

Social Evaluations in a Multiple-Audience Context : The Impact of a Social Misconduct on People's Complaints, Share Price and Media Evaluation

Marco Clemente

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Social Evaluations in a Multiple-Audience Context: The Impact of a Social Misconduct on People's Complaints, Share Price and Media Evaluation

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Marco CLEMENTE

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CHAPTER 1: INTRODUCTION

This dissertation is developed at the intersection between organizational theory and strategy research (Oliver, 1991, 1997; Ingram and Silverman, 2002; Durand, 2012). The theoretical framework is mainly rooted in new institutional theory in sociology (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) and hypotheses and findings have important implications for companies. Literature on institutional theory in sociology—hereafter institutional theory—has mainly focused on social evaluations, which are attributes that social actors give to organizations . They include the three main constructs of status, reputation, and legitimacy (Deephouse and Suchman, 2008; Bitektine, 2011), as well as some recent "spin-offs" such as celebrity (Pfarrer et al., 2012), stigma (Devers et al., 2012), and public disapproval (Vergne, 2012). Social evaluations influence the way social actors behave towards the company (Bitektine, 2011). Given that some actors represent important stakeholders, social evaluations are critical for companies; they affect firms' survival and performance, either directly or indirectly, through the influence of consumers (Deephouse and Heugens, 2009), governments (Bonardi and Keim, 2005), the media (Pollock and Rindova, 2003), critics (Durand et al., 2007), etc.

Therefore, while institutional literature has long examined the sociological processes that underlie social evaluations (e.g., Merton, 1968 for status; Weber, 1978 for legitimacy), in the last two decades, strategy literature has increasingly focused on understanding the strategic implications that social evaluations have for companies (Pollock and Rindova, 2003; Deephouse, 1996, 1999; Zuckerman, 1999; Cattani et al., 2008; Durand, Rao, and Monin, 2007; Durand, 2012). As a result, literature on social evaluations has flourished in recent years, yielding many published works that clarify, challenge and advance our current knowledge of status, reputation, legitimacy, and related constructs (Deephouse and Suchman, 2008; Bitektine, 2012; Pfarrer et al., 2010; Rindova et al., 2008; Rao, Durand, and Monin, 2005; Graffin et al., 2013).

A second reason for this recent growth is the fact that there are still many aspects on social evaluations that are puzzling or unclear. Among others, one of the main shortcomings is the tendency to focus on a "single audience" (Lamin and Zaheer, 2012; Pontikes, 2012); most research in the field tends to focus on the specific candidate-audience dyad (Zuckerman, 1999), analyzing how candidates' actions affect the evaluation of a single audience (Cattani et al., 2008), usually the most relevant one in a given setting. This overlooks the fact that in most real contexts, there are multiple audiences (Hannan et al., 2007) whose evaluations do not necessarily overlap (Lamin and Zaheer, 2012). This dissertation advances previous literature by analyzing social evaluations in a multiple-audience context. In particular, it focuses on a specific type of social evaluation: social misconduct, which is defined at the intersection of literature on legitimacy and on organizational misconduct. Social misconduct is an important, yet understudied construct in the literature. Before further explaining this term and introducing the research question, I will review research on social evaluations and discuss its four current challenges.

1 SOCIAL EVALUATIONS

1.1 The three major types of social evaluations: status, reputation, and legitimacy

Status, reputation, and legitimacy are the three main constructs of social evaluations. As individuals, we experience the impact of these constructs on a daily basis. High-status actors—the Queen of the UK, a three-star Michelin chef, a Nobel Prize winner, etc.—receive constant media attention for all sorts of normal activities that go unnoticed if performed by the rest of us. Before renting an apartment, we try determine the landlords' reputation. Are they trustworthy? Will we get our deposit back? Finally, we try to teach our children to behave in ways that are considered legitimate, that is, conforming to the values and norms of our society.

These constructs are as crucial for organizations as they are for individuals. Organizational and management research has long studied their implications at the organizational level. Robert K.

Merton is generally understood to have made the first contribution to research that studies the positive externalities that high-status actors experience. This phenomenon, known as the "Matthew Effect," is related to the idea that "the rich get richer and the poor get poorer." Merton (1968) proposes that high-status actors (e.g., Nobel Prize winners) receive more credit than low-status actors for similar efforts.

Reputation research has a similarly long history in economics and sociology. Sometimes markets fail because consumers and buyers experience information asymmetry, adverse selection, and moral hazard; economists and game theorists have found different ways to overcome these problems, such as sending credible signals (Spence, 1973), making trustworthy commitments (Ghemawat, 1991) or building a good reputation (Kreps and Wilson, 1982).

Legitimacy is the third major construct in social evaluation literature. Scholars usually credit Weber (1910/1978) for introducing legitimacy into sociological theory (Deephouse and Suchman, 2008), but its influence has steadily grown with the emergence of new institutional theory in sociology (Meyer and Rowan, 1977; DiMaggio and Powell, 1983, 1991). Since then, the concept of legitimacy has represented a growing trend in the field; 137 studies on legitimacy were published between 1980 and 2010, 27 of which were published between 2005 and 2010 alone, consisting of 10% of all articles published in institutional theory and 1.38% of all articles published in organizational theory (Haack, 2012).

While status, reputation, and legitimacy are the most grounded constructs in social evaluation literature (Deephouse and Suchman, 2008; Bitektine, 2011), recent research has begun to investigate new concepts. Some of them are more theoretically advanced, such as stigma (Devers et al., 2009), celebrity (Pfarrer et al., 2010) and public disapproval (Vergne, 2012). Others are relatively new or mere variants of previous concepts, including wrongdoing (Zavyalova et al., 2012), unethical acts (Sullivan et al., 2007), certification, ranking (Graffin and Ward, 2010), and award (Wade et al., 2006). While it is too early to say if any of these constructs will attain the theoretical importance of

status, reputation, and legitimacy, they have been undoubtedly useful in pushing scholars to more deeply examine the underlying mechanisms that distinguish one social evaluation from another.

1.2 Current challenges in social evaluation literature

With a steadily growing number of articles published in top management journals, books (Barnett and Pollock, 2012), professional development workshops (such as the one organized by David Deephouse at the 2012 Academy Of Management conference), and ad hoc conferences, recent social evaluation research has been very active and rich. For every social evaluation construct, there is a dedicated publication that periodically publishes review works to advance it in the field. However, it is still possible to identify major trends that are common across the different constructs: I discuss four of them.

1.2.1 Social evaluations are multidimensional, not monolithic

Literature has usually treated social evaluations in a monolithic fashion (Philippe and Durand, 2011) by looking at the overall effect that reputation, status, or legitimacy has: good vs. bad reputation, high vs. low status, or legitimate vs. illegitimate organizations. Research has only recently recognized that social evaluations have many dimensions that may or may not produce the same effects. For example, Mishina et al. (2012) distinguish between a reputation for quality and a reputation for character, showing how these two dimensions follow different paths. Philippe and Durand (2011) find that the effect of conforming behaviors depends on which type of goal is pursued and on the level of procedural commitment. Vergne (2011) distinguishes between different dimensions of legitimacy based on compliance with different norms: environmental (environmental norms), transactional (ethical norms), accounting (accountability standards), and competitive legitimacy (competition norms). He leaves to future research the task of studying the marginal effect of each dimension.

Scholars have recently invested considerable effort toward understanding the boundary conditions of each social evaluation. For example, having a high status, a good reputation, and high legitimacy is not always positive; trade-offs do exist, such as the time and money spent to build the reputation. Moreover, each construct has its own downside. Particularly interesting are recent studies that examine the negative effects of status (Graffin et al., 2012): for example, high-status actors are often punished more severely for misconduct (Jensen, 2006) because they are more likely to be "targeted" by the media, and because their misbehavior is seen as more intentional (Polman, Pettit, and Wiesenfeld, 2013).

1.2.2 Social evaluations are not independent; they overlap and interact

The fact that scholars have sometimes used the same operationalization to measure status, reputation, legitimacy, or other constructs, opens the obvious question as to whether these distinctions are practical or merely theoretical. An increasing number of papers have compared two or more social evaluations in the same study: for example, reputation and legitimacy (Deephouse and Carter, 2005), reputation, status, and legitimacy (Deephouse and Suchman, 2008; Bitektine, 2011), reputation and celebrity (Pfarrer, Pollock, and Rindova, 2010), and stigma and public disapproval (Vergne, 2012). These studies have found that social evaluations do overlap to some extent and are causally linked—for example, people attribute high reputation to high-status actors and vice versa. However, these studies also prove that each social evaluation does have its own unique *raison d'être*; while some mechanisms are shared, others are distinct. By looking at extreme situations—for example, high-status organizations that lose reputation, but not status—scholars are better able to understand the uniqueness of each construct, which helps clarify each of their underlying mechanisms. This trend has pushed researchers to explore new types of social evaluations. For example, David Deephouse organized a professional development workshop on social evaluations at AOM 2012 where nine constructs were presented: status, reputation, legitimacy,

stigma, celebrity, ranking, certification, public disapproval, and glory. Each of the presenters tried to explain why his or her respective construct was different from the others and worth studying. In the coming years, it is likely we will see more papers published on the differences and interactions among social evaluations.

1.2.3 Literature has focused on few (homogenous) audiences

While many different types of audiences are important to organizations, current literature has focused on relatively few. Building on mass communication literature and agenda-setting theory, many scholars have focused on the media as a primary audience (Deephouse, 1996; Pollock and Rindova, 2003, Zavyalova et al., 2012). The importance of the media is due to this ability to align its agenda with the one of the public (McCombs and Shaw, 1972) by making some issues and opinions more salient to the eye of the people. From this perspective, the media is an important audience because it mediates the relationship between organizations and society (Deephouse and Heugens, 2009). There are other audiences that perform a similar task, such as security analysts (Zuckerman, 1999), rating agencies, and critics (Durand et al., 2007), which have also received increased attention from organizational scholars. While these audiences undoubtedly play a pivotal role, they are far from the only audiences that are crucial to organizations. Of these understudied audiences, the most important one may be "the people"—in their role as citizens, consumers, or employees. Scholars have tended to use the opinion of the media or other those other organizations to understand what people think, but have devoted little attention to investigating the direct relationship between these organizations and the people themselves (Bonardi and Keim, 2005).

Another limitation of existing research is that each audience has been treated as homogenous, leaving it to "future work" to examine the way in which different members of an audience interact (Hannan et al., 2007). As a result, audiences have been treated as black boxes, with few studies trying to unpack how different members of an audience reach a consensus (Cattani et al.,

2008) or how their consensus or dissent influences future outcomes (Hsu, 2008). Audiences such as the media and rating agencies consist of different organizations that have their own strategy to survive and be profitable. Organizational literature has only recently tried to open the black box to see how companies can influence the evaluations of individual audience members, such as media outlets or critics (Westphal et al., 2012; Hsu, 2008).

1.2.4 The "candidate – (single) audience" framework: What happens in a multiple-audience context?

Since the publication of Zuckerman's (1999) well-known article, analysis of social evaluations has usually been conducted—explicitly or implicitly—under a candidate-audience framework: the candidate, usually an organization, takes actions or submits proposals that affect the judgment, evaluation, or behavior of an audience (Bitektine, 2011). In turn, this evaluation directly or indirectly affects the survival or performance of the focal candidate. Most research tends to focus on one audience, usually the most important one in a given context: for example, the media in the venture capital market (Pollock and Rindova, 2003), the Michelin guide in the world of French cuisine (Durand et al., 2007), security analysts in the financial market (Zuckerman, 1999), and distributors in the movie industry (Cattani et al., 2008). The underlying assumption is that other audiences' evaluations are less important, either because they do not own critical resources for organizations (Pfeffer and Salancik, 1978), or because they share evaluations (cf. Deephouse, 1996, who argues that media legitimacy is equal to the people' perception of legitimacy).

Nevertheless, in many contexts, organizations are subject to the simultaneous pressures of multiple audiences (Lamin and Zaheer, 2012), which can have different orientations and evaluation criteria. Therefore, a recent stream of literature has focused on understanding how multiple audiences react differently to the same actions, such as the media vs. regulators (Deephouse, 1996), the public vs. the investment community (Lamin and Zaheer, 2012), or "market-takers" vs. "market-makers" (Pontikes, 2012). These studies have the advantage to examine social evaluations in a multiple-audience context. However, they treat the evaluations of these audiences as orthogonal and

independent, neglecting to investigate how the evaluation of an audience may influence the evaluation of another. For example, Deephouse (1996) does not examine how the media's evaluation influences regulators' evaluation, and vice versa; Lamin and Zaheer (2012) do not investigate how public opinion influences that of the investment community, and vice versa.

It is important to note that this shortcoming in the literature of social evaluations exacerbates the three challenges previously discussed: understanding the different dimensions of social evaluations, the way social evaluations overlap or interact, and enlarging the range of audiences studied are even more compelling problems in a multiple-audience context. This discussion leads to the main literature gap that my dissertation addresses:

> Literature gap: Previous literature has analyzed social evaluations in a single-audience context. In case of a multiple-audience context the evaluation of an audience has been considering orthogonal to the evaluation of the other. This leaves unexplored the question as to how and why the evaluation of a particular audience influences the evaluation of another audience.

This dissertation starts addressing this broad literature gap by focusing on how a specific type of social evaluation, social misconduct, affects the evaluation of another audience.

2 THE EFFECT OF SOCIAL MISCONDUCT ON DIFFERENT AUDIENCES

I define social misconduct at the intersection between literature on legitimacy (institutional tradition) and organizational misconduct. Thus, I will start by reviewing the definitions of legitimacy and organizational misconduct, as well as their advantages and limitations.

2.1 Definition of legitimacy

The field of organizational studies has examined legitimacy for many years, although attention to it has varied. Scholars usually date the origin of the study of legitimacy back to Weber's work (1910/1978), though it is only since the birth and surge of new institutional theory that legitimacy has become a pivotal concept in organizational studies (Meyer and Rowan, 1977; Zucker, 1977; DiMaggio and Powell, 1983). It is likely due to this relative newness (Scott, 1987) that its boundary and mechanisms are still receiving scholarly attention. It was only in 1995 that Suchman proposed one of the first formal definitions by synthesizing the way the concept had been used so far (p. 573):

> Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.

Though Suchman's article successfully summarized previous research and provided new direction for further analysis, it did not completely address the problem.

Bitektine (2011), expanding on the work of Suchman, finds that scholars have used legitimacy in 12 different ways (6 of them following Suchman's analysis) and proposes a more detailed definition of legitimacy (Table 1). Bitektine's definition differs from Suchman's in three key respects. First, Bitektine distinguishes between cognitive and socio-political legitimacy. Cognitive legitimacy concerns the "taken-for-grandness" aspect of legitimacy, and has been used mostly in population ecology studies. Socio-political legitimacy refers to the conformity of behaviors to a defined system of norms and values, and has mostly been examined by institutional scholars. It is evident that both constructs refer to very different ideas and mechanisms despite being grouped under the umbrella of "legitimacy." Second, he articulates the different evaluating audiences that can render organizational legitimacy: the media, regulators, and other industry members (such as

advocacy groups, employees, etc.), whereas Suchman does not differentiate between them. Finally, Bitektine does not believe that organizational legitimacy or illegitimacy is automatically linked to rewards or sanctions; rather, he allows the individual evaluator the faculty to choose whether to provide support, remain neutral, or penalize the organization.

Table 1 - The enumerative definition of organizational legitimacy (Bitektine 2011:159)

Scope	The concept of organizational legitimacy covers perceptions of an organization or entire class of organizations, judgment/evaluation based on these perceptions, and behavioral response based on these judgments . . .
Evaluating audience	…rendered by media, regulators, and other industry actors (advocacy groups, employees, etc.), who…
Perceived dimensions	…perceive an organization's processes, structures, and outcomes of its activity, its leaders, and its linkages with other social actors and…
Analytical processing	…judge the organization either by classifying it into a preexisting (positively evaluated) cognitive category/class or by subjecting it to a thorough sociopolitical evaluation, which…
Benefit distribution	…is based on the assessment of the overall value of the organization to the individual evaluator (pragmatic legitimacy), his or her social group, or the whole society (moral legitimacy), and…
Compliance mechanism	…through the pattern of interactions with the organization and other social actors, the evaluating actor supports, remains neutral, or sanctions the organization depending on whether the organization provides the benefit(s) prescribed by the prevailing norms and regulations.

2.1.1 Limitations of the definition of legitimacy

Both Bitektine (2011) and Suchman (1995) use legitimacy as both a level and unit of analysis: an organization is legitimate/illegitimate (level of analysis) and scholars need to measure legitimacy/illegitimacy as the overall perception of an organization (unit of analysis). Obviously, this makes it very challenging for researchers to measure the overall perceived legitimacy or illegitimacy of an organization. As a result, many studies use a "shortcut" and study legitimacy and illegitimacy as actions or behaviors (Kraatz and Zajac, 1996; see also the meta-analysis of Heugens and Lander,

2009), equating a/an (il)legitimate action with a/an (il)legitimate organization. Even if legitimate/illegitimate actions increase/decrease organizational legitimacy, the two do not always overlap. For example, some illegitimate companies can actually decide to take legitimate actions to increase their overall fit with the social environment, without necessarily immediately offsetting the perception of their illegitimacy (Vergne, 2011); to the contrary, organizations can use illegitimate actions to acquire legitimacy (Elsbach and Sutton, 1992). This was why Suchman (1995:574) clearly distinguishes between "organization" and "actions" (acts) as units of analysis:

> Legitimacy is generalized in that it represents an umbrella evaluation that, to some extent, transcends specific adverse acts or occurrences; thus, legitimacy is resilient to particular events, yet it is dependent on a history of events. An organization may occasionally depart from societal norms yet retain legitimacy because the departures are dismissed as unique.

This interchangeability of organization and action as units of analysis is responsible for considerable confusion in the literature and likely one of the cause of the unclear relationship between legitimacy and performance (Heugens and Lander, 2009).

A further complication regards the evaluating audience (Bitektine, 2011). As Suchman (1995) specifies, the concept of legitimacy is "dependent on a collective audience, yet independent of particular observers." Thus, an organization or an action can be considered inappropriate by a single member of the audience, but it can conform to the system of values of the overall audience. This makes it very challenging for researchers to find the appropriate context in which to measure organizational legitimacy (Deephouse, 1996) while assuring results are generalizable to other contexts. As a result, few operationalizations of empirical studies on legitimacy were able to accommodate the insight of Suchman (1995) and measure the perception of the overall audience

and not the one of some sub-groups.

Due to these challenges, today the term legitimacy signifies different ideas, literature, and mechanisms to different scholars, even when articles on the topic are published in the same journal. Eighteen years after Suchman's article, the concept of legitimacy seems to be still "more often invoked, than described and […]more often described than defined" (Suchman, 1995:573). Therefore, it is unsurprising that scholars have used alternative terms in situations where previous definitions of legitimacy apply. For example, Philippe and Durand (2011) use the term "norm-conforming actions" to refer to actions that conform to the norms of society. There have been much more variable terms for illegitimate actions, such as misconduct (Wier, 1983; Greve et al., 2010), wrongdoing (Zavyalova et al., 2012), irresponsible, or highly unethical actions (Sullivan et al., 2007). Of these, the construct of misconduct has perhaps the longest history and has received the most theoretical attention. Literature on organizational misconduct can solve some of the challenges discussed regarding the concept of legitimacy, even if it opens different ones.

