.29	-0.02	0.22	-0.05	0.00	0.16	-0.02	-0.04	0.05	0.17	-0.03	1.00			
16	Age	53.3	8.60	-0.09	0.15	-0.02	-0.16	-0.23	-0.04	0.12	-0.03	0.02	-0.04	0.17	0.03	0.27	0.17	-0.04	1.00		
17	Media Amount	0.15	0.41	-0.12	0.16	-0.09	-0.12	0.07	-0.06	0.02	0.04	-0.06	-0.03	-0.04	0.02	-0.15	-0.05	-0.13	-0.05	1.00	
18	Positive Media	0.18	0.61	0.00	0.00	-0.01	0.09	0.03	0.06	-0.07	-0.09	0.12	-0.05	-0.03	-0.05	-0.17	-0.11	0.03	-0.14	0.52	1.00
19	Negative Media	0.04	0.22	-0.09	0.09	-0.02	-0.07	0.06	-0.07	0.07	-0.05	-0.07	0.04	-0.02	-0.03	-0.20	-0.07	-0.06	-0.12	0.57	0.60

APPENDIX F: SURVIAL TIME REGRESSION ANALYSIS RESULTS

Table 7

Results of Survival Time Regression Analysis for Obtaining Employment

	Model 1			Model 2		
Variables	Odds Ratio		s.e.	Odds Ratio		s.e.
Character termination	0.74		0.18	1.80	+	0.63
Performance termination	1.47	**	0.17	1.19		0.26
Age	0.97	***	0.01	0.98		0.01
Gender	2.49	***	0.54	4.03	***	1.26
Nationality	0.63	*	0.14	0.95		0.33
Attractiveness mask	0.96		0.11	1.16		0.20
Attractiveness opinion	1.14		0.13	1.14		0.20
Number of CEO jobs	2.87	***	0.28	5.98	***	1.06
Network size	1.00	***	0.00	1.00	+	0.00
Previous job CEO	0.58	*	0.16	0.30	**	0.12
Qualifications	1.01		0.08	1.34	*	0.18
Civic employment	2.13	***	0.45	3.42	***	0.89
Civic leadership	1.61		0.61	1.63		0.87
Termination prevalence	1.00		0.01	1.00		0.01
Founded firm	9.72	***	2.05	0.94		0.41
Media amount	0.76		0.15	0.65		0.23
Positive media	0.71	+	0.13	0.97		0.22
Negative media	1.05		0.34	1.36		0.57

n = 467. Odds ratios larger than 1 represent positive associations, and odds ratios less than 1 represent negative associations.

+ $p < .10$

* $p < .05$

** $p < .01$

*** $p < .001$

APPENDIX G: SUMMARY OF HYPOTHESIS TESTING

Table 8

Summary of Hypotheses Testing

	Model 1			Model 2		
Variables	Supported	Directionality	Significant	Supported	Directionality	Significant
H1 - Character termination	No	Yes	No	No	No	Yes
H2 - Performance termination	No	No	Yes	No	No	No
H3 - Character vs. performance	Yes	Yes	Yes	No	No	No
H4 - Minority (Gender)	No	No	Yes	No	No	Yes
H4 - Minority (Nationality)	Yes	Yes	Yes	No	Yes	No
H5 - Attractiveness	No	Yes	No	No	Yes	No
H6 - Power (Number CEO jobs)	Yes	Yes	Yes	Yes	Yes	Yes
H6 - Power (Network size)	Yes	Yes	Yes	Yes	Yes	Yes
H6 - Power (Previous job CEO)	No	No	Yes	No	No	Yes
H7 - Positive media	No	No	Yes	No	No	No
H8 - Negative media	No	No	No	No	No	No
H9 - Termination prevalence	No	Yes	No	Yes	Yes	No
H10 - Civic leadership	No	Yes	No	No	Yes	No
H11 - Civic employment	Yes	Yes	Yes	Yes	Yes	Yes

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PUBLICATIONS

Novicevic, M. M., Owen, J., Palar, J. M, Marshall, D. R., & Popoola, T. (2015). Management history: From state of the art to a genealogical turn, In B. Bowden And D. Lamond (Eds.), *Management History: Its Global Past & Present*, pp. 299-312. Charlotte, NC: Information Age Publishing.

PUBLICATIONS IN CONFERENCE PROCEEDINGS

Knippen, J. M., Palar, J. M., & Gentry, R. J. (2014). Breaking the mold: An examination of board discretion in women CEO appointments. *Academy of Management Proceedings*, 2014 (1), 14609.