2.2 Definition of organizational misconduct

In their detailed review of organizational misconduct literature, Greve et al. (2010) ironically begin by also noticing that "the definition of misconduct is often implicit" (p. 53) in previous literature. Thus, they attempt to provide a more rigorous definition:

> We define organizational misconduct as behavior in or by an organization that a social-control agent judges to transgress a line separating right from wrong; where such a line can separate legal, ethical, and socially responsible behavior from their antitheses.

This definition stems from work in sociology, particularly labeling theory (Becker, 1963; Lemert,

1951). Becker (1963), the presumed father of labeling theory, distinguishes between actual and perceived behavior. His well-known 2 x 2 matrix (Table 2) identifies four situations based on whether a behavior is obedient or rule breaking, and whether or not it is perceived as deviant. The novelty of this model is that is stresses the value of perception rather than actual behavior; in fact an obedient behavior that is "labeled" as deviant can have more dramatic consequences than rule-breaking behavior that is not perceived as deviant.

Table 2 - Becker (1963) matrix on actual vs. perceived behavior

	Obedient	**Rule-breaking**
Perceived as Deviant	Falsely Accused	Pure Deviant
Not Perceived as Deviant	Conforming	Secret deviant

Taking a cue from Becker's work, Greve et al. (2010) define misconduct by judgment; there is no misconduct if there is no perception of misconduct. For a perception to exist, an audience must make an evaluation. Greve et al. (2010) referred to this particular audience as a "social-control agent" which is an actor "that [represents] a collectivity and that can impose sanctions on that collectivity's behalf" (p. 56). This is not a completely new approach compared to legitimacy, given Bitektine's (2011) discussion of the role of the evaluating audience. However, in their definition, Greve et al. (2010) make the role of the social-control agent central, in that "it takes two to tango"—without a social-control agent, there is no organizational misconduct. Until Bitektine (2011), the evaluating audience in legitimacy literature occupied a secondary role. This is the first advantage Greve et al.'s (2010) definition has over previous conceptualizations of legitimacy.

A second advantage of this definition is that it clarifies the unit of analysis. While misconduct is defined at the level of analysis (the organization), the unit of analysis is the action. Misconduct is a "behavior"; this makes it easier for scholars to examine the operationalization of organizational misconduct versus that of legitimacy. Finally, Greve et al. (2010) are more specific in

their definition of the reference group. Suchman (1995) generically refers to "some socially constructed system of norms, values, beliefs, and definitions" (p. 574), a definition which is flexible enough to be applied to any social group, even those viewed as illegitimate from the society point of view, such as the Mafia. In contrast, Greve et al. (2010) immediately set the reference group in their definition: society. Misconduct transgresses the boundary defined by society's laws, ethics, and social norms (see also Warren (2003) and her distinction between norms and hypernorms).

2.2.1 Limitations of the definition of organizational misconduct

Apart from these advantages, the construct of organizational misconduct differs from the construct of legitimacy in one other crucial aspect: Greve and his colleagues regard "legal, ethical and socially responsible behavior" as a single unit, and do not distinguish between laws and social norms. In contrast, legitimacy literature has flourished in large part because it contrasts illegitimate vs. illegal actions, that is, actions that break social norms vs. laws (Webb et al., 2009). Given illegal actions usually have more dire consequences than illegitimate actions, it is not surprising that illegal actions have received more attention in misconduct literature. From this perspective, Greve et al. (2010:60) define the social-control agent as:

> An actor that represents a collectivity and that can impose sanctions on that collectivity's behalf […] we consider the world polity (i.e., international governing bodies), the state (i.e., national and local governmental bodies), and professional associations (e.g., the American Medical Association, the American Bar Associations) as social-control agents. Each of these entities represents a larger collectivity, and has the capacity to impose significant sanctions on its behalf.

Under this definition, social-control agents are third parties that monitor and enforce punishment

on behalf of the community. While this can be true for laws, which are monitored and enforced by a centralized third-party authority, such as the court or the state, it is not generally the case with social norms. Ingram and Silverman (2002) claim, in reference to general institutional literature on legitimacy, that social norms work as "decentralized institutions" that rely on "diffuse individuals to punish" their violations (Ingram and Silverman, 2002:10). Sanctions (or rewards) are uncertain; they depend on the judgments of individual actors and rely on their ability and willingness to enforce it (Scott, 2008). Therefore, though Greve et al. (2010) decide to "omit more general audiences such as customers, or specific-interest groups without an official standing such as non-governmental organizations or lobby groups," these audiences are pivotal with regard to the enforcement of social norms.

Therefore, if it "takes two tango" to commit illegal acts (Greve et al., 2010:78), it may take "three to tango" for transgressions of social norms ; these acts not only involve the "organization–social-actor agent" dyad, but also the "social-actor agent–other audience" dyad, that is, individuals or other contextually defined performance gatekeepers for the organizations. Literature on organizational misconduct has mainly focused on the former while overlooking the later, reinforcing the previously discussed literature gap. As a result, the framework of organizational misconduct is more suitable to apply to actions that break laws, rather than those that contravene social norms.

In summary, while the concept of misconduct can help resolve some ambiguity in legitimacy literature, it falls short by failing to distinguish between illegal and illegitimate actions, unlike most legitimacy research (Webb et al., 2009). However, integrating the constructs of organizational legitimacy and misconduct could open up interesting new research avenues. This leads to a new construct that I call "organizational social misconduct."

2.3 Definition of organizational social misconduct and research question

Organizational social misconduct is defined at the intersection between legitimacy and

organizational misconduct, and builds on the advantages of each. The formal definition of organizational social misconduct is as follows:

> Organizational social misconduct is an evaluation made by a social-control agent that an organization's behavior contravenes the system of values and norms of society.

Consistent with literature on organizational misconduct, the action is the unit of analysis of organizational social misconduct. Moreover, social misconduct is an evaluation made by a social-control agent, in the form of a statement or an action. Thus, there is no social misconduct if a social-control agent does not label it as such. Consistent with legitimacy literature, organizational social misconduct exclusively concerns the infringement of social norms, not of the laws. Most illegal actions are also considered as violating social norms, but this is not always the case (Webb et al., 2009). Conversely, there are many forms of social misconduct that are not illegal. Also, the violation regards the values and norms of society as a whole, even if some individuals or sub-groups may disagree (consistent with the insight of Suchman, 1995).

Given that social misconduct regards only the violation of social norms, the definition of social-control agent should be revised accordingly, as social-control agents are not limited to organizations such as world polity, the state, etc. While these organizations are pivotal in monitoring and enforcing laws, they fall short of administering social norms; indeed, it is difficult to identify organizations that are able to dictate what is appropriate and what is not. Therefore, I refrain to define *a priori* a given set of organizations that can be considered social-control agents for social misconduct. Instead, I define social-control agent as an evaluating audience that identifies a behavior as social misconduct and is able to informally penalize the focal organization, either directly or indirectly, through the influence of another audience. For example, a self-regulatory organization can be defined a social-control agent; even if the organization cannot directly punish a company, it has

the ability to trigger negative media coverage or public disapproval of it. This relationship between a social-control agent and another audience is the focus of this dissertation.

In section 1.4, I discussed the main gap in the literature on social evaluations, namely that previous literature has overlooked the way the evaluation of one audience influences the evaluation of another audience. Having defined the specific social evaluation under investigation, I will present the specific research question that my overall thesis will address.

Why Does an Audience Change its Evaluation following Organizational Social Misconduct?

Where organizational social misconduct is defined, as mentioned above, as an evaluation made by a social-control agent.

2.4 Research Gaps

In order to address this question, I consider three distinctive audiences that directly or indirectly affect organizational survival and performance: people, investors, and the media.

2.4.1 The effect of social misconduct on people

People, in their roles of consumers, employees, and citizens, are a crucial audience for companies. People who are disappointed with companies are less likely to buy their products or work for them. More importantly, in democratic countries, individuals as citizens can influence the regulators and politicians that eventually influence organizations' survival and performance (Bonardi and Keim, 2005). People have many ways to express their opinions of an organization, including social media, boycotts, and complaints to regulators, to name a few. However, the voice of the people has been

largely neglected in the literature on legitimacy and organizational misconduct. Legitimacy literature usually considers the people's opinion via the media, equating media legitimacy with public legitimacy (Deephouse, 1996; Pollock and Rindova, 2003). This equivalence is based on mass communication and agenda-setting theory claiming that, as the media has the double role of reporting and influencing people's opinions, the media's agenda is usually aligned to that of the people (McCombs and Shaw, 1972). However, while it is clear that the media is able to exert considerable pressure on what people think *about* (Deephouse and Heugens, 2009), the same mass communication literature shows that it is much more debatable as to whether the media is always able to influence what people think *of* (McCombs, 2005). That is, the media influence what issues people think about, but does not control their opinions on those. Similarly, literature on organizational misconduct does not directly measure public opinion, but relies on social-control agents as actors that represent "a collectivity and that can impose sanctions on that collectivity's behalf" (Greve et al., 2010:56). Therefore, most of the research in this field has not investigated the relationship between the evaluation of a social-control agent and public opinion.

While it is likely that people may react to organizational social misconduct, it is not immediately obvious what triggers these reactions. This leads to the first research gap:

Research Gap 1: Why do people react to organizational social misconduct to a greater or lesser degree?

2.4.2 The effect of social misconduct on investors

It is one thing for an individual to make a relative costless complaint; it is another to make a decision that significantly affects one's finances, such as selling or keeping stock. Therefore, investors do not necessarily react to organizational misconduct in the same way as citizens might. Investors are more likely to make their decisions based on economic rationality (is the company's top or bottom line

impacted by social misconduct?) versus normative rationality (Oliver, 1997) (is it right to keep the stock?). The link between such behaviors and organizations' economic performance has been addressed in misconduct literature more thoroughly than in any other area (Greve et al., 2010), mainly with regard to misconduct that involves some form of illegal action. In such scenarios, sanctions take the form of fines and imprisonments enforced by third parties, like the state, courts, and police (Hechter and Opp, 2005; Ingram and Silverman, 2002). Given the gravity of such behaviors, this type of misconduct is also informally sanctioned, that is, by other social parties that interact with the company (Jensen 2006, Sullivan, et al. 2007). Thus, it is doubtless that illegal actions negatively affect the financial performance of guilty organizations and, given that the same laws apply to all companies in a given regulative context, the negative effect on performance is likely to be the same for all companies.

It is less clear how sanctions are imposed upon behaviors that merely contravene society's values and norms, but are not illegal. Social norms work as "decentralized institutions" that rely on "diffuse individuals to punish" their violations (Ingram and Silverman, 2002:10). Sanctions (or rewards) are uncertain; they depend on the judgments of individual actors and rely on their ability and willingness to enforce it (Scott, 2008). This ambiguity makes the outcomes of social misconduct far less clear and consistent. Indeed, scholars have long debated whether the relationship between actions that deviate from the norms of a specific group and organizational performance is negative (Meyer and Rowan, 1977; DiMaggio and Powell, 1983), non-linear (Deephouse, 1999; Smith, 2011), or positive (Kraatz and Zajac, 1996; Durand, Rao, and Monin 2007; Elsbach and Sutton, 1992).

Two main contributors to this dilemma are data availability and the difficulty in operationalizing the variable. It is likely that the willingness of individual actors to penalize companies for social misconduct will depend on the type of norm violated, the type of industry, and the role of infomediaries (such as the media, ratings agencies, and critics). However, previous studies have had difficulty explaining the causal mechanisms and differentiating the effect of each element.

Most have focused on one industry (Kraatz and Zajac, 1996), the violation of one type of norm (Miller and Chen, 1996), and have looked at behaviors that were already reported by an infomediary (usually the media) (Deephouse, 1996), neglecting transgressions that may have been ignored by infomediaries (what Becker, 1963 defines as "secret deviance"). Therefore, the answer to the question on why companies will be more or less financially penalized for social misconduct is still unclear. This leads to the second research gap:

> Research Gap 2: Why are companies financially penalized to a greater or lesser degree for their social misconduct?

2.4.3 The effect of scandals – events of severe social misconduct - on the media

The media is an important audience for organizations, not because it directly affects organizational outcomes, but because it is able to mobilize important stakeholders. Accordingly, the media occupies a prominent role in literature on both legitimacy and organizational misconduct. Bitektine (2011) considers the media as one of the three evaluating audiences (along with regulators and other industry actors) that are able to confer organizational legitimacy. In the context of organizational misconduct, Greve et al. (2010) regard the media as an important audience that can penalize companies. A common assumption to both research streams is the belief that the media can be treated as a homogenous audience; in other words, that it is possible to measure the media's overall opinion of a given subject. Traditionally, scholars have classified media stories as positive vs. negative (Pollock and Rindova, 2003), or endorsing vs. challenging (Deephouse, 1996), and then combined them in various ways (usually using the Janis-Fadner index). While this assumption has clear empirical advantages, it can be too simplistic, as it overlooks the fact that the media consists of different members, each with different motives and reactions to the same behaviors.

Similarly, each audience consists of different members. The very existence of different media outlets is justified by the fact that each tries to address a different segment of the readers. In order to

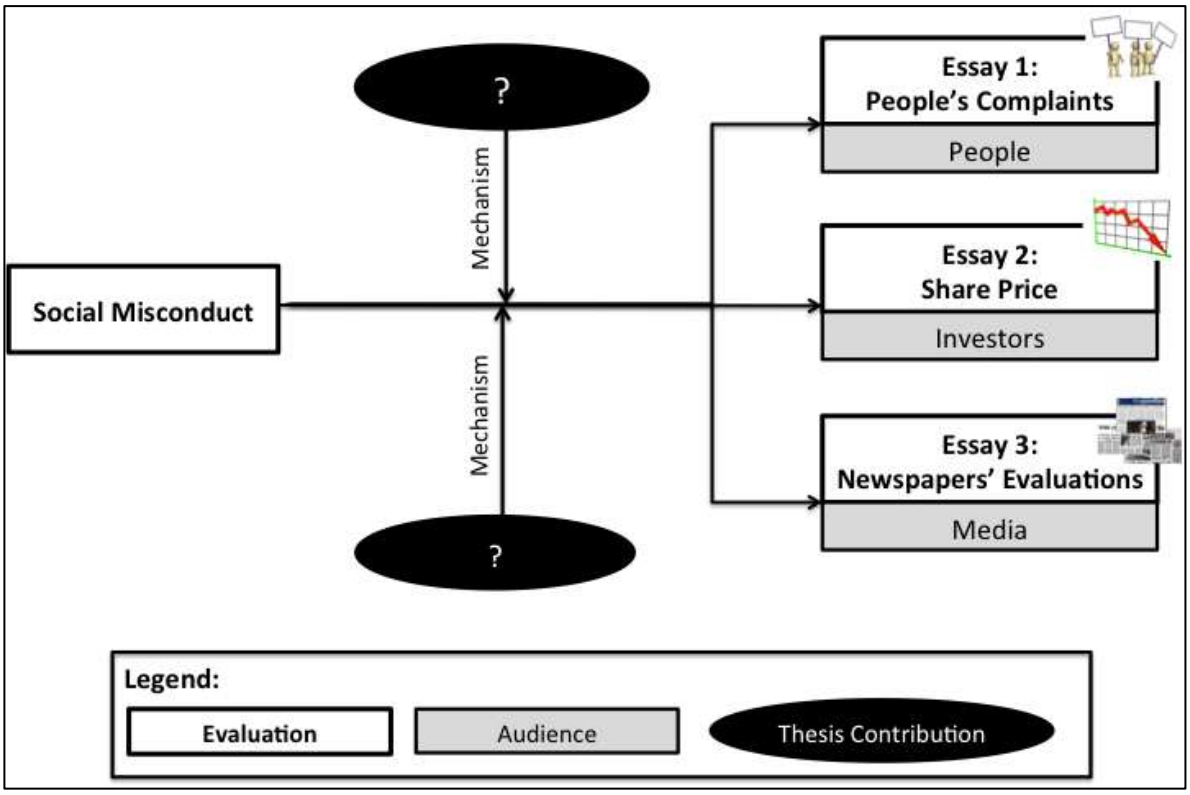
survive and thrive, media outlets must tailor their news accordingly. Therefore, while journalism's ethical code normalizes media news to a certain degree (DiMaggio and Powell, 1983), each media outlet still has the freedom to strategically decide what news to report, how to prioritize one story over another, and how to report it. Literature has addressed these specificities by either focusing on a single newspaper (usually one with high status and credibility, e.g., the *Wall Street Journal*), or by almost indiscriminately pulling a large number of news articles from multiple newspapers using databases like Factiva or LexisNexis (Zavyalova et. al, 2012; Pollock and Rindova, 2003). Few management studies have tried to understand the way companies can strategically manipulate relationships with specific journalists (cf. Westphal et al., 2012), and even fewer have specifically addressed how different media outlets can respond strategically to the same companies' actions.

I look at how the evaluations of multiple newspapers with different orientations change after a scandal. Scandals are dramatic events that originate from severe type of social misconduct. Therefore, scandals are likely to have an impact on the evaluation of the media. However, it is less clear why this evaluation varies among different media outlets. This leads to the next research gap:

Research Gap 3: Why do the media change evaluations after a scandal?

In summary, I look at the effect of social misconduct on the evaluation of three different audiences: people's complaints, investors' share prices, and media's evaluations. The objective of this dissertation is to study not only the direct effect of social misconduct on these audiences, but mainly the factors that moderate these relationships. In this way, I can shed light on the mechanisms that explain why and how each audience reacts to social misconduct. Figure 1 provides a graphic illustration of the research question and the three research gaps.

Figure 1 – The research question and the three research gaps



For my empirical analysis, I will use two novel and unique datasets: Chapters 2 and 3 focus on advertising self-regulation in the UK, which involves the assessment of behaviors based on their acceptability by the "average [UK] consumer" (CAP Code 2010:113); Chapter 4 focuses on a scandal ("*Calciopoli*") that, by definition, involves transgressions of which society as a whole disapproves. I will briefly introduce these two contexts.

3 INTRODUCTION TO THE THREE ESSAYS

3.1 Empirical Contexts

I use two distinct settings as the empirical contexts of the three chapters that follow. Chapters 2 and 3 focus on advertising self-regulation in the UK to assess how people and investors react to social misconduct. Chapter 4 analyzes the scandal *Calciopoli*, which affected Italy's top soccer league ("Serie A") in 2006, to assess changes in newspapers' evaluations after severe social misconduct.

3.1.1 The UK advertising self-regulation system

Advertising tends to reflect society's current norms, beliefs and values, at a given time. Thus, it is an ideal setting in which to study social norms and social misconduct. In an attempt to maintain the highest standards of advertising, companies have long funded a third-party self-regulatory organization to ensure that any form of advertising or marketing communication is "legal, honest, truthful and decent" (Advertising and Marketing Communication Practice Code 2011:6). In this dissertation, I focus specifically on the UK's self-regulatory organization, the Advertising Standards Authority (ASA) for the following reasons:

1. The ASA, which was founded in 1961, is one of the most legitimate self-regulatory organizations in the world. In recognition of this reputation, the UK's Office of Communications contracted out its responsibility to control broadcast advertising to the ASA in 2004.
2. Since 2004, the ASA has been the one-shop stop for all forms of advertising in the UK. In other countries, advertising complaints are directed to other agencies or governmental bodies, which would reduce the reliability of a study.
3. The ASA receives around 25,000 complaints a year, which represents 50% of the total advertising complaints made in Europe.

The ASA fields complaints from both individuals and organizations. These are then passed on to a Complaints Executive, and, depending on their gravity, are eventually submitted to the ASA Council. Each complaint can either be upheld (the advertisement is banned) or not upheld (the advertisement is cleared). Adjudications are published every Wednesday and receive significant coverage in all types of media: national and local, trade and consumer, offline and online. This media visibility is one of the primary punishments for advertisers that do not conform to the code; as with most self-regulation organizations, the ASA cannot directly fine the offending companies.

Each case is assessed based on its likelihood to mislead, offend, or harm the average UK consumer:

> The likely effect of a marketing communication is generally considered from the point of view of the *average consumer* whom it reaches or to whom it is addressed. (The CAP Code 2010:113, emphasis added)

The reference to the average consumer echoes Suchman's (1995) note that the evaluation "is dependent on a collective audience, yet independent of particular observers" (p. 574). Thus, I consider the decisions of the ASA Council as a direct (less problematic) proxy for society's collective belief as to whether or not a company's advertising conforms to the UK's system of social norms. In this context, the ASA is regarded as the social-control agent, and the decision to ban an advertisement is treated as an operationalization of organizational social misconduct.

3.1.1.1 Data collection and coding

I had direct experience with advertising self-regulation when I was a marketing manager at P&G. My toughest meetings in the company were with the legal department to discuss (and negotiate) what kinds of advertising communication would be considered appropriate by the standards of a given country's self-regulatory organization.

Then, during the second year of my thesis (2010), I contacted the European Advertising Standards Alliance (EASA), which is the meta-organization that "brings together national advertising self-regulatory organizations and organizations representing the advertising industry in Europe and beyond" (EASA, 2012). The EASA is "the single authoritative voice on advertising self-regulation issues and promotes ethical standards in commercial communications by means of effective self-regulation" (EASA,2012). EASA's role is particularly important for its cross-border complaints

system that is in operation since 1992, at the outset of the single European market. The cross-border complaints system helps dealing with advertising viewed in one European country, but carried in media originating in another country (e.g. an Irish consumer who wants to complain about the content of an advertising he or she saw on the television broadcasts from the UK). Moreover, as part of its mission, EASA also runs an Education Program, featuring the 3E (EASA - Ethics - Education) Module, which has been an important source of information and inspiration for my work. This module provides an innovative platform to promote and teach ethics and advertising standards in the digital age to a broad range of targeted groups: from government representatives, to advertising industry representatives, university students, professionals at small and medium size enterprises etc.

In my dealings with the EASA, they were extremely open, collaborative and transparent, providing me a wealth of information about the history and foundations of advertising self-regulation, as well as regulatory differences between Europe and the rest of the world. In the following year, I participated in two incredibly informative EASA meetings in Vienna and Warsaw with its European members. I focused on relatively few countries to better understand whether the regulatory context and the data available were appropriate for the scope of this dissertation, conducting phone interviews with German, Dutch, and Swedish self-regulatory organizations, among others. I also visited the self-regulatory organization in Italy (where I also attended a 2-day course on Italian self-regulation), Spain, France, and the UK. Following this experience, it became clear to me that focusing on the UK context, specifically with regard to ASA activity, would be the most appropriate avenue of analysis for this study.

Having visited ASA four times in the last three years (November 2010, July 2011, July 2012, and March 2013), I also found them incredibly collaborative and transparent. During our first meeting, I interviewed managers from different departments, including multiple interviews with the ASA's CEO. My main ASA contact, the complaints reception manager, was always available for

questions and clarifications, and provided me with information about complaints. This information included the date in which the complaint was received, when it was resolved, and the characteristics of the complaint (topic, issue, industry, and medium). However, data on the complainants were anonymous: the ASA did not provide me with the complainant's name, address, or any other personal information, for obvious confidentiality reasons.

In order to begin compiling my second data source (newspaper articles), the ASA put me in contact with their press agency, Meltwater. Meltwater is a "software as a service" that provides companies with online articles published on around 140,000 websites worldwide. I purchased a report from Meltwater containing all the articles about the ASA published from October 2007 to 2010 (more than 30,000). They also provided me with the algorithm they used to search articles, which I adapted to search for offline articles on LexisNexis and Factiva during my visiting period at New York University. I contacted customer service for both databases to ensure the algorithm and search criteria were appropriate to my objective. With the help of a programmer, I imported articles found using LexisNexis and Factiva into Excel. Then, I manually removed repeat articles and false positives. Finally, I ran a content analysis of the articles with the help of Amazon's Mechanical Turk service. Amazon Mechanical Turk is a crowdsourcing website that helps find workers that can perform Human Interface Tasks—that is, tasks that are easy for a person to perform, but very difficult for a computer program to automate (for example, answering questions such as, "What is the main company mentioned of the article? Does the journalist agree or disagree with the ASA's decision? Does the article mention how many people complained to the ASA?"). This service helped coding around 10,000 articles under many dimensions.

3.1.2 "Calciopoli," the 2006 Italian soccer scandal

Chapter 4 relies on the uniqueness of the event that affected the Italian Serie A in 2006, an event known as *Calciopoli* ("*calcio"* being Italian for soccer and "*poli"* the common Italian slang term for

"scandal," analogous to the "-gate" suffix used in English for scandals). Boeri and Severgnini (2011) present a reliable and synthetic summary of the scandal:

> In May 2006 a major scandal was uncovered by Italian prosecutors after tapping phone conversations in relation to an investigation on the use of doping at Juventus. They found that the general manager of Juventus, Luciano Moggi, had exerted pressure on referees, officials of the football federation and journalists, ahead of crucial matches involving Juventus or rival teams. These contacts were finalized to rig games by choosing referees favorable to Juventus and manipulating news on televisions and newspapers against the referees not displaying a favorable attitude toward the team of Moggi….
>
> Juventus won the 2004–05 Italian Championship, while A.C. Milan, Inter and Udinese qualified for the Champions League, and Bologna, Brescia and Atalanta were relegated to the Second Division...More importantly, they not only involve Juventus, but also are mostly in favor of Juventus, as they condition the outcomes of the other matches in favor of Juventus. The other teams involved in the scandal were A.C. Milan, Fiorentina, Lazio, and Reggina. A.C. Milan was accused of having influenced the assignment of linesmen for its match against Chievo Verona (April 2005); while Diego Della Valle and Claudio Lotito, Fiorentina owner and Lazio chairman respectively, were accused of having used a method similar to Luciano Moggi in rigging matches throughout referees' designation. The allegations against Reggina were also in the same vein.
>
> The official judiciary documents, as reported by national newspapers, suggest a variety of methods had been used by referees to affect the outcome of a match. Sometimes a strong player (e.g., Jankulowski in Udinese–Brescia) was given a red card (which means automatically missing the following match) without any serious reason during the match just before the one in which he should have played against Juventus. In other cases, the referee gave a penalty or neglected an offside thereby favoring one of the two teams. In all of these cases, tapped phone conversations certify direct contacts between the managers involved in match rigging, the team of designatori [the administrators that assign the referees] and sometimes the referees themselves. Tapped phone conversations also involved a number of journalists in popular television shows. Managers rigging matches were in their conversations threatening the referees by saying they would destroy the referees' reputations by using their media power if they do not comply with their requests.

Soccer is the most followed sport in Italy, attracting an incredible amount of public and media attention. In fact, Italy is one of the few countries in the world to have three daily sports

publications (all of which mostly focus on soccer): Corriere dello Sport, Gazzetta dello Sport, and Tuttosport. Each newspaper and the majority of its readership are located in a different region in Italy, causing segmentation in the sense that each paper devotes some of its reportage to local teams. The day after a match, each newspaper comments on referees' mistakes in a specific column called "Moviola," which is usually written by an assigned journalist dedicated to the column. Given the subjectivity of referees' decisions, journalists have some latitude as to deciding whether to report and how to evaluate them. Moreover, given that Calciopoli was mostly unexpected, articles on the scandal can be used as a quasi natural experiment to compare media evaluations before and after its occurrence.

3.1.2.1 Data collection and coding

Data collection for this project took place from 2006 to 2011, starting when I was working on my master's degree. In 2006, I contacted the three above-mentioned Italian sports dailies to ask for their articles on Moviola. At that time, I only collected data for the 2005-2006 season. In 2009, I contacted the editorial staff of each newspaper to request articles from all seasons between 2000-2001 and 2009-2010. Of the three publications, *Gazzetta dello Sport* is the only one that has digital copies of its issues available as far back as 2000-2001; they provided me with .rtf versions of every Moviola for the entire requested date range. While *Corriere dello Sport* did not have the same level of digital availability, I was able to meet with their dedicated Moviola writer (as of the 2005-2006 season), Antonello Capone, who, along with his predecessor, has maintained an archive of hard copies dating back to the 2000-2001 season. I was allowed to copy all Moviola for the requested date range. *Tuttosport* was the most challenging source of the three. As it has neither a digital nor hard copy archive, I visited the city library of Turin (*Biblioteca comunale di Torino*) and manually duplicated all Moviola for the requested date range. I coded the articles with the help of a research assistant.

3.2 Essay 1: Vox Populi Vox Dei? People's Complaints about Inappropriate Advertising

Essay 1 addresses the first research gap (why do people react to organizational social misconduct to a greater or lesser degree?) in the UK regulatory context. The decisions of ASA to ban an advertisement provide a measure of social misconduct. The number of individual complaints lodged is a way to measure the reaction of the people themselves; in fact, not only can any person submit a complaint, but also 90% of complainants do so only once.

Essay 1 therefore investigates the way the evaluations of ASA influences future complaints lodged by individuals. Two mechanisms are proposed: the saliency of the event and the ambiguity of the norm. The saliency of the ASA's decisions is predicted to have a positive main effect on the number of future complaints: the greater the saliency of ASA's decisions, the greater the number of complaints people make. In contrast, the ambiguity of the norm is expected to moderate the way people react to the specific type ASA decision. The ASA makes two types of decisions: it either upholds the complaint and bans an advertisement, or it does not uphold the complaints and clears the advertisement. These decisions regard two types of norms: some are less ambiguous (misleading cases) and others are more ambiguous (offensive/harmful cases). Essay 1 predicts that, when an advertisement is banned, the number of complaints increase *more* when norms are less ambiguous (misleading cases) than when the norms are more ambiguous (offensive/harmful). To the contrary, when the advertisement is cleared, the number of complaints should increase *less* when the norms are less ambiguous than when they are more ambiguous. This is because of the fact that the ambiguity of a norm leaves more latitude for individual interpretation; when norms are more ambiguous, it is expected that public opinion will not align as uniformly with ASA decisions.

3.3 Essay 2: What is the share price reaction to organizational social misconduct?

Essay 2 uses the same context as Essay 1, but focuses on investor reaction; specifically, it analyzes the effect of ASA decisions on the affected companies' share prices. The essay uses the

methodology of Cumulative Abnormal Return (CAR), a common method to analyze financial impact in organizational misconduct research. However, in this context, as the ASA does not directly fine organizations, most of the observed negative effect on share price will owe to informal sanctions provoked by ASA decisions. Presumably, these informal sanctions are not the same for all companies. Therefore, Essay 2 helps answer the second research gap (why are companies financially penalized to a greater or lesser degree for their social misconduct?) by understanding the conditions that increase or decrease the degree to which companies are penalized for social misconduct. Three mechanisms are proposed to increase these penalties: (1) the saliency of the event, which is measured by the amount of media coverage the decision received; (2) the ambiguity of the norms: when the norm is less ambiguous (misleading cases) the share price should decrease more than when the norm is more ambiguous (offensive/harmful cases); (3) the localness of the company: investors would penalize UK companies more heavily than foreign companies.

3.4 Essay 3: Scandals as social disturbances and strategic opportunities: newspapers' evaluations after Calciopoli

Having an advertisement banned by the ASA can be consequential, as it can affect the number of individual complaints (Essay 1) and the share price (Essay 2). However, it can be considered a "light" type of social misconduct, in the sense that its consequences are important, but circumscribed by time and location. In contrast, scandals are a more severe type of social misconduct that generates disruptive publicity. They are dramatic events that can have a more in-depth effect on society and its evolution.

With this in mind, Essay 3 looks at how newspapers' evaluations change after a scandal, specifically with regard to newspapers' evaluations of referee behavior before and after Calciopoli. Referees' decisions can be debatable and are frequently reported and contested by newspapers. Essay 3 predicts that a newspaper's evaluation depends on three factors: the social characteristics of

the referee (status and newness), the ambiguity of the norm enforced, and the identity of the team (i.e., local vs. non-local). Essay 3 proposes a theory of scandals as social disturbances that open up strategic opportunities. In particular, it is predicted that a scandal will produce a liability of status and an advantage of newness for referees; these effects are predicted to increase when the norms enforced are more ambiguous as they leave more latitude for audience interpretation. Finally, a scandal is expected to affect disagreement among newspapers. As each newspaper has some respective local teams, each will judge referees' conduct differently. Matches involving local teams are predicted to generate more disagreement among newspapers. Essay 3 proposes that a scandal increases this disagreement by exacerbating newspapers' bias toward their own local teams.

Figure 2 shows the detailed structure of the dissertation. The dissertation consists of 5 chapters. Chapter 1 is the introduction; Chapters 2, 3, and 4 develop each of the three essays; Chapter 5 concludes.

Figure 2 – Structure of the dissertation

CHAPTER 1: INTRODUCTION

RESEARCH GAP

Literature on social evaluations has mainly analyzed the audience-candidate dyad, leaving underexplored the way the evaluation of a main audience (e.g. a social-control agent) influences the evaluation of another audience.

Literature on both legitimacy and organizational misconduct has studied behaviors that contravene values and norms of society, but each approach has drawbacks. Therefore, the effects of organizational social misconduct are unclear in current literature.

MAIN RESEARCH QUESTION

Why does an Audience Change its Evaluation following Organizational Social Misconduct?

CHAPTER 2: ESSAY 1	CHAPTER 3: ESSAY 2	CHAPTER 4: ESSAY 3
AUDIENCE (EVALUATION)	**AUDIENCE (EVALUATION)**	**AUDIENCE (EVALUATION)**
People (People's complaints)	Investors (Share price)	Media (Newspapers' evaluations)
RESEARCH QUESTION	**RESEARCH QUESTION**	**RESEARCH QUESTION**
Why do people react to organizational social misconduct to a greater or lesser degree?	Why are companies financially penalized to a greater or lesser degree for their social misconduct?	Why do the media change evaluations after a scandal?
MAIN MECHANISMS	**MAIN MECHANISMS**	**MAIN MECHANISMS**
1. Ambiguity of the norm 2. Saliency	1. Ambiguity of the norm 2. Saliency 3. Localness of the company	1. Ambiguity of the norm 2. Localness 3. Status of the actors evaluated
MAIN FINDINGS	**MAIN FINDINGS**	**MAIN FINDINGS**
People increase complaints on organizations' behaviors: 1. When social misconduct is more salient. 2. When the norm's violation is less ambiguous	Investors seem not to financially penalize companies that make social misconduct, which do not involve direct fines	Scandals create social disturbance and strategic opportunity: a. It creates a liability of status for the actors evaluated b. It increases the disagreement among newspapers.

CHAPTER 5: CONCLUSION

In case of organizational social misconduct, the evaluation of a social control agent does influence the evaluation of another audience, however this effect is not mechanical. Three primary moderators emerge from the three essays: ambiguity of the norm, saliency of the event and localness of the transgressors. The ambiguity of the norm attenuates the negative effect of social misconduct, while saliency increases it. In contrast, localness is ambivalent: it can either increase or attenuate it.

In summary, this dissertation shows that social norms are better understood in a triadic framework: candidate – social-control agent – another audience. Social norms are not set exogenously, but are endogenously created by the actions of the candidates and the evaluations of (at least) two audiences.

CHAPTER 2: ESSAY 1

VOX POPULI VOX DEI?

PEOPLE'S COMPLAINTS ABOUT INAPPROPRIATE ADVERTISING[1]

Previous research on social norms assumes normative convergence among different audiences. However, some norms are open to multiple—often even conflicting—interpretations. To address the unexplored questions of whether and how these interpretations affect audiences' evaluations and behavior, we studied the relationship between the number of public complaints received by a self-regulatory organization about companies' advertisements and the decisions made by that organization depending on the types of infringed norm. Drawing from sociological and socio-cognitive research on norms, we argue that people complain more when the self-regulatory organization (a) banned an advertisement that violated well-established and less ambiguous norms, and (b) cleared an advertisement that infringed norms that are open to multiple divergent interpretations. We tested and empirically confirmed these predictions by looking at people's complaints about companies' advertisements to the UK advertising self-regulatory organization (ASA).

[1] This chapter was developed in collaboration with Gino Cattani and Rodolphe Durand

CHAPTER 2

1 INTRODUCTION

Sociological and organizational research has long been concerned with how social norms regulate behavior. Norms are cultural phenomena that prescribe certain actions as appropriate and desirable, while proscribing others through the use of sanctions (e.g., Becker, 1963; DiMaggio and Powell, 1983; Coleman, 1990; Dubois, 2003; Hetcher and Opp, 2005). Sanctions can take the form of "rewards for carrying out those actions regarded as correct or punishments for carrying out those actions regarded as incorrect" (Coleman, 1990: 242). While a set of mutually consistent and stable norms help regulate behavior, norms that are subject to multiple, conflicting interpretations are likely to engender ambiguity about what is socially appropriate and desirable (Becker, 1963; Hetcher and Opp, 2005; Horne, 2005; Rao, Monin, Durand, 2005). Norms that have not been translated into specific rules are difficult to apply in concrete situations since it is necessary to first sort out the "ambiguities that arise in deciding which rules are to be taken as the yardstick against which behavior is measured and judged deviant" (Becker, 1963: 8; see also Dubois, 2003).

We aim to uncover the consequences of norm interpretability in a context in which two distinct but related audiences may interpret the same norms very differently. Sociological and organizational research typically assumes that audiences can discriminate between actions that are appropriate and desirable, and actions that are not—implicitly assuming lack of ambiguity about which norms to apply, when, and how (e.g., Suchman, 1995; Zuckerman, 1999; Cattani et al., 2008; Waguespack and Sorenson, 2011). Even the studies that look at multiple audiences (e.g., Lamin and Zaheer, 2012; Pontikes, 2012) assume that each audience uses its own norms, ignoring the possibility that audiences differ in their evaluations, and that the evaluations of one audience may impact those of another. Building on sociological (e.g., Becker, 1963; DiMaggio and Powell, 1983; Zuckerman, 1999; Hechter and Opp, 2005) and socio-cognitive (e.g., Sherif, 1936; Festinger, 1957; Cialdini, Kallgren, and Reno, 1991; Kallgren, Reno, and Cialdini, 2000; Dubois, 2003) research on norms, we argue that a critical source of variation in audiences' evaluations is whether norms have been

translated into specific rules or instead are open to interpretation. In the former case, different audiences are more likely to converge in their evaluations and, in the latter, to diverge. Accordingly, we propose that the type of norm is an important moderator of the influence that one audience exerts on another.