PAPERS UNDER REVIEW

Gentry, R. J., Knippen, J. M., & Palar, J. M. The role of board discretion in divergence from traditional strategic choices: An examination of female CEO appointments. Submitted to *Journal of Management Studies.*

Dibrell, C., Marshall, D. R., Palar, J. M., & Gentry, R. G. Disrupting our identity: Why new director selection patterns change in family firms. Submitted to *Entrepreneurship Theory & Practice*.

WORKING PAPERS

Palar, J. M. & Fairclough, S. Bringing talent to the family: An investigation of family employer brand strategies. Intended for *Family Business* Review.

Palar, J. M. & Gentry, R. G. When great isn't good: The role of director reputation in board appointments. Intended for *Strategic Management Journal.*

Palar, J. M., Novicevic, M., Baur, J., Humphreys, J. H., & Buckley, M. R. Strategic leader identity, psychological capital, and contextual ambiguity: Toward a theory of dynamic charisma. Intended for *Human Relations.*

Palar, J. M. Strategic leadership: An examination of CEO succession through the lens of contemporary leadership theories. Intended for *Leadership Quarterly.*

Clayton, R. W., Stark, G., Novicevic, M., Palar, J. M., & Roberts, F. B. Auto-tuned voices: Why do we distort the pig iron tales?. Intended for *Journal of Management Education.*

CONFERENCE PRESENTATIONS

Roberts, T. B., Popoola, I., Marshall, D. R., Williams, A., Palar, J. M., & Jones, J. L. 2016. Teaching the Evergreen Value of Organizational Classics. Paper presentation at the *Southern Management Association Annual Meeting*, Charlotte, NC. October 25-29, 2016.

Marshall. D. R., Palar, J. M., Dibrell, C., Gentry, R. G. 2016. New director selection in family firms under identity challenging contingencies. Paper presentation at the *Academy of Management Annual Meeting*, Anaheim, CA. August 9, 2016.

Dibrell, C., Gentry, R. G, Marshall. D. R., Palar, J. M., & Davis, W. 2016. New director selection in family-influenced, lone-founder, and regular publicly traded firms: Social identity and selection. Paper presentation at the *European Academy of Management Annual Meeting*, Paris, France. June 3, 2016.

Palar, J. M., Knippen, J. M., & Gentry, R. G. 2015. Discretion to color outside the leadership lines: An examination of women CEO appointments. Paper presentation at the *Southern Management Association Annual Meeting*, St. Pete Beach, FL. October 30, 2015.

Dibrell, C., Gentry, R. G, Marshall. D. R., & Palar, J. M. 2015. New director selection in family-influenced, lone-founder, and regular publicly traded firms: Social identity and selection. Paper presentation at the *Theories of Family Enterprise Conference*. Texas Christian University, Forth Worth, TX. May 28, 2015.

Knippen, J. M, Palar, J. M., & Gentry, R. G. 2014. Breaking the mold: An examination of board discretion in women CEO appointments. Paper presentation at the *Academy of Management Annual Meeting*. Philadelphia, PA. August 5, 2014.

Clayton, R. W., Stark, G., Novicevic, M., Roberts, F. B., & Palar, J. M. 2014. Auto-tuned voices: Why do we distort the pig iron tales?. Paper presentation at the *OBTC Teachers Conference for Management Educators*. Nashville, TN. June 13, 2014.

Palar, J. M., Fairclough, S., & Dibrell, C. 2014. Employer branding in family firms: An investigation. Paper presentation at the *Family Enterprise Research Conference*. Portland, OR. June 7, 2014.

Palar, J. M., Novicevic, M., Humphreys, J. H., & Buckley, M. R. 2013. Positive Leadership in the Extreme Contexts of the Emancipation Era. Paper presentation at the *Southern Management Association Annual Meeting*. New Orleans, LA. November 8, 2013.

Palar, J. M., Gentry, R. J., & Knippen, J. M. 2013. Sensemaking and Female CEO Ascension: The Role of Strategic Noise. Paper presentation at the *Strategic Management Society Annual Meeting*. Atlanta, GA. October 1, 2013.

TEACHING EXPERIENCE

Principles of Management	(MGMT 371)
Human Resource Management	(MGMT 383)
Family Business Management	(MGMT 486)
Organizational Behavior	(MGMT 391)
Management of Strategic Planning	(MGMT 493)
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OTHER RECENT EMPLOYMENT EXPERIENCE

Regional Human Resources Manager
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Senior Professional in Human Resources, SPHR (2009)
Human Resource Certification Institute, Alexandria, VA

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