To investigate these questions, we chose a context in which firms' behavior is evaluated by audiences of two kinds: *people*, namely consumers and citizens (the focal audience), and a *third-party* (*self-regulatory*) *organization*, supposed to take action on behalf of people. We situated the analysis within the context of the UK advertising industry. In an effort to promote the highest standards of advertising in the UK, firms sponsored the creation of the Advertising Standard Authority (ASA) to ensure advertising's conformity to specific norms and the enforcement of various sanctions. Firms advertise their products or services to prospective consumers who then can voice their complaints about firms' advertisements to ASA. Upon receiving a complaint, ASA categorizes a potential infringement as *misleading* or *harmful/offensive*. Misleading advertisements misrepresent facts by, for instance, promoting erroneous prices or deceptive promises, thus conveying information that is presumed to violate norms that have been translated into specific rules (e.g., codes of commerce). In contrast, harmful/offensive advertisements hurt local mores, beliefs, or values—i.e., violate norms for which rules are either inexistent or "not so precise and fool-proof" (Becker, 1963: 132)—thereby allowing for multiple audiences' individual, and often conflicting, interpretations. After evaluating each case, ASA makes a decision (adjudication) to ban or clear an advertisement.

We argue that the type of social norm that an advertisement is presumed to infringe is a key determinant of the level of agreement or disagreement between people and ASA, and therefore of people's subsequent complaints to ASA. When both groups identically interpret norm infringement (i.e., ASA bans a firm's advertisement), people will complain more if the norm infringed has been translated into specific rules—like in the case of misleading advertisements. In this situation, ASA fulfills its mission by protecting people against evident false promises and economic prejudice and

stimulates people to be even more vocal about (well-defined and condemned) misleading advertisements. In contrast, when ASA clears a firm's advertisement (i.e., it disagrees with those who complained), we expect people to be more vocal about cases dealing with interpretable rather than rule-based norms because of negative feelings about ASA not fulfilling its protective role and mission.

We utilized a unique dataset covering three years (2007-2010) that included all the complaints received by ASA (64,104 complaints) and all the off- and online articles about all disclosed ASA decisions (19,176 articles). Our findings support our hypotheses: the interaction between the type of ASA adjudications (ban vs. clear) and the type of violated norm (misleading vs. harmful/offensive cases) determines the extent to which people voice their concerns about firms' behavior. One major strength of our study is that we can assume social norms remained relatively stable during the three-year long period, which means broader societal level changes in values and norms are less likely to have affected ASA's decisions and people's propensity to complain. Our findings emphasize the importance of looking at the degree of interpretability of a norm and the interplay between different audiences for research using a candidate-audiences interface framework and, more generally, for research on legitimacy. By bringing people to the fore, this paper also speaks to research studying the links between society, organizations and firms.

2 THE CONTEXT: THE UK ADVERTISING REGULATION

In order to study social norms and people complaints, we focus on UK advertising. As in most countries in the world, advertising in the UK is regulated by a legal (statutory) and a voluntary system. The legal system is typically more developed for specific industries or topics of public concern because they deal with health (e.g., drugs, tobacco, food, drinks) or are the target of social scrutiny (e.g., children, environment). The legal system consists of laws that preclude misinformation and misrepresentation of facts (on price, intrinsic qualities, etc.). The voluntary system is a form of

self-regulation in which firms create a code of conduct and fund an independent organization or institution to enforce it (e.g., King and Lenox, 2000; Ostrom, 1990, 2000; Barnett and King, 2008; Waguespack and Sorenson, 2011). The basic principle of advertising self-regulation is to ensure that any form of advertising or marketing communication is not only "legal," but also "honest, truthful and decent" (Advertising and Marketing Communication Practice 2011: 6).

Back in 1937, the International Chamber of Commerce (ICC) issued the first advertising code that, through subsequent updates, became the "mother code" for all the other national codes (Blue Book, 2010: 28). At that time, almost no countries had regulations to monitor advertising. Gradually, countries that were members of the ICC began to introduce self-regulatory systems to enforce national codes. In Europe, France was the precursor in this area: its *Office de Controle des Annonces* (Advertising Control Office) was founded in 1935 and was subsequently transformed into the *Bureau de Verification de la Publicité* (Advertising Verification Office) in 1953 and into the *Autorité de Régulation Professionnelle de la Publicité* in 2008. The UK was the second European country to adopt a self-regulation system. The resolution was made during the Advertising Association Conference held in Brighton in 1961. The Advertising Standards Authority was given the task to create and supervise the overall advertising self-regulation system with the following goal:

> "The promotion and enforcement throughout the United Kingdom of the highest standards of advertising in all media so as to ensure in co-operation with all concerned that no advertising contravenes or offends against these standards…" (The Advertising Standards Authority First Report 1964: 3).

The Advertising Standards Authority Limited was created on August 22, 1962 and held its inaugural meeting on September 24 of the same year. Since then, UK advertisers voluntarily pay a 0.1% levy on most of their advertising investment. This levy is collected by two independent organizations: the Advertising Standards Board of Finance (ASBOF) and the Broadcast Advertising Standards Board of Finance (BASBOF), for non-broadcast and broadcast advertising respectively. These two organizations are needed to ensure the independency of ASA from the advertisers (ASA does not

have visibility on which advertisers pay the levy and how much each advertiser pays). This levy is described as "an excellent example of enlightened self-interest. Advertisers pay the levy because they know they benefit greatly as a result. Likewise the public benefit in that it is fast and it is free" (The ASA and the ASBOF/BASBOF: 2).

If advertising were not subject to self-regulation, it would be "subject to [more] statutory regulation" (The ASA and the ASBOF/BASBOF: 2). Self-regulation can reduce the pressures and the costs of the legal (statutory) system (King, Lenox, and Terlaak, 2005). As Mr. George Darling, M.P., Minister of State (Home) Board of Trade, expressed on December 1, 1964 in his speech on "Advertising and the Labour Government":

> "I think legislation that goes beyond misrepresentation of fact, which can be assessed objectively, would be quite difficult to frame; rather slow, cumbersome and expensive to operate; and, in the end, probably not as effective as a really efficient voluntary system" (The Advertising Standards Authority First Report 1964: 3).

In the ASA case, the adjudication process lasts from 10 to 85 working days (36 days on average for complaints that require a formal investigation).[2] When the adjudication is published, the firm is immediately asked to amend or withdraw the advertisement. The ASA self-regulation is consequential: decisions can result in a firm losing hundreds thousands up to millions of pounds when an ad must be withdrawn or a campaign stopped (as was the case with Louis Vuitton's ban—see Appendix A—or the launch of 'Heat' perfume). These rulings came with a low societal cost: the 0.1% levy amounted to a collection of 6.7 million pounds in 2010, which advertisers paid at no cost to taxpayers.

The ASA Chairman has the authority to appoint the board and the members of the ASA Council, which adjudicates the most problematic cases. The ASA Council today consists of 12 members in addition to the Chairman: four from the industry and eight independent members. The four industry members are chosen based on their expertise in the field of advertising and sit on the

[2] Data from the ASA Annual Report 2011 available online at: http://www.asa.org.uk/News-resources/~/media/Files/ASA/Annual%20reports/AR%20ONLINE_FINAL280512.ashx.

Council as individuals and not as spokesmen from the industry. The eight independent members are selected for their ability to represent a wide cross-section of society (e.g., charities, consumer groups, young people). Among others, they include, or have included in the past, Nobel laureates, poets, and directors of charitable organizations. Both the current and previous ASA Chairmen were Lords and served in many governmental chairs (e.g., ministries or trading associations).

The history of ASA has been marked by its efforts to gain legitimacy among different audiences whose interests are not always aligned: industry members, public opinion, and the state. After 50 years, today ASA is a key legitimate actor in the UK advertising field and one of the most successful examples of self-regulatory organizations in the world. ASA has gained legitimacy within the industry (advertisers voluntarily pay the levy- through the ASBOF and BASBOF and abide by ASA decisions), public opinion (in the UK people make around 25,000 complaints a year—about 50% of the total complaints of all European countries combined), and the state. In 2004, ASA has become the "one-stop shop" of all advertising complaints for non-broadcast and broadcast advertising, i.e., including TV and radio.

ASA has a clear procedure on how to handle complaints. Anyone can submit a complaint, and the online form for filling a complaint is simple and fast to complete. It includes five steps in which the complainer is asked to attach or describe the advertisement, specify where it was displayed, and explain the reasons for the complaint. The complaint is then passed onto a Complaints Executive, whose task is to classify it based on the type of norm violation (*Misleading* or *Harmful/Offensive*), the topic (e.g., *Children*, *Environment*), and a complexity category. Complaints range from "No Additional Investigation" cases, which involve "frivolous complaints or those that relate to marketing communications that clearly do not breach the Code" (ASA Non-broadcast Complaint Handling Procedures 2012: 4), to "Standard Investigations" cases, which cover a "not minor" part of the Code and are "likely to be of interest, in terms of indicating where the ASA draws the line, to other marketers" (ASA Non-broadcast Complaint Handling Procedures, 2012: 4). "Standard

Investigations" cases allow advertisers to respond to the complaint and produce supporting evidence. They can provide ASA with studies, evidence, their point of view, and any other information they believe supports the claims of their advertisement. After responses are received, the Investigation Executive, who is responsible for undertaking the Investigation (be it Formal or Informal), drafts a recommendation about how to resolve the complaint. The complaint can be either upheld - and the advertisement is *banned* - or not upheld - and the advertisement is *cleared*. This recommendation is sent to the advertiser for final input and presented to the Council, which then adjudicates.[3] Adjudications are published every Wednesday and are posted on the ASA website within 14 days of the decision. They receive significant coverage in all media types: national, local, trade, consumer, offline, and online. Along with the direct cost related to coping with ASA decisions, media visibility of ASA's adjudications and subsequent implications for reputation are a major sanction for companies whose advertisements do not conform to the Code. Table 3 shows the breakdown of ASA decisions in 2009.

Table 3 - Breakdown of ASA Procedure for All Complaints Received in 2009

	Complaints	**%**
Total Received	28,929	
Of which:		
Not of substance and closed	21,558	75%
Minor substance, parties informed, change made without Council decision, and closed	1,683	6%
Major substance, parties informed, Council decision: complaint not upheld, and closed	3,453	12%
Major substance, parties informed, Council decision: complaint upheld, ad amended or removed	2,052	7%
Decisions on cases of major substance (19% of the 2009 complaints) are published by ASA every Wednesday.		

[3] Complainers or advertisers can appeal the decisions of the Council, including the decision not to investigate a complaint, to an independent reviewer who—similar to the ASA's Chairman—is chosen based on his/her reputation and status in the field. For example, since January 1, 2010, the independent reviewer has been Sir Hayden Phillips, who has had a long career in the Civil Service, serving as senior member of the Home Office, European Commission, the Cabinet Office and Treasure, and, now, as Chairman of the Digital Funding Partnership. To obtain a review, the requester must be able to denounce a substantial flaw in the decision process or produce additional relevant evidence. The independent reviewer assesses whether the request is acceptable before initiating an investigation and making a recommendation to the ASA Council, which can decide whether to accept it or not. Appeals are infrequent (46 out of 2,704 of the ASA Council's decisions in 2009 and 33 out of 2,454 in 2010), and very few end in reversed adjudications (4 in 2009 and only 1 in 2010).

3 RESEARCH PROPOSITIONS

The degree to which people react to a firm's perceived norm infringing behavior is likely to vary greatly based on the level of public attention it receives. Accordingly, our baseline hypothesis concerns the relationship between the salience of ASA's decisions and the number of future complaints people will make to ASA about firms' advertisements. We argue that the more ASA's decisions are publicized, the more people are likely to complain. This behavior hinges on a reinforcement mechanism rather than the decision itself (ban or clear). The rationale is premised on agenda-setting theory's assumption that there is a correspondence between the issues media outlets make available to the public and people's agendas (e.g., Cohen, 1963; McCombs and Shaw, 1972; Deephouse and Suchman, 2008). In one of the first studies of this kind, Davis (1952) found that the increase in people's estimate of the crime level in Colorado correlated with the amount of crime reported in Colorado newspapers—not an actual increase in crime. In their study of the 1968 US presidential political campaign, McCombs and Shaw compared the salience of issues in news content with the public's perceptions and concluded that "people learn from the media what the important issues are" (1972: 176).

According to this vein of research, a decision's salience is a function of its media coverage. The more frequently a topic is discussed, the more likely people are to perceive it as important (McCombs and Shaw, 1972). As they read or hear about ASA's decisions through media reports, people become more sensitive to firms' advertising in general. This, in turn, increases the likelihood that people complain to ASA about advertisements in their immediate environment. Moreover, salience of ASA decisions makes the adjudication process more widely known and people more aware that they need to complain before ASA can act. Reading about other people's complaints stimulates mimetic behavior: as they face the same or similar situations (in this case, firms' advertisements), people tend to imitate what others have done. Finally, salience of ASA's decisions informs people about ASA's influence and authority to ban or clear an advertisement, so sanctioning

its removal or continuation. Even though the role of ASA is well-established and legitimate among advertising professionals, it has only limited resources to promote its activities to the public. In this sense, ASA decisions' salience in media contributes to increase people's awareness of its existence, mission, and authority. Taken together, the previous arguments lead to the following hypothesis:

Hypothesis 1: The more salient ASA's decisions are, the more people's complaints it will receive.

ASA decisions' salience is an important determinant of whether people will voice their concerns. Yet the nature of these decisions matters as well, since different decisions attract people's attention rather differently (Deephouse and Heugens, 2009). Based on different criteria, ASA can ban or clear firms' advertisements. We argue that the type of social norms an advertisement is presumed to infringe is key to explaining whether people will be more or less vocal when ASA releases its decisions. ASA categorizes people's complaints as misleading or harmful/offensive. In the UK, the advertising code describes misleading as follows: "Marketing communications must not materially mislead or be likely to do so" (UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing – 03 Misleading). It then goes on to provide a detailed list of rules that specify what is allowed and what is not allowed. For example, marketing communications "must not mislead the consumer by omitting material information" or "the identity of the marketer." Moreover, before distributing or submitting a marketing communication for publication, marketers "must hold documentary evidence to prove claims that consumers are likely to regard as objective and that are capable of objective substantiation." ASA's mission is to eliminate advertising that could damage trust between people and firms. If ASA tolerated misleading advertisements, it essentially would be concealing behavior that hurt people's economic welfare. Buying products on the ground of "misrepresentation of facts" (The Advertising Standards Authority First Report 1964: 3), false promises, or erroneous price advantages is detrimental for both consumers and the advertising industry in general.

Misleading advertisements can involve some interpretation; for example, "obvious exaggerations ('puffery') and claims that the average consumer who sees the marketing communication is unlikely to take literally are allowed provided they do not materially mislead" (CAP Code 2010: 16). Although separating what is "obvious" exaggeration from condemnable exaggeration can be delicate, compared to harmful/offensive cases, misleading cases are based on well defined rules. Whenever confusion arises in the interpretation of rules, bulletins and new editions of the Code seek to elucidate these ambiguities. For example, in the first five years of its existence, ASA promulgated three editions of the Code in order to clarify its rules, mostly for misleading cases. In contrast, harmful/offensive advertising falls under a different section of the Code. Harmful/offensive cases are judged based on the following principle:

> "Marketers should take account of the prevailing standards in society and the context in which a marketing communication is likely to appear to minimize the risk of causing harm or serious or widespread offence" (The UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing: 24).

The ASA's attempt to create guidelines that can be tailored to a variety of cases in which harm and offence are judged has not been without difficulties. The challenge of assessing harmful and offensive cases was evident since the beginning, as early as in 1967, in the ASA's 4th year of operation:

> "Matters of taste are always the most difficult to adjudicate upon as they are necessarily subjective, and judgment varies according to the medium used, the timing of the advertisement, individual and reader-reaction and many other factors" (The Advertising Standards Authority Report Fourth Report: 21).

In the early 1970s, with the rise of a more permissive society, the number of complaints on taste increased significantly. ASA did not uphold the complaints and clarified its position toward complaints on taste and decency as follows:

> "The Authority… does not interpret its responsibilities for supervision as requiring or entitling it to act as a censor of morals or as an arbiter of taste. Its role is rather one of watching the general level of taste in each sector of advertising, in the interest of the public and of advertising as a whole, in relation to what is currently considered fitting and acceptable" (The Advertising Standards Authority Eight Report 1971: 19).

ASA acts only when cases cause widespread harm or offence to the extent that it damages the entire advertising field:

> "Where a form of advertising copy or illustration can bring the whole advertising industry into disrepute, it clearly becomes a major source of concern to the Authority. And that point is reached when a majority of citizens come to regard any advertising as grossly offensive, whether directly or by innuendo" (The Advertising Standards Authority Ninth Report 1972: 7).

Understanding when this "point" is reached officially falls under the purview of the members of the ASA Council. However, because values about taste and decency change significantly over time, the definition of the "prevailing standards" in society that marketers and ASA should adhere to remains open to interpretation. In some situations, companies can produce evidence (e.g., a poll, experiments) to show that the majority of people do not feel harmed or offended by a particular advertisement. Despite the option of running such tests, ASA Council evaluations for harmful/offensive cases are based more on members' personal judgment and interpretation of social norms than on concrete evidence and infringement of well-defined rules. (See Appendix A for illustrative examples.) This is in sharp contrast with the approach used for misleading cases, when an advertisement is considered to violate norms based on specific rules that state with precision which actions are approved and which are prohibited. For harmful/offensive cases, norms at stake cannot be expressed in codified rules and remain at the level of mores or values—i.e., according to Becker (1963: 131), equivalent to "vague and generalized statements of preference" that are "not useful in deciding on courses of action in concrete situations." Interestingly, in the section of the Code (CAP Code 2010) that discusses categories, the description of the *Misleading* category is seven pages long with three title levels (section, subsections, and particular cases). The description of the *Harmful/Offensive* category is only one page long and offers a simple list of general overarching principles (e.g., avoid offence, fear or distress, anti-social behavior, unsafe practices, and encouragements to drink and drive). The previous distinction between misleading and

harmful/offensive cases is particularly important because we expect the impact of ASA's decisions on people's subsequent complaints to vary with the type of norm violation.

Let's first consider the decision to ban an advertisement—i.e., when ASA's adjudication decision aligns with a complaint. What is the effect of ASA decision's saliency on future complaints if the case is misleading rather than harmful/offensive? For misleading cases, when ASA decides to ban a company's advertisement, the mechanisms introduced in Hypothesis 1 should be reinforced. First, a company's misconduct is not only challenged by people's complaints, but also penalized by ASA, thus increasing the perceived illegitimacy of the UK advertising on overall. The company's perceived misconduct is likely to produce negative externalities that spill over to other advertisements (Tirole, 1996; Desai, 2011; Vergne, 2012), similar to cases of industrial accidents (King and Lenox, 2000) or product recalls (Zavyalova et al., 2012). Second, since *ban* decisions signal ASA's propensity to recognize people's complaints as valid, they further stimulate the process of complaining and reinforce the mimetic pressures to follow previous complainers. Finally, misleading cases involve a loss in customers' welfare. As acknowledged by ASA's senior executive (our interview, March 13, 2013), "banning advertisements that fooled people and cost them money entices other potentially fooled customers to fill in a form and complain." As a result, when ASA decrees that firms made use of misleading advertisements people are likely to complain even more.

Different considerations apply for ASA ban decisions in harmful/offensive cases. People will complain less than average because there is less shared consensus among them about whether the violation of a specific norm has the potential to cause harm or offence (e.g., what is decent or obscene). Although ban decisions indicate agreement between complainants and ASA, people are unlikely to uniformly consider a given advertisement harmful or offensive. Reference to abstract overarching principles that embody society's prevailing standards is inevitably confusing because no well-defined judgment criterion is available to discriminate between what is normal or acceptable and what is not (Becker, 1963), or to "perceive unambiguously what is normative and what is not"

(Dubois, 2003: 4). As a result, when banning harmful/offensive advertisements, ASA will receive less univocal support from people. Therefore, compared to ban decisions in misleading cases, people will voice less strongly to ASA harmful/offensive ban decisions. Accordingly, we hypothesize:

> *Hypothesis 2: Saliency of ASA* ban *decisions will trigger more subsequent people's complaints for misleading cases than for harmful/offensive cases.*

Let's turn to *clear* decisions, cases in which ASA diverges from people's original complaints. Saliency of cleared misleading cases provides little additional information to people and potential complainants about norms, their infringement, and their application (Mishina et al., 2012). As a result, we do not expect a significant reinforcement of the relationship between salience and future complaints for these cases. In contrast, for harmful/offensive cases, the ASA Council is charged with the task of evaluating the point "when a majority of citizens come to regard any advertising as grossly offensive, whether directly or by innuendo." These judgments are neither based on a set of specific rules nor on hard facts, but on the individual evaluations of ASA members who decide where to put the "yardstick" that separates decency from offence. Inevitably, this process leaves room for interpretation (Dubois, 2003; Fine, 2005; Hetchter and Opp, 2005) and is likely to disappoint or irritate members of the public who would like ASA to strictly defend their mores and values. As decisions to clear harmful/offensive cases become more salient, the public's attention increases and begins to target both companies' behaviors and ASA's decisions on whether to punish perceived norms violations. Clearing harmful/offensive cases may therefore trigger negative feelings among people and foster new complaints (Vohs, 2001; Rozin and Royzman, 2001). Through increased complaints, people signal to ASA that certain topics have growing relevance in society, and indicate their hope that ASA will lower its yardstick on what is considered acceptable. Accordingly, when ASA decides to clear an

advertisement, we hypothesize the number of complaints will increase more for harmful/offensive than for misleading cases:

Hypothesis 3: Saliency of ASA clear *decisions will trigger more subsequent complaints for harmful/offensive cases than for misleading cases.*

4 METHOD

4.1 Sample and Data Collection

Our main variables are people's complaints to ASA and, to estimate saliency of ASA's decisions, the number of media reports (articles) on ASA decisions. Information about complaints was provided by ASA. During the study period (2007-2010), the 11th Edition of the British Code of Advertising Practice (CAP) was used. The 12th Edition was released on September 2010, which marks the end of our analysis. Most of the complaints that ASA receives are submitted via the online form and automatically transmitted to the ASA internal software. The received date is the one on which the complainant completed the form. In a few cases (less than 10%), ASA receives complaints through other channels (e.g., fax, phone, mail) and its staff uploads them manually to the same software. ASA provided us with daily information about all complaints for the focal period. For each complaint, we have information about the type of norm violation, the topic, the industry, the product category, the media type, the complexity, the exact date on which the complaint was received, and the type and date of its resolution. However, data on the complainants were anonymous: the ASA did not provide us with the complainant's name, address, or any other personal information, for obvious confidentiality reasons. People can complain on behalf of an organization (for-profit or non-profit) as long as they confirm that the organization agrees to be named. However, since the motivation of an organization to complain can differ from that of an individual, we excluded organizations' complaints from the sample. Their exclusion does not impact

our results because they amounted to only 4% of the total complaints received by ASA during the study period.

The number of complaints by advertisement is highly skewed: 92% of advertisements received only 1 complaint, 7.5% of the advertisements between 2 and 25 complaints, and only 0.5%—216 advertisements—more than 25 complaints. However, these 216 advertisements were responsible for 30% of total complaints. They attracted considerable media and public attention and covered sensitive issues (e.g., religion, homosexuality, or animal protection). Therefore, we considered them special cases and decided to exclude them from our sample. Although not reported here, the results – which are available from the authors upon request – are qualitatively similar whether we include or exclude these cases. It is worth noting that even one complaint is sufficient to start the whole process leading to ASA adjudications.

We collected articles about ASA decisions through LexisNexis and Factiva databases (printed and broadcast news), and Meltwater—ASA's media agency (online news). Since media data were available from October 2007, our focal period runs from October 2007 to August 2010 (up until the introduction of the 12thEdition of the British CAP), for a total of 1,030 days[4] and 39,487 decisions. Previous studies using media articles have mainly focused on the use of newspapers, given their prominence in society. However, in our focal period, online media outlets were an increasingly critical source of information for people. Since online and offline media do not always overlap, we tried to make our media selection as comprehensive as possible. Specifically, we included printed and online newspapers, broadcast news, consumer and trade magazines, and national and regional outlets. As a result, we covered almost the total universe of articles that mentioned ASA in the UK during the study period. We took several steps to ensure the reliability of this data collection. First, we contacted Meltwater, the media reporting agency of ASA, which monitors 140,000 websites,

[4] We have data from October 9, 2007 to August 31, 2010—a total of 1,058 days. However, we have 28 days of missing data distributed as follows: 1 because we used a lag value for some of our independent variables; 26 because ASA's internal software did not work during the first 13 weekends (Saturdays and Sundays); 1 because the software did not record a complaint on January 8, 2008.

most of them in the UK and other English speaking countries. Meltwater was able to trace media articles back to October 2007, the starting date of our study. These articles then were cleaned by eliminating double counting of the same news on the same website (sometimes the same webpage had two URLs). Meltwater provided us with the algorithm used to search media articles about ASA. This algorithm includes different labels used to identify ASA as reported in the news, such as "Advertising Standard(s) Authority," "Advertising Standard(s) Agency," and "Advertising Standard(s) Association." We double-checked these labels with ASA. The second step was to adopt the same Meltwater algorithm to extract data from Factiva and LexisNexis. Factiva and LexisNexis are leading companies in media analysis and often used in academic research (e.g., Pollock and Rindova, 2003). Unlike other studies, we relied on both databases and cross-checked the results. The two databases cover the same major UK media outlets, but can differ for less important outlets that were still important to our study, such as those with only regional readership. While the two databases overlapped for most of the articles, 20% of the articles in LexisNexis were not in Factiva. Overall, we collected 19,176 articles (25% offline and 75% online).

4.2 Dependent Variable

Our dependent variable, *People Complaints*, measures the number of complaints people made to ASA on a specific topic during 1 of the 1,030 days of our study period. We divided complaints into the four most representative topics. According to "agenda-setting theory" (McCombs and Shaw, 1972), people are more likely to file a complaint on a topic when they have read an article on the same topic, so it is important to control for a topic's effect. ASA distinguishes topics by 100 sub-categories. Sub-categories are not fixed but change as new topics arise in people's complaints: advertising is a dynamic domain and what society considers appropriate and desirable evolves over time. However, in agreement with ASA, we identified the following four stable macro topics: children, human dignity, product claim, and others. Therefore, we had 4 observations per day—1 for

each topic during 1,030 days—, a total of 4,120 observations. In total we analyzed 64,104 complaints. We logged the dependent variable because it is skewed to the right.

4.3 Independent Variables

We created the variables of theoretical interest using media articles, which we grouped into specific categories to test our hypotheses. First, we distinguished between articles whose primary focus was ASA (*Specific*) and articles that referred to ASA only incidentally (*General*) and therefore contained separate news content to which people could react. We classified an article as *Specific* if ASA was mentioned either in the title or within the first three paragraphs. Otherwise, we classified the article as *General*. Articles classified as *Specific* were further distinguished between (1) articles centered on ASA decisions (*ASA Adjudications*) and published primarily on Wednesday and Thursday (ASA publishes formal adjudications on Wednesday); and (2) articles that covered other news concerning ASA (*ASA Other*)—e.g., an executive leaving or staying, ASA's reports, companies that voluntarily withdrew an advertisement against which complaints were filed. These articles covered news not directly linked to the ASA formal adjudications. Finally, articles on *Adjudications* were divided between *Ban* and *Clear*, and *Misleading* and *Harmful/Offensive*. Articles classified as *Ban* covered adjudications that upheld the complaints and banned the advertisements, while those classified as *Clear* referred to adjudications that did not uphold the complaints, thus clearing companies' advertisements. The categories *Misleading* and *Harmful/Offensive* comprise articles that referred to the type of norms and rules companies' advertisements are presumed to have violated. Note that these two categories (*Ban* vs. *Clear* and *Misleading* vs. *Harmful/Offensive*) are different partitioning of the overall *Adjudications* articles. The interaction of these two categories led to four sub-groups—*Ban-Misleading*, *Ban-Harmful/Offensive*, *Clear-Misleading*, and *Clear-Harmful/Offensive*—with which we tested Hypotheses 2 and 3.

Because individuals' ability to focus their attention on specific issues or situations is limited, the effect of media articles on the attitude of people to complain diminishes with time. This means that people are most sensitive to the articles published the same day or the day before. Therefore, for *People Complaints* measured on day *d* for a given topic, our independent variables (i.e., *Adjudications*, *Ban*, *Clear*, *Misleading*, *Harm/Offence*, and their interactions) measure the cumulative number of articles on the same topic at *d* (i.e., the same day) and *d-1* (i.e., the day before). We also logged the number of articles because they were skewed to the right. We increased both variables by 1 unit before applying the log transformation to retain observations with value 0. For example, the topic *Children* received 20 complaints on October 20, 2007, and 10 adjudications articles were published that same day and 5 the day before. For October 20, 2007, our dependent variable *People Complaints* was computed as log(20+1) for the children topic and the *Adjudications* variable as log(10+5+1).

4.4 Control Variables

Our analysis includes several control variables to rule out alternative explanations for the results. First, we used *Specific/Other* articles to control for ASA's visibility in the media. More visibility in the media is likely to stimulate more complaints because people become aware of the existence of an organization (ASA) to which they can complain about companies' advertisements. Second, we used *General* articles as a proxy for the level of advertising's illegitimacy. Media articles that mention ASA only incidentally are likely to be articles that question advertising in general and, in so doing, further stimulate people's complaints. *Specific/Other* and *General* variables are calculated like the other independent variables: they are the log of the sum of articles at day *d* and *d-1*. Third, the characteristics of the companies involved in ASA's decisions can influence people's complaints. Some companies get more attention than others. We thus looked at the two following characteristics: ownership and geographic scope. With respect to ownership, we distinguished

between public and privately owned companies. We expected public companies to receive more attention and hence more complaints. *% Public* is the percentage of articles that refer to companies (or their subsidiaries) listed in a stock exchange market. As to geographic scope, we distinguished between national (UK based) and international companies. International companies are more likely to be under greater public scrutiny and thus the target of more complaints. For this reason, we expected the percentage of articles that refer to international companies (*% International*) to have a positive effect on *People Complaints*.

For the first 13 weeks of the study period, ASA did not accept complaints during the weekend: people had to wait until Monday to file a complaint. We thus created a dummy that is equal to 1 when complaints were filed on *Monday* and 0 otherwise. There were also two advertisements that caused a public outcry and intense media coverage. The first was an advertisement in which Heinz used a gay couple to advertise its products; more than 200 people complained, and Heinz decided to withdraw it. The second advertisement was an atheist campaign that invited people to "stop worrying and enjoy your life" because "there's probably no God." This advertisement generated 392 complaints and the reaction of a Christian political party that responded with an advertisement that claimed "there is definitely a God"—an advertisement that generated 1,205 complaints. ASA did not adjudicate either of these cases: Heinz voluntarily withdrew its advertisement and the second was considered outside the realm of ASA. Yet both cases created a lot of buzz around ASA. We thus created two dummies that are equal to 1 when media articles covered both advertisements, 0 otherwise. Finally, we inserted *Year* and *Quarter* dummies to control for temporal effects.

4.5 Model

Our data set has a panel structure that is usually represented by a matrix N x D. In our case, N represents the number of topics and D the day; thus the matrix is 4 x 1,030.

$$People\ Complaints_{id} = \alpha_i + ß_1 Articles_{i,(d+[d-1])} + ß_2 Control\ Variables + \varepsilon_{id}$$

where i is the topic (from 1 to 4); d is the day (from 1 to 1,030); $People\ Complaints_{id}$ is the log of the number of complaints received on topic i on day d; $Articles_{i,(d+[d-1])}$ is the log of the sum of the number of articles on topic i on day d and the previous day [d-1]; α_i is the topic specific constant term—i.e., the unobservable for the topic i; and ε_{id} is the disturbance term. While a random-effects specification assumes that unobserved variables are uncorrelated with the other explanatory variables in the model, the fixed-effects specification allows them to be correlated. As we cannot exclude correlations between regressors and the random error terms, and since we observed the full population of cases (and not a sample of it), we opted for a fixed-effects model.

5 RESULTS

Table 4 presents the descriptive statistics and the correlation values, which are generally low. We checked all models for the existence of multicollinearity by computing the variance inflation factors (VIFs) and found VIFs to be below the recommended threshold of 10 (all values are less than 3).

Table 4 – Descriptive Statistics and Correlation Values

Variable	Mean	S.D.	1	2	3	4	5	6
1. People Complaints $_t$	2.36	0.76						
2. Adjudications (d + (d-1))	1.04	1.20	0.35					
3. Ban (d + (d-1))	0.88	1.15	0.35	0.92				
4. Clear (d + (d-1))	0.28	0.65	0.14	0.52	0.20			
5. Misleading (d + (d-1))	0.68	1.06	0.45	0.77	0.78	0.28		
6. Harmful/Offensive (d + (d-1))	0.50	0.92	0.05	0.64	0.51	0.51	0.08	
7. Ban – Misleading (d + (d-1))	0.62	1.03	0.44	0.75	0.81	0.18	0.98	0.08
8. Clear – Misleading (d + (d-1))	0.12	0.40	0.22	0.38	0.25	0.60	0.48	0.07
9. Ban – Harmful/Offensive (d+(d-1))	0.35	0.81	0.04	0.55	0.60	0.12	0.09	0.85
10. Clear – Harmful/Offensive (d+(d-1))	0.18	0.56	0.04	0.39	0.08	0.83	0.04	0.60
11. Specific – Other (d + (d-1))	1.48	1.02	0.11	0.22	0.18	0.17	0.13	0.18
12. General (d + (d-1))	2.17	0.71	0.16	0.32	0.29	0.17	0.23	0.21
13. % International (d + (d-1))	0.27	0.42	0.25	0.56	0.52	0.26	0.40	0.37
14. % Public (d + (d-1))	0.20	0.37	0.21	0.49	0.45	0.25	0.41	0.24
15. Heinz Kiss	0.04	0.19	0.06	0.02	0.01	0.01	0.01	0.00
16. Atheist ad	0.07	0.25	0.04	0.09	0.10	0.01	0.07	0.08
17. Monday	0.15	0.35	0.13	-0.22	-0.19	-0.13	-0.15	-0.16

Variable	7	8	9	10	11	12	13	14	15	16
8. Clear – Misleading (d+ (d-1))	0.31									
9. Ban – Harmful/Offensive (d+(d-1))	0.09	0.03								
10. Clear – Harmful/Offensive (d+(d-1))	0.02	0.10	0.13							
11. Specific – Other (d+ (d-1))	0.12	0.11	0.14	0.13						
12. General (d+ (d-1))	0.22	0.14	0.19	0.11	0.32					
13. % International (d + (d-1))	0.38	0.20	0.33	0.19	0.15	0.19				
14. % Public (d + (d-1))	0.38	0.22	0.20	0.15	0.12	0.18	0.71			
15. Heinz Kiss	0.02	-0.03	-0.01	0.03	0.09	0.09	0.01	0.03		
16. Atheist ad	0.07	0.03	0.09	0.01	0.25	0.08	0.06	0.02	0.01	
17. Monday	-0.14	-0.08	-0.12	-0.11	-0.13	-0.18	-0.09	-0.09	0.09	-0.04

Table 5 reports the results of our regression models. Model 1 is the baseline model, which includes only the control variables. Model 2 tests the first hypothesis by including articles about ASA's adjudications. Model 3 discriminates between articles that reported ASA's decisions to ban or clear companies' advertising. Model 4 distinguishes between the two types of norm violation. Finally, Model 5 is the full model that includes the 4 subgroups (*Ban-Misleading*, *Ban-Harmful/Offensive*, *Clear-Misleading*, and *Clear-Harmful/Offensive*) and represents the interaction between the type of ASA decisions and the type of norms. Table 6 presents the test for the coefficients of the regression in Models 3, 4, and 5, respectively. It provides a test for Hypotheses 2 and 3, respectively. The baseline model (Model 1) reports the coefficient estimates of the *Specific/Other* (ß=0.064, $p<0.001$) and *General* (ß=0.157, $p<0.001$) variables that positively affect the number of people's future complaints. As expected, media's general reference to ASA favored more people's complaints by enhancing ASA's visibility and awareness of its existence and role. The *Monday* dummy and the variable *% International* are positive and significant (ß=0.386, $p<0.001$ and ß=0.165, $p<0.001$, respectively). This indicates that a greater number of complaints were submitted after the weekend and the greater the percentage of international firms mentioned in ASA's adjudications, the larger the number of new complaints. In contrast, public firms do not seem to trigger more future complaints than private firms do. The other two dummies—*Heinz Kiss ad* and *Atheist ad*—refer to two advertisements that

attracted wide media attention on ASA. The media buzz around these two advertisements did not create a significant halo effect on the number of complaints ASA received on other commercials. Some of the *Years* and *Quarters* variables were significant, suggesting the presence of temporal effects in people's attitude to complain.

Model 2 shows the results for the first hypothesis—i.e., more media reports about ASA adjudications will increase the number of people's complaints. The coefficient of the *Adjudications* variable is positive and highly significant (ß=0.090, $p<0.001$). Specifically, a 1% increase in the number of articles on *Adjudications* increased people's future complaints to ASA by 9%.

Model 3 estimates the main effect of media coverage of ASA's decision type on the number of complaints without controlling for the type of norm violation. Coefficients for both *Ban* and *Clear* decisions are positive and significant. While the coefficient of *Ban* (ß=0.077, $p<0.001$) is greater than the coefficient for *Clear* (ß=0.064, $p<0.001$), Row 1 in Table 6 shows that the difference is not statistically significant ($p<0.442$).

Model 4 assesses the effect of the type of norms without controlling for the type of decision made by ASA. As in Model 3, the two coefficients are positive and significant. However, in this case, the coefficient for the variable *Misleading* (ß=0.095, $p<0.001$) is almost twice the size of the variable *Harmful/Offensive* (ß=0.047, $p<0.001$). Row 2 in Table 6 shows that the difference is statistically significant ($p<0.01$). Figure 3 illustrates this result graphically, confirming that articles on *Misleading* cases have a consistently greater impact than articles on *Harmful/Offensive* cases on the number of people's future complaints.

Model 5 introduces all four sub-categories of articles and provides the coefficients for testing Hypotheses 2 and 3. For Hypothesis 2—articles on *Misleading* cases have a greater effect than articles on *Harmful/Offensive* cases for ASA ban decisions—the coefficients of the *Ban-Misleading* (ß=0.089, $p<0.001$) and *Ban-Harmful/Offensive* (ß=0.031, $p<0.01$) variables are both positive and statistically

significant. Row 3 of Table 6 provides the statistical test of their difference. The difference is statistically different, ($p<0.001$) supporting Hypothesis 2.

Table 5 – Fixed Effects Models Predictions the Number of People's Future Complaints

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
Hypothesis 1					
Adjudications (d + [d-1])		0.090•••			
		(0.010)			
Ban (d + [d-1])			0.077•••		
			(0.010)		
Clear (d + [d-1])			0.064•••		
			(0.014)		
Misleading (d + [d-1])				0.095•••	
				(0.011)	
Harmful/Offensive (d + [d-1])				0.047•••	
				(0.011)	
Hypothesis 2					
Ban – Misleading (d + [d-1])					0.089•••
					(0.011)
Ban – Harmful/Offensive (d + [d-1])					0.031••
					(0.012)
Hypothesis 3					
Clear – Misleading (d + [d-1])					0.048•
					(0.023)
Clear – Harmful/Offensive (d + [d-1])					0.059•••
					(0.016)
Specific/Other (d + [d-1])	0.064•••	0.056•••	0.057•••	0.058•••	0.058•••
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
General (d + [d-1])	0.157•••	0.128•••	0.129•••	0.128•••	0.130•••
	(0.013)	(0.014)	(0.014)	(0.014)	(0.014)
% International (d + [d-1])	0.165•••	0.081••	0.090••	0.105•••	0.112•••
	(0.027)	(0.028)	(0.028)	(0.028)	(0.028)
% Public (d + [d-1])	-0.011	-0.053	-0.050	-0.054	-0.052
	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)
Heinz Kiss ad Dummy	0.075	0.076	0.079	0.078	0.076
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)
Atheist ad Dummy	0.064	0.057	0.055	0.049	0.050
	(0.038)	(0.037)	(0.037)	(0.037)	(0.037)
Monday	0.386•••	0.423•••	0.421•••	0.422•••	0.422•••
	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
Constant	1.975•••	1.996•••	2.000•••	1.994•••	1.995•••
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)
Observations	4,120	4,120	4,120	4,120	4,120
Number of groups (Topic)	4	4	4	4	4
Adj. R-squared	0.131	0.150	0.149	0.151	0.151

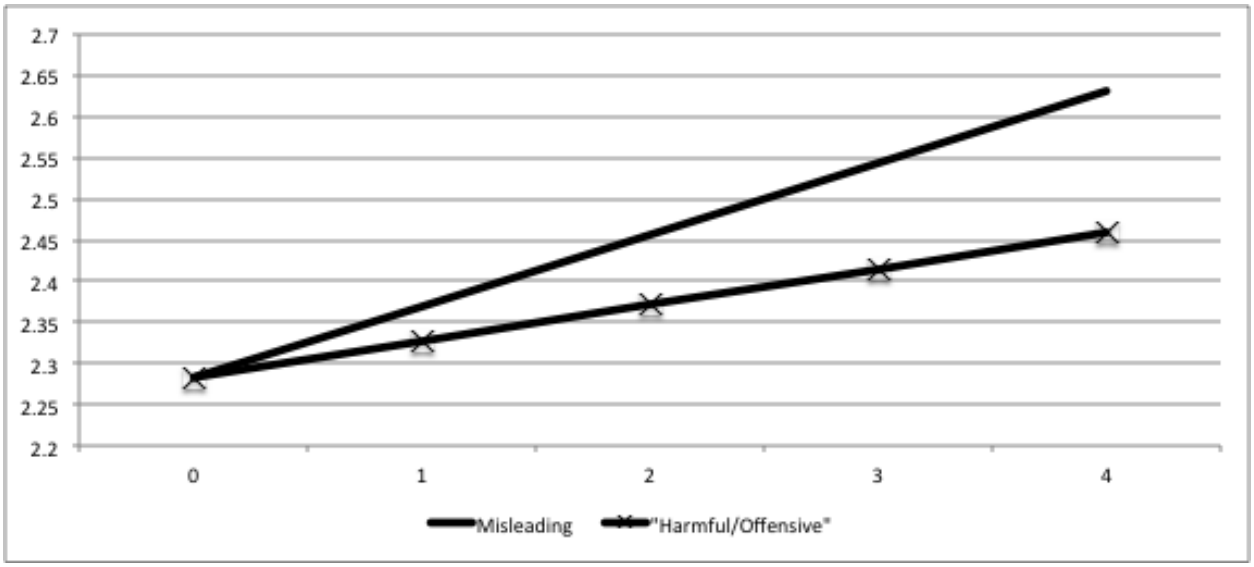
• $p<0.05$; •• $p<0.01$; ••• $p<0.001$ – Standard errors are in parentheses. Models include year, quarter, and topic fixed-effects.

Table 6 – F-test for the Differences between the Coefficients on Models 3, 4 and 5

Variable	Model 3	Model 4	Model 5
Ban > Clear	**p=0.442**		
Misleading > Harmful/Offensive		**p<0.01**	
H2: Ban – Misleading > Ban – Harmful/Offensive			**p<0.001**
H3: Clear – Harmful/Offensive > Clear – Misleading			**p=0.706**

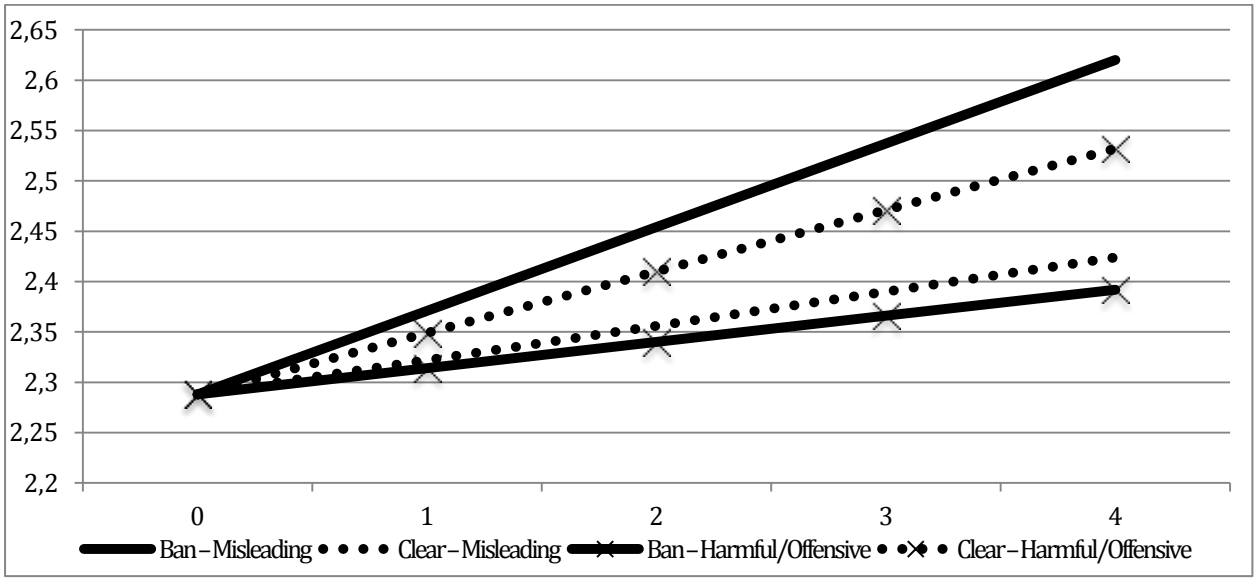
Hypothesis 3 states that articles on *Harmful/Offensive* cases have a greater effect on future complaints than articles on *Misleading* cases when ASA does not uphold the case (*Clear* decision). The coefficients of the *Clear-Harmful/Offensive* (ß=0.059, *p<0.001*) and *Clear-Misleading* (ß=0.048, *p<0.05*) are positive and statistically significant. Row 4 of Table 6, however, shows that the difference between the two coefficients is positive but not statistically significant (p=0.706). Hypothesis 3, therefore, is only partly supported. Figure 4 shows graphically the difference in the coefficients of the four sub-groups. Taken together, these results suggest that people's evaluations of the appropriateness of companies' advertising are influenced by the proper evaluations and decisions of an external organization—the ASA. More importantly, this influence is moderated by the type of norm. The number of complaints following ASA's decisions to ban an advertisement increases more when social norms are well-established (*Misleading*) than when norms are open to interpretation (*Harmful/Offensive*). However, when ASA decides to clear an advertisement, the number of complaints increases more norms are not well-defined and therefore no specific rules can be relied upon to evaluate companies' advertisements (*Harmful/Offensive*).

Figure 3 - Marginal Effects of *Misleading* and *Harmful/Offensive* Articles on the Number of Future Complaints



The two coefficients are statistically different (see Table 6).

Figure 4 - Marginal Effects of *Ban–Misleading*, *Clear-Misleading*, *Ban-Harmful/Offensive*, and *Clear-Harmful/Offensive* articles on the Number of Future Complaints



All coefficients are statistically significant at different levels (see Table 5). *Ban – Misleading* (steepest line) is significantly different from *Ban – Harmful/Offensive* (flattest line). *Clear – Harmful/Offensive* is steeper than *Clear – Misleading*, but the two are not statistically significant. See Table 6 for the statistical values.

5.1 Robustness Checks

We conducted several additional analyses to probe the robustness of our results with alternative model specifications and measurement issues. First, previous literature has mostly focused on the impact of offline (Deephouse, 1996; Pollock and Rindova, 2003; Vergne, 2012) versus online media outlets. Results in Table 7 compare the effect of offline (Models 6 and 7) versus online (Models 8 and 9) outlets. The results are qualitatively similar to those reported in Table 5, though the coefficient of the variables of theoretical interest are more significant for *online* (both Hypotheses 1 and 2 are supported) than for *offline* (only Hypothesis 2 is supported) media, thus suggesting that previous studies' results may underestimate the influence of social media on people's behavior. Second, we treated our dependent variable as a count variable and estimated a negative binomial model controlling for 'topic' fixed-effects (Table 8). The results are qualitatively similar to those reported before.

Table 9 reports the results for the full model re-estimated separately for each of the four main topics (*Children*, *Human Dignity*, *Production Claim*, and *Other*). Coefficients now vary in significance depending on the topics but continue to exhibit the same basic patterns. *Product Claim* is the topic for which norms are more clearly defined and hence easier to enforce; in fact, assessing what is considered misleading on a claim is easier to prove than what is misleading for topics concerning children or human dignity subjects. Consistent with our previous results, we found the *Product Claim* topic fosters more complaints for *Ban-Misleading* cases—when ASA adjudicates that a complaint is substantiated, people feel encouraged to complain even more. In contrast, cases dealing with *Human Dignity* or *Children* topics are inherently more personal and the corresponding norms more open to interpretation. As a result, when ASA decides to clear a company's advertisement, people are more likely to react—the coefficient of *Clear-Harmful/Offensive* is positive and significant for both topics.

Finally, we tested whether our models are sensitive to the type of companies involved. This test is important because different adjudications involving different types of firms could receive greater media coverage and therefore more strongly influence people's complaints. Accordingly, we split our sample into two distinct subsamples, one for international and the other for domestic companies. The results, which are reported in Table 10, are qualitatively similar to the main results: Hypothesis 1 and Hypothesis 2 are supported for both international and domestic companies. Table 11 reports the test for the difference between the coefficients Ban-Misleading, Ban-Harmful/Offensive, Clear-Misleading and Clear-Harmful/Offensive among the models.

Table 7 - Offline and Online Media Effects on the Number of People's Future Complaints

Variable	Model 6: Only offline outlets	Model 7: Only offline outlets	Model 8: Only online outlets	Model 9: Only online outlets
Hypothesis 1				
Adjudications (d + [d-1])	0.076•••		0.084•••	
	(0.015)		(0.011)	
Hypothesis 2				
Ban – Misleading (d + [d-1])		0.084•••		0.088•••
		(0.018)		(0.012)
Ban – Harm/Offence (d + [d-1])		0.036		0.031•
		(0.021)		(0.013)
Hypothesis 3				
Clear – Misleading (d + [d-1])		0.033		0.046
		(0.046)		(0.025)
Clear – Harm/Offence (d + [d-1])		0.055		0.053••
		(0.032)		(0.018)
Specific/Other (d + [d-1])	0.062•••	0.064•••	0.048•••	0.050•••
	(0.014)	(0.014)	(0.010)	(0.010)
General (d + [d-1])	0.060•••	0.060•••	0.157•••	0.158•••
	(0.015)	(0.015)	(0.013)	(0.013)
% International (d + [d-1])	0.167•••	0.176•••	0.124••	0.144•••
	(0.044)	(0.044)	(0.039)	(0.039)
% Public (d + [d-1])	0.077	0.072	-0.039	-0.049
	(0.048)	(0.048)	(0.042)	(0.042)
Heinz Kiss ad Dummy	0.142••	0.142••	0.083	0.085
	(0.048)	(0.048)	(0.047)	(0.047)
Atheist ad Dummy	0.094•	0.091•	0.066	0.063
	(0.038)	(0.038)	(0.037)	(0.037)
Monday	0.379•••	0.379•••	0.428•••	0.426•••
	(0.026)	(0.026)	(0.025)	(0.025)
Constant	2.270•••	2.273•••	2.038•••	2.040•••
	(0.035)	(0.035)	(0.035)	(0.035)
Observations	4,120	4,120	4,120	4,120
Number of Topics	4	4	4	4
R-squared	0.107	0.108	0.169	0.170
Adj. R-squared	0.103	0.103	0.165	0.166

• $p<0.05$; •• $p<0.01$; ••• $p<0.001$ – Standard errors are in parentheses. Models include year, quarter, and topic fixed-effects. This compares the effect of *online* versus *offline* articles.

Table 8 - Negative Binomial Fixed-Effects Model

Variable	Model 10	Model 11	Model 12	Model 13	Model 14
Hypothesis 1					
Adjudications (d + [d-1])		0.085•••			
		(0.008)			
Ban (d + [d-1])			0.072•••		
			(0.008)		
Clear (d + [d-1])			0.055•••		
			(0.011)		
Misleading (d + [d-1])				0.080•••	
				(0.008)	
Harm/Offence (d + [d-1])				0.045•••	
				(0.009)	
Hypothesis 2					
Ban – Misleading (d + [d-1])					0.074•••
					(0.009)
Ban – Harmful/Offensive (d + [d-1])					0.031••
					(0.010)
Hypothesis 3					
Clear – Misleading (d + [d-1])					0.041•
					(0.017)
Clear – Harmful/Offensive (d + [d-1])					0.051•••
					(0.013)
Specific/Other (d + [d-1])	0.066•••	0.058•••	0.059•••	0.060•••	0.060•••
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
General (d + [d-1])	0.141•••	0.110•••	0.111•••	0.111•••	0.113•••
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
% International (d + [d-1])	0.151•••	0.076••	0.086•••	0.096•••	0.103•••
	(0.023)	(0.024)	(0.023)	(0.023)	(0.023)
% Public (d + [d-1])	-0.006	-0.041	-0.038	-0.039	-0.037
	(0.025)	(0.024)	(0.024)	(0.025)	(0.025)
Heinz Kiss ad Dummy	0.020	0.025	0.027	0.027	0.025
	(0.038)	(0.038)	(0.038)	(0.038)	(0.038)
Atheist ad Dummy	0.047	0.037	0.034	0.030	0.030
	(0.032)	(0.031)	(0.031)	(0.031)	(0.031)
Monday	0.375•••	0.416•••	0.414•••	0.414•••	0.413•••
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Constant	1.309•••	1.366•••	1.369•••	1.363•••	1.364•••
	(0.048)	(0.049)	(0.049)	(0.049)	(0.049)
Observations	4,120	4,120	4,120	4,120	4,120
Number of Topics	4	4	4	4	4

• $p<0.05$; •• $p<0.01$; ••• $p<0.001$ – Standard errors are in parentheses. Models include year, quarter, and topic fixed-effects. The dependent variable is not logged.

Table 9 - Predicting the Number of People's Future Complaints (per Topic)

Variable	Model 5: Fixed-effects by topic	Model 5.a: Only Children Topic	Model 5.b: Only Human Dignity Topic	Model 5.c: Only Product Claim Topic	Model 5.d: Only Other Topic
Ban – Misleading (d + [d-1])	0.089•••	0.061	0.034	0.099•••	0.048••
	(0.011)	(0.048)	(0.057)	(0.019)	(0.018)
Ban – Harm/Offence (d + [d-1])	0.031••	0.083••	0.024	0.000	0.062••
	(0.012)	(0.027)	(0.020)	(0.050)	(0.021)
Clear – Misleading (d + [d-1])	0.048•	0.124	-0.188	0.043	0.061
	(0.023)	(0.117)	(0.215)	(0.036)	(0.033)
Clear – Harm/Offence (d + [d-1])	0.059•••	0.065•	0.103•••	-0.041	0.057•
	(0.016)	(0.032)	(0.030)	(0.127)	(0.026)
Specific/Other (d + [d-1])	0.058•••	0.056••	0.046•	0.060••	0.068•••
	(0.010)	(0.020)	(0.018)	(0.020)	(0.018)
General (d + [d-1])	0.130•••	0.113•••	0.123•••	0.142•••	0.145•••
	(0.014)	(0.028)	(0.026)	(0.028)	(0.027)
% International (d + [d-1])	0.112•••	0.077	0.131•	0.118•	0.139••
	(0.028)	(0.069)	(0.056)	(0.057)	(0.049)
% Public (d + [d-1])	-0.052	-0.192••	-0.112	-0.023	0.045
	(0.030)	(0.074)	(0.062)	(0.058)	(0.053)
Heinz Kiss ad Dummy	0.076	0.116	0.078	0.025	0.076
	(0.047)	(0.096)	(0.090)	(0.098)	(0.091)
Atheist ad Dummy	0.050	0.004	0.110	0.046	0.053
	(0.037)	(0.076)	(0.072)	(0.079)	(0.072)
Monday	0.422•••	0.431•••	0.379•••	0.422•••	0.469•••
	(0.025)	(0.051)	(0.048)	(0.052)	(0.049)
Constant	1.995•••	1.370•••	1.676•••	2.010•••	2.892•••
	(0.039)	(0.080)	(0.075)	(0.082)	(0.077)
Observations	4,120	1,030	1,030	1,030	1,030
Number of Topics	4				
R-squared	0.155	0.150	0.132	0.192	0.206
Adj. R-squared	0.151	0.135	0.117	0.178	0.193

• $p<0.05$; •• $p<0.01$; ••• $p<0.001$ – Standard errors are in parentheses. Models include year and quarter fixed-effects. Model 5 includes topic fixed-effects.

Table 10 - Comparing Predictive Models of People Future Complaints for *International* vs. *Domestic* Companies

Variable	Model 15: Only International companies	Model 16: Only International companies	Model 17: Only Domestic companies	Model 18: Only Domestic companies
Hypothesis 1				
Adjudications (d + [d-1])	0.100•••		0.068•••	
	(0.009)		(0.011)	
Hypothesis 2				
Ban – Misleading (d + [d-1])		0.100•••		0.074•••
		(0.011)		(0.015)
Ban – Harm/Offence (d + [d-1])		0.053•••		0.015
		(0.013)		(0.020)
Hypothesis 3				
Clear – Misleading (d + [d-1])		0.078••		0.044
		(0.026)		(0.040)
Clear – Harm/Offence (d + [d-1])		0.072•••		0.067••
		(0.020)		(0.026)
Specific/Other (d + [d-1])	0.059•••	0.060•••	0.066•••	0.067•••
	(0.010)	(0.010)	(0.010)	(0.010)
General (d + [d-1])	0.137•••	0.139•••	0.155•••	0.155•••
	(0.013)	(0.013)	(0.014)	(0.014)
Heinz Kiss ad Dummy	0.089	0.088	0.067	0.069
	(0.047)	(0.047)	(0.048)	(0.048)
Atheist ad Dummy	0.049	0.044	0.073	0.076•
	(0.037)	(0.037)	(0.038)	(0.038)
Monday	0.414•••	0.413•••	0.387•••	0.386•••
	(0.025)	(0.025)	(0.025)	(0.025)
Constant	2.006•••	2.007•••	2.012•••	2.012•••
	(0.039)	(0.039)	(0.039)	(0.039)
Observations	4,120	4,120	4,120	4,120
Number of Topics	4	4	4	4
R-squared	0.149	0.150	0.130	0.130
Adj. R-squared	0.146	0.146	0.126	0.126

• p<0.05; •• p<0.01; ••• p<0.001 – Standard errors are in parentheses. Models include year, quarter, and topic fixed-effects. This compares the effect of public versus private companies.

Table 11 - F-test for the Differences between the Coefficients among the Models (testing H2 and H3)

Variables	**Model 5 Main model**	**Model 7 Offline outlets**	**Model 9 Online outlets**	**Model 14 Negative Binomial**	**Model 16 International companies**	**Model 18 Domestic companies**
Ban-Misleading	0.089***	0.084***	0.088***	0.074***	0.100***	0.074***
Ban-Harmful/Offensive	0.031*	0.036	0.031*	0.031**	0.053***	0.015
H2: Ban – Misleading > Ban – Harmful/Offensive	**p<0.001**	**p<0.1**	**p<0.05**	**p<0.001**	**p<0.001**	**p<0.05**
Clear-Misleading	0.048*	0.033	0.046	0.041*	0.078**	0.044
Clear-Harmful/Offensive	0.059***	0.055	0.053**	0.051***	0.072***	0.067**
H3: Clear – Misleading < Clear – Harmful/Offensive	**p=0.706**	**p=0.697**	**p=0.830**	**p=0.664**	**p=0.854**	**p=0.634**

p-values for the differences in the coefficients are in bold

6 DISCUSSION

Previous research on the influence of social norms on individuals' behavior usually assumes normative convergence among the evaluations of different audiences. But while some norms are codified, others are open to multiple interpretations, thus leaving unexplored the question of whether such evaluations are truly independent or if (and how) they affect each other. Drawing from sociological and socio-cognitive research on norms, we argue that the type of norms a company's advertisement is presumed to infringe is a key determinant of how audiences' evaluations influence each other. We tested our hypotheses by looking at people's complaints about companies' advertisements to the UK Advertising Standard Authority (ASA), a self-regulatory organization that uses various sanctions to ensure advertising conforms to specific norms. We proposed and found that people are more likely to complain when ASA bans an advertisement that is presumed to infringe rule-based norms because the ban reinforces people's reasons for voicing their complaints. Similarly, people also will complain more when ASA clears an advertisement that was perceived to infringe norms more open to individual interpretation (such as those related to decency, for instance). Thus, the extent to which people react to ASA's decisions depends on both the type of decision made and the type of norms violated by companies' advertisements.

Our study has important ramifications for research on social norms and organizations. First, it brings center-stage an essential actor who has been overlooked in recent research, or whose actions have been lumped with other phenomena: people. People's reactions have been ignored or, at best, pooled with other identifiable organizations such as social movements, contestation, or entrepreneurship (e.g., King and Soule, 2007). Most studies examine how firms react to these movements and other challenges emanating from society (King, 2008; Lamin and Zaheer, 2012; Vergne, 2012). We reversed the focus of attention and studied people's reactions to a firm's specific

behavior—advertising—in relation to existing norms and a self-regulatory organization. The saliency of ASA's decisions increases how much people voice their concern.

In this respect, this study speaks to research on mass communication and agenda-setting theory (e.g., Cohen, 1963; McCombs and Shaw, 1972; Deephouse and Suchman, 2008). While many empirical studies have found people to be concerned with issues receiving extensive media coverage, there is still debate about whether this translates into actual behavior (Griffin, 2003; McCombs, 2005). Besides increasing awareness of the existence of a self-regulatory organization to which people can complain, media coverage also draws people's attention to whether or not companies' behavior is socially acceptable and desirable (Vergne, 2012; Zavyalova et al., 2012). This study estimates the effect of media reports directly on people's actual behavior (complaints) and not merely on their perceptions. It emphasizes the importance of distinguishing between rule-based and interpretable norms in studying people's reactions to firms' communications and behavior in general. People's behavior depends not only on the amount of media coverage, but also on the content—namely, the type of ASA decisions and the type of norm infringement.

Second, while previous studies have recognized that the presence of distinct audiences in a domain might affect the independence of their evaluations, for purposes of analytical clarity most of them focus on one audience at a time, and usually the most prominent in the chosen context—e.g., regulators in the banking industry (Deephouse, 1996), security analysts in the financial market (Zuckerman, 1999), the media in the VC market (Pollock and Rindova, 2003), the Michelin guide in French cuisine (Durand et al., 2007), and distributors in the movie industry (Cattani et al., 2008). As a result, prior research has left to future work the task of probing what constitutes acceptable and appropriate behavior in the presence of multiple audiences (Suchman, 1995; Hannan, Pólos, and Carroll, 2007). A key claim of this study is that the extent to which those evaluations are independent or affect each other depends on whether or not norms have been translated into

specific rules that can be used to decide what to do in concrete situations (Becker, 1963; Dubois, 2003). For instance, when norms cannot be translated into specific rules, people voice their concerns more when the third-party organization decides against prior complaints. Focusing on the type of social norms at stake has important implications for current neo-institutional research. By examining the conditions under which two audiences (here, people and a self-regulatory organization) influence each other, the present study sheds light on the determinants of acceptable and appropriate behaviors, so paving the way for a multidimensional view of legitimacy (e.g., Ruef and Scott, 1998; Johnson, Dowd, and Ridgeway, 2006) where the implications of considering different types of social norms are explicitly examined.

Third, recent studies adopting an audience-candidate interface framework suggest that audiences evaluate candidates by classifying them according to existing categories. Membership in a category comes with a set of (default) normative expectations about the features and behaviors that characterize a candidate (individual or organization) as a legitimate member of that category. As they gauge a candidate, audience members find it difficult to make sense of normative infringement. As a result, candidates whose attributes and behaviors defy existing classification invite ignorance, contestation, and penalties (e.g., Zuckerman 1999; Zuckerman et al., 2003; Hsu, 2006). Our study adds to research on the negative consequences of norm infringement by looking at the interdependence between the evaluations of different audiences and identifying the conditions under which these evaluations are more or less likely to reinforce each other. As the results of our analysis indicate, it is the type of norms that candidates are presumed to have infringed that complicates audiences' efforts to make sense of candidates' behavior, not whether this behavior fits neatly into an existing category or corresponds to a prototype.

An important strength of our study is that ASA has long been considered a legitimate actor in the UK advertising industry and one of the most successful examples of self-regulation

organizations in the world. Over the years, ASA gained legitimacy within the industry, vis-à-vis the public (people), and the state. An additional strength of our research design is that it is reasonable to assume that during the study period no significant normative change affected ASA's decisions or people's complaints. Previous research has shown how societal level changes (Rao et al., 2005) or generational shifts in audience membership (Cattani et al., 2008) produce changes in values and norms that are used to evaluate candidates' behavior. In the case of Motion Picture Association of America (MPAA), for example, the introduction of a new movie ratings system in the US in 1968 marked a significant departure from the old system (the so-called Hays Code). While the old system "deemed certain material taboo, the new one essentially assumed that adults could consume any content. Ratings would serve solely as guidance for parents who wished to shelter their children from exposure to certain scenes and subjects, including profanity, nudity, sexuality, violence, and drug use" (Waguespack and Sorenson, 2011: 544). Given the relatively short time period of our study, we can exclude broader societal or audience membership changes as possible sources of norm ambiguity—besides and beyond their level of interpretability. As a result, our paper offers a more reliable test of the impact that ASA's decisions have on people's future complaints, accounting for the type of norm being violated.

Despite overall support for the hypotheses, this study has important limitations, which in turn suggest directions for future work. First, people are likely to react differently to the same news. Unfortunately, we do not have fine-grained data on who complains and most of the complainers complain only once. Although our key informants emphasized how complainers may constitute a rather diverse group along several demographic characteristics such as gender, age, etc., we do not have data to determine whether a particular profile of complainers is more or less likely to submit a complaint to ASA. While we expect that individual level characteristics are likely to affect the likelihood of making a complaint, we cannot support this claim in our study. We share this limitation

with many media studies in mass communication literature. Second, we see ASA's decisions that are reported in the media, but not how the decisions were made. Studying the process through which ASA makes a specific decision would shed further light on the challenges encountered when harmful/offensive cases are adjudicated and the rationale for the decision to either ban or clear a specific advertisement. Third, we study a context in which a regulatory organization is well-established and enjoys both high visibility and legitimacy in the eyes of its main stakeholders. Different results might have been observed if the analysis had focused on those (early) periods in which ASA faced lower legitimacy and greater contestation. Fourth, we treat all media outlets the same way, even though they may differ in terms of how they report ASA's decisions, their policies, and the type of readership they target. Finally, questions about the extent our findings can be generalized only can be answered by examining other contexts. In particular, it would be interesting to replicate this study across different institutional contexts. Given that advertising self-regulation is now established in more than forty countries around the world, this context can open up opportunities for cross-national studies. The context of advertising is flexible enough to allow future researchers to explore all these possibilities. Experimental studies may help clarify some of the causal mechanisms that produce the effects we found in our field study. These represent fruitful areas for further investigation that we hope will contribute to a better understanding of the complex and fundamental relationships linking norms, social evaluations, and people's action in favor or against organizations.

CHAPTER 3: ESSAY 2

WHAT IS THE SHARE PRICE REACTION TO ORGANIZATIONAL SOCIAL MISCONDUCT?

While the consequences of committing illegal misconduct are undoubtedly negative, the outcomes of social misconduct, a behavior that contravenes the values and norms of society, are unclear. Combining literature on organizational misconduct and institutional theory, this paper develops a theoretical framework predicting that social misconduct harms companies' performance more when (a) the norm is less ambiguous, (b) when the infringement is more salient and (c) it is committed in the company's local environment. Results from this event study analysis show that social misconduct does not generate negative price response, not even when the norm is less ambiguous and the infringement receives high media attention. Thus, this paper adds a new piece in the puzzling picture that links non-conforming actions to performance. Contributions to organizational misconduct, institutional theory and strategy research are discussed.

1 INTRODUCTION

Companies are subject to external and internal pressures to make actions that conform to the norms of the environment where they operate. Actions need to conform to the country's laws and regulations as well as to the values and social norms of the environment where the firms operate (Suchman, 1995; Webb et al*.,* 2009). The threat of sanctioning deviant behaviors is usually the main reason to conform (Strachan, Snith, and Beedles, 1983). Literature on organizational misconduct has widely studied illegal behaviors and there is high consensus on the fact that they directly or indirectly harm companies' performance (Surroca, Tribó, and Waddock, 2010). Therefore, news about illegal actions are usually followed by a drop in the share price (Wier, 1983; Strachan, Snith, and Beedles, 1983; Reichert, Lockett, and Rao, 1996). Instead, social misconduct, a behavior that contravenes social norms, not necessarily laws, have received less attention in this literature (Greve et al., 2010; Warren, 2003).

On the other hand, institutional theory has focused on illegitimate actions, behaviors that contravenes the social norms of a given group. The traditional argument in institutional theory is that illegitimate behaviors trigger sanctions by actors in the environment, thus they should negatively impact companies' performance or performance-related outcomes (Meyer and Rowan 1977; DiMaggio and Powell 1983). However, other scholars found that this relationship is non-linear (Deephouse, 1999; Smith, 2011) or positive (Kraatz and Zajac 1996; Durand, Rao and Monin 2007; Elsbach and Sutton, 1992). Part of this puzzling literature (Heugens and Lander, 2009) is due to the difficulties to specify the relevant reference group (Warren, 2003) and measure the corresponding violation (Vergne, 20110). In fact, literature on legitimacy has mainly focused on a specific industry group, not necessarily a violation that affects the social norm or values of the overall society (Vergne, 2011). Therefore, the effects of social misconduct are, at best, understudied. This paper focuses on the financial consequences of social misconduct. While we expect that social misconduct

financially penalizes the companies involved, the variation in this penalization is much less clear. Therefore, we address the following research question: Why are companies financially penalized to a greater or lesser degree for their social misconduct?

Specifically, this paper develops a theoretical framework explaining how and why news of social misconduct, defined as actions that break the social norms or values of the collective society (Suchman, 1995; Rindova, Pollock, and Hayward, 2006), affect the share price of the companies involved. Unlike illegal misconduct, social misconduct is punished mainly through informal sanctions. Therefore, investors are likely to sell their shares if they think that the image of the company has been harmed (Mishina, Block, and Mannor 2012; Sullivan, Haunschild, and Page 2007). However, given that social norms are ambiguous (Becker, 1963; Dubois, 2003) and sanctioning is uncertain (Ingram and Silverman, 2002), this effect is highly contextual (Fauchart and Hippel, 2008). We hypothesize that the main effect is negative, but it would manifest itself more when (a) the norm is less ambiguous (Becker, 1963; Dubois, 2003), (b) the infringement is more salient (Pollock and Rindova, 2003; King, 2008; Pollock et al. 2008) and (c) it is committed in the company's local environment (Hechter and Opp, 2005; Uzzi and Gillespie, 2002).

This study contributes to three different streams of research. First, it contributes to organizational social misconduct. This literature looks both at behaviors that break laws and social norms, without a clear distinction between the two (Greve et al., 2010). We suggest the importance of distinguishing between illegal misconduct and social misconduct, as these two behaviors follow different mechanisms and have different consequences for companies. Second, it makes contributions to institutional theory, in particular to the literature that studies the consequences of making deviant behaviors. Prior studies have focused on actions that break the norms of a specific sector (Meyer and Scott, 1983; Kraatz and Zajac, 1996) or competitors' group (Miller and Chen, 1996; Deephouse, 1999; Smith, 2011) not necessarily of society. This paper is one of the first studies

that looks at the effect of illegitimate actions across industries and norms' violations. Also, the two main mechanisms studied in this paper (the ambiguity in the assessment of social norms and the uncertainty in their sanctioning) can shed light on some of the contrasting results in previous literature on deviant behaviors. Third, it contributes to strategy research and to the emerging literature that brings institutional theory into strategy research (Ingram and Silverman, 2002; Peng et al., 2009; Ahuja and Yayavarama, 2011). In particular, this literature has been criticized (Durand, 2012) to be too unbalanced towards the economic approach of institutional theory (North, 1990) overlooking the sociological one (Suchman, 1995; Scott, 2008). By looking at the effect of social misconduct to a key strategic outcome (CAR) this study clarifies the mechanisms on how social norms can directly impact companies' performance

2 THEORY AND HYPOTHESES

2.1 Norms, deviant behaviors and financial performance

Norms are cultural phenomena that prescribe and proscribe behavior in specific circumstances (Meyer and Rowan, 1977; Scott. 2008; North, 1990). The cost of making deviant behaviors is usually the main reason for companies to comply. Literature on organizational misconduct has a long tradition in economics and sociology. Greve et al. (2010) provide an in-depth literature review as well as one formal definition of organizational misconduct:

> We define organizational misconduct as behavior in or by an organization that a social-control agent judges to transgress a line separating right from wrong; where such a line can separate legal, ethical, and socially responsible behavior from their antitheses.

To them, organizational misconduct is a behavior that needs to be labeled as deviant by a social-control agent, an actor "that represents a collectivity and that can impose sanctions on that collectivity's behalf" (p. 56). Examples of social-control agents are "world polity (i.e., international governing bodies), the state (i.e., national and local governmental bodies), and professional associations (e.g., the American Medical Association, the American Bar Associations)". One of the shortcomings of this definition is that it puts together legal, ethical and socially responsible behavior. Instead, distinguishing between laws and social norms can be very important for companies (Hechter and Opp, 2005).

Laws and social norms are indeed different. Laws are the formal 'rules of the game' from which companies cannot easily escape if they want to operate in a given country (Webb et al., 2009). For laws, it is clear which the social-control agent that monitors, judges and sanctions companies' behaviors is. Laws are explicitly specified in written texts – such as civil and penal codes. Behaviors are unambiguous because a designed body categorizes them either as legal or illegal. Enforcement of sanctions is assured by third parties, like the state, courts and police (Hechter and Opp, 2005; Ingram and Silverman, 2002). Sanctions for each deviant behavior are clearly defined ex-ante and include fines and imprisonment (Reichert, Lockett, and Rao, 1996). However, given the social gravity of illegal behaviors, they may be also sanctioned informally, i.e. by other social parties that interact with the company. Illegal behaviors may raise the cost of capital (Komisarijevsky, 1983), decrease the quality of network partners (Sullivan et al.. 2007), induce clients to leave (Jensen 2006), negatively affect the tone of the media (Zavyalova et al., 2012) and damage companies' reputation (Scherer and Palazzo, 2011). As a result, researches have long since found that news about illegal behaviors usually result in a drop in share price (Wier, 1983; Strachan, Snith, and Beedles, 1983; Reichert, Lockett, and Rao, 1996).

To the contrary, social norms are spontaneous rather than deliberately planned (Hechter and Opp, 2005). They are entrenched in the reference group (Warren, 2003), as part of its heritage and behaviors (Hackman, 1976). They are mostly oral or shared in the form of tacit knowledge (Feldman, 1984). Social norms differ from laws in two major ways. First, social norms are ambiguous to a certain degree. Sociological (Becker, 1963) and socio-cognitive (Dubois, 2003) literature on social norms usually regards norms as stemming from values. Values are "vague and generalized statements of preference" (Becker, 1963: p. 65), while norms aim to be "precise; one knows quite accurately what he can and cannot do and what will happen if he does the wrong thing" (Becker, 1963: p.65). However, "even if they are far less ambiguous than values, [norms] too may cause us difficulty in deciding on courses of action" (Becker, 1963: p.66). In fact, the boundary between appropriate and inappropriate behaviors can be blurred (Dubois 2003). Second, they work as "decentralized institutions" that rely on "diffuse individuals (often those directly affected) to punish" their violations (Ingram and Silverman, 2002: 10). Sanctions (or rewards) are uncertain; they depend on the judgments of individual actors and rely on their ability and willingness to enforce it (Scott, 2008). Literature on legitimacy has long studied the performance consequences of behaviors that break the social norms of a specific group, known as "illegitimate behaviors". However, given the ambiguity in the interpretation of the norms and the uncertainty in their sanctioning make the outcome of illegitimate actions much less clear.

The traditional argument in institutional research is that illegitimate behaviors should harm companies through social sanctions given by actors in the reference group (Meyer and Rowan, 1977; Scott, 1987; Fauchart and Hippel, 2008). As a result, companies that make illegitimate actions have less survival chances and lower performance (Meyer and Rowan, 1977; Scott, 1987). These predictions hold especially in high-institutionalized and non-profit sectors, like education and health (Meyer and Scott, 1983). However, subsequent studies have found contrasting results. Among the

first papers to challenge this hypothesis were the studies of Elsbach and Sutton 1992 and Kraatz and Zajac (1996). Elsbach and Sutton (1992) proposed that, given that social norms are open to different interpretability, organizations can use impression management techniques to manipulate controversial events and increase their visibility and public acceptability. Kraatz and Zajac (1996) studied a highly institutionalized sector, the art liberal schools. They found that the decisions of schools to add business courses (a highly illegitimate behavior according to their peers) increased the survival chances of the schools and the number of students enrolled. This is because what other members of the education field considered illegitimate was actually beneficial for the customers (students and parents) of the schools. Since then, many other studies have found opposing results between different types of deviant behaviors and performance - or performance related - outcomes. Deephouse (1999) found that it is beneficial to depart from the competitive norms up to a certain point, a theory he called 'strategic balance'. Similarly, Smith (2011) found that non-conformity simply raises the risk that companies face. Fund investors that depart from the norms of their sectors are excessively rewarded if their strategy paid out, but excessively penalized if it did not. Instead, Durand et al., (2007) found that, contrary to their expectations, code-violations increase, instead of decreasing, external valuations. French chefs borrowing elements from a competing code category (classical vs. nouvelle cuisine) on average foster external evaluations. In fact, code-violating actions 'may be a way to attest the mastery in both codes, and a way to hedge identification and categorization risks associated with code-violating changes' (Durand et al., 2007:468).

The main problem in institutional literature is the identification of the reference group (Warren, 2003). In fact, Suchman's (1995) definition of legitimacy broadly refers to actions that are "desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." (p. 573). Therefore, the definition of Suchman (1995) can be applied to any reference group. Literature has usually focused on a specific industry (Meyer and Scott, 1983;

Durand et al., 2007) or a strategic group (Deephouse, 1999; Miller and Chen, 1996), whose violations do not necessarily involve breaking the values or norms of the collective society. This paper focuses on social misconduct that we define based on the literature on organizational misconduct and legitimacy I define social misconduct as the following:

> Organizational social misconduct is an evaluation made by a social-control agent that an organization's behavior contravenes the system of values and norms of society.

However, we consider social-control agent more broadly than in Greve et al. (2010), which refer only to actors that can infringe direct penalties to the organizations. Instead, as literature on legitimacy shows, infringements of social norms are informally penalized by individual actors. In case of social misconduct, the role of social-control agent is still instrumental in labeling a behavior as deviant, however not in the enforcement of the sanction. The main cost of a social misconduct is not in the direct sanction that the social-control agent provides, but in the informal sanctions that such evaluation may or may not induce.

This paper looks at the impact of social misconduct on the share price of the company's involvement. We argue that the financial impact of social misconduct depends on (1) the degree of ambiguity of the norms and (2) on the likelihood that social actors (consumers, business partners…) will punish the companies, thus impacting their future top-line.

2.2 Social misconduct and CAR

An event influences the share price of companies if investors expect that it will affect their future performance (Wier, 1983; Strachan, Snith, and Beedles, 1983; Reichert, Lockett, and Rao, 1996). Social misconduct, as defined here, is a behavior that contravenes the values and norms of society

where the company operates. When such a behavior is made, investors would anticipate that the firm would incur into two types of costs. First, there are direct costs. These costs do not take the form of explicit fines inflicted by a central authority (Ingram and Silverman, 2002), but they can be still significant. Firms will have difficulties in recovering the sunk costs associated with the corresponding action. An action that is labeled as socially deviant needs to be revoked or, anyway, it would generate less revenues than expected; this would impact the future top line of the company. Moreover, there is time, attention (Ocasio, 1997) and money spent by managers in the company to manage the event with internal stakeholders (top management team, employees…) and external stakeholders, such as media (Westphal et al., 2012) or government (Bonardi et al., 2005). These costs vary with the type of actions, but they can be also considerable. For example, the decision of FIAT, the Italian automobile manufacturer, to move a factory from Italy to Romania for cost saving, created a point of order with the Italian government that drained the attention of its CEO and top management team for many weeks.

Second, there are indirect costs. Social misconduct harms the image of the company and is sanctioned by social actors (Ingram and Silverman, 2002). Some consumers would decide to avoid buying products or services of the companies or to buy fewer quantities; indeed, consumers are more likely to buy from socially responsible companies (Sen and Bhattacharya, 2001). Also, even one behavior can create a snowball effect by giving origins to boycott (King, 2008; Robertson and Crittenden, 2003). In our setting the decision of Heinz to withdraw an advertising campaign that showed a homosexual kiss triggered the reaction of gay associations who called for a boycott of Heinz's products. Moreover, it affects the loyalty with the company; some consumers will feel betrayed by such behaviors and this will harm the emotional connection between them and the company (Kotter, 2008). Similar arguments hold with other stakeholders of the company. When the image of the companies has declined, employees can become demotivated, business partners can

decide to limit the transaction with the company (Sullivan et al. 2007) and regulations can become stronger. Also in this case, companies would need to invest significant resources in terms of time, attention (Ocasio, 1997) and money to recover from this image loss and regain the relationship with their consumers and other stakeholders. In summary, a social misconduct turns into direct and indirect costs that affect companies' bottom- or top-line. Investors should anticipate it, thus we hypothesize:

Hypothesis 1: Social misconduct is negatively associated with the CAR of the company involved

2.3 Ambiguity in assessing the norms

Previous literature has had difficulties in assessing the marginal effect of each type of cost – direct costs vs. indirect costs – because they are usually cofounded within illegal events (Tipton, Bharadwaj, and Robertson, 2009). However, even in cases of illegal actions, scholars have found that not all the actions produce a statistical significant impact on the share price (Davidson et al., 1994; Tipton, Bharadwaj, and Robertson, 2009)[5]. This is even more compelling in the case of social norms. Social norms are ambiguous to a certain extent (Dubois, 20030), therefore there is variation within the population of a given country of what is considered legitimate or not (Webb et al., 2009). However, some norms are more clearly defined than others (Becker, 1963). When norms have clear evaluation criteria, a larger part of the population would converge on the fact that the company had violated the norm. In this case, the two mechanisms identified before become stronger. First, companies would have a harder time to recover the sunk cost of the action and spend more time and money in trying to contain the negative event. Second, the negative impact on its image will be

[5] Davidson *et al.* 1994 found that not all the infringements were negatively correlated to the CAR, while investors penalized bribery, trade secrets, financial reporting violations, other behaviors, including violations with governmental contracts criminal fraud, securities law violations and overcharging customers, were immune.

stronger. More people will agree that a violation was made; thus increasing the likelihood of sanctioning.

The opposite occurs if norms are evaluated based on cultural and social judgment, e.g. in the case of "obscenity" (Becker, 1963:p.63). In this case, the response will be more heterogeneous: what some audience consider inappropriate, can be totally acceptable by others (Webb et al., 2009). If no violation is perceived, no sanction will occur (a situation that Becker defines "secret deviants"). In extreme cases companies can even purposely make social misconduct to attract public attention to their activities (like Elsbach and Sutton, 1992). Taken together, these considerations suggest that the ambiguity of the norm is likely to affect investors' reactions. When norms are less ambiguous, investors would expect the company to incur in higher costs than when norms leave more latitude to interpretation by different groups of the population. Therefore:

Hypothesis 2: Social misconduct that involves less ambiguous norms are more negatively associated with the CAR than social misconduct that involves more ambiguous norms

2.4 Uncertainty of social sanctions

Besides ambiguity in their assessment, the second trait that characterizes social norms is the uncertainty in the degree that individual actors would punish the company (Ingram and Silverman, 2002). Social misconduct lacks a quantifiable metric to measure the gravity of an action[6]. In this situation, investors are likely to use contextual variables as a proxy to form their predictions (Schijven and Hitt, 2012). we analyze two such variables: saliency and localness.

[6] For illegal actions this is less problematic as one observer could use the amount of the fine as a proxy of the gravity of the actions.

2.4.1 Saliency

Already Becker (1963) recognizes that perceptions matter more than real behaviors; a behavior is considered in breach of a norm if it is publicly labeled as a violation, even if it is not committed (a situation he calls "falsely accused"). To the contrary, if a behavior does break the norm, but it is not perceived as such, it does not suffer any consequences (a situation he calls "secret deviant"). Therefore, the saliency of a social misconduct informs about the social consequences that such behavior will have. The concept of saliency has been widely studied by mass communication literature (McCombs and Shaw, 1972). Mass communication literature has extensively analyzed the influence of the media under what is known as agenda setting theory (McCombs and Shaw, 1972). According to this theory, the media is able to align its agenda to the one of the public: the more a piece of news is reported in the media, the more it is salient in the eye of the people. For example, Lowry et al. (2003) found that the public perception of crime reflects more the Network TV Crime reporting than the FBI Crime statistics (similarly findings were already in Davis, 1952). Therefore, salient topics are both the ones that attract more media and public attention.

The greater the saliency of an event of social misconduct, the greater the harm to the image of the companies; the more people know about it, the more severe it becomes (Lowry et al., 2003). As a result, companies are more likely to react to these events. Deephouse and Heugens (2009) show that firms are more likely to adopt social issues, which have been adopted by news media or other similar mediated organization. Similarly, King (2008) found that corporate targets are more likely to concede to boycotts that generate high levels of media attention. Therefore, if an infringement is more salient, companies will be more likely to put in place resources to contain the negative event and, if they do not succeed, the effect on the company's image will be stronger. As a result, investors can use the saliency that receives the organizational social misconduct to predict the costs that the

company will incur; the greater the saliency of the event the greater the cost for the company. Thus the drop of the share price will be greater. This leads to the next hypothesis:

Hypothesis 3a: The greater the saliency of the event, the greater social misconduct is negatively associated with the CAR

2.4.2 Localness

Social norms are embedded in a country's culture, tradition and history (Hechter and Opp, 2005; Scott, 2008); thus, where the misconduct happen is likely to influence the reaction of the investors. We distinguish between local companies, the ones that are located in the same environment where the social norms are violated, and foreign companies, the ones that are located in a different environment. For environment is defined as having a unique system of values and norms. Given that systems of values are nested in one another, localness is a relative concept. For the butcher in the corner, its local environment is probably the neighbor, while for a listed company it can be the country where it is listed.

What is considered socially acceptable in one environment can be considered inacceptable in another (Scott, 2008). This knowledge is often tacit (Feldman, 1984; Hackman, 1976), thus local companies are in a better position to decode the norms of an environment and to evaluate if a behavior is considered acceptable or not. Given that local companies have the advantage to have a greater understanding of what is considered an appropriate or inappropriate behavior, if they commit an infringement in their environment, they will be seen as more responsible and their image would be harmed more.

Moreover, local companies are more socially embedded in the environment where the violation happens than foreign companies. Therefore, if local companies make misconduct, it

increases the number of actors that could punish the companies; socially embedded companies have more ties with local organizations on which they depend for their economic performance and survival (Uzzi and Gillespie, 2002). Local organizations are in a better position to sanction deviant behaviors (Fauchart and Hippel, 2008) because they may be afraid of negative spill-over if they do not (Barnett and King, 2008; Zavyalova et al. 2012; Jensen, 2006). As a result, investors would expect that local companies would incur in greater costs for similar misconduct compared to foreign companies. Therefore, investors will react more if misconduct is made by a local company compared to a foreign one:

Hypothesis 3b: Social misconduct that is committed by a local is more negatively associated with the CAR than the one that is committed by a foreign company

3 METHODS

The main focus of the paper is on *organizational social misconduct* defined as an action that a social-control agent evaluates as contravening to the system of values and norms of the society. Previous studies have mainly looked at actions that departed the norms of a specific industry - such as hospital, liberal arts college (Meyer and Scott, 1983), French cuisine (Durand et al, 2007), banks (Deephouse, 1999) or airlines (Miller and Chen,1996) - which are not necessarily in breach of the norms of society. When considering actions that break the norms of the collectivity, previous studies have focused on a single event, e.g. corporate downsizing in Japan (Ahmadijian and Robison, 2003). However, this research design is unsuitable in this case given the wider scope of this analysis - across industries and type of norms. This paper relies on a unique context - the UK advertising self-regulation system - that provide the possibility of measuring social misconduct while allowing for

variation in the norm's violation, the saliency of the events and the location of the company that makes the action.

3.1 Setting

Advertising reports and influences the norms and values of a society. By looking at advertising in the 1970s we could project the society in that period, while in 40 years from now, our advertising will inform about ours. Therefore, advertising is an ideal setting to study social norms. In an attempt to avoid free riding by some companies, in many countries advertisers fund[7] a third-organization - self-regulatory organization to ensure that any form of advertising or marketing communication is 'legal, honest, truthful and decent' (Advertising and Marketing Communication Practice 2011 Code, p. 6) because if an advertising is misleading, people won't buy the second time and if it is offensive or harmful, people won't buy the first time. The UK has one of the longest traditions in the advertising self-regulation. Its self-regulatory organization is called the Advertising Standards Authority (hereafter ASA), which was founded in 1961. After 50 years, ASA is today a recognized entity in the advertising regulation in the UK to the extent that the UK governmental Office of Communication contracted out its responsibility to control broadcast advertising to ASA in 2004. Therefore, since 2004 ASA is the "one-shop stop" for complaints about broadcast and non-broadcast advertising in the UK.

ASA operates in the following way. Any person in the UK can submit a complaint to ASA, either in the role of citizen or on behalf of a company (companies' complaints account only 10% of the total). British people take advantage of the possibility of complaining and voicing their concerns; ASA receives around 25,000 complaints a year, 50% of the total complaints about advertising made

[7] Usually the advertisers do not give money to the self-regulatory organization directly, but they do so through an intermediate company in order to assure the independency of the regulatory body.

in Europe. The complaints are then passed on to a Complaints Executive, who assigns it to the type of violation (Misleading, Harmful/Offensive), a topic (e.g., Children, Environment, etc.), and a complexity category. Companies can respond to ASA by providing studies, evidence and any other information they believe can support the claims of their advertisement. The documentation is then passed to the ASA Council that can either upheld (the advertisement is banned) or not upheld (the advertisement is cleared) the complaints. The ASA Council consists of 12 members (besides the Chairman): four from the industry and eight independent. The four members of the industry are chosen based on their expertise in the field of advertising and sit at the Council as individuals and not as spokesmen from the industry. Once the ASA Council has issued its decisions, adjudications are then published within the following 14 days on the ASA website. Adjudications are published every (and only on) Wednesday and receive a significant coverage in all media types: national, local, trade, consumers, offline and online. Media visibility of ASA's adjudications is one of the main sanctions for advertisers who do not conform to the code.

Each case is assessed based on its likelihood to mislead, offend or harm the average UK consumer:

> The likely effect of a marketing communication is generally considered from the point of view of the *average consumer* whom it reaches or to whom it is addressed. (CAP Code 2010: 113, italic added)

Thus, we consider the decisions of the ASA Council as a direct (less problematic) proxy for the society collective beliefs that a companies' advertising is 'proper, or appropriate within' the UK system of social norms. Thus, ASA's decisions to ban an advertisement are treated as *social misconduct*.

The ban of an advertisement can be costly for the companies: companies lose the production cost of developing the advertising (sunk costs) and they become sensitive to adverse publicity.

This setting enables us to measure the marginal effect of the other theoretical variables in this study, which are the main focus of this paper. First, ASA's code involves two types of norms' violations, one less ambiguous (misleading) and the other more ambiguous (harmful/offensive), thus allowing for testing Hypothesis 2. Second, adjudications receive different media attention, thus allowing the measuring of the impact of saliency (Hypothesis 3a). Third, adjudications involve companies that have operations in different locations (Hypothesis 3b).

3.2 Data

The study period starts in August 2006 (first data available from ASA) and it terminates on 31st August 2010 because in September 2010 a new edition of the British Code of Advertising Practice (12th Edition) was released. Since articles have only been available online since October 2007, Hypothesis 3a will be tested as from then (observations for the first year are lost). ASA publishes the adjudications weekly every Wednesday on its website. In the study period, there are a total of 151 weeks and 2,153 adjudications. We only focus on adjudications to ban advertising. The number of companies affected by adjudications was 1,643, of which 382 (23%) were listed. These companies are responsible for 469 events. We focus only on events with companies listed in the UK (London Stock Exchange), the other main European markets (Italy, France, Frankfurt, Madrid, Switzerland, Ireland) and to US (both New York Exchange and Nasdaq). Missing data and co-founding events reduced the sample to 317 events and 114 companies Given that articles were available only form October 2007, for Hypothesis 3a the number of observations goes down to 251.

Articles about ASA adjudications were collected through LexisNexis and Factiva databases for printed and broadcast news; while Meltwater – ASA's media agency – provided online news.

Previous studies using media articles have mainly focused on the use of printed newspapers given their prominence in society (Deephouse, 1999; Pollock and Rindova, 2003; Rindova et al., 2011). However, in the last years, online media outlets have increasingly become a critical source of information for people. Given, that online and offline media do not always overlap, we inserted both to make the media coverage as comprehensive as possible. Specifically, we included printed and online newspapers, broadcast news, consumers and trade magazines, national and regional outlets. As a result, we cover almost the total universe of the articles that mention ASA in the UK during the study period. Several steps to ensure the reliability of this data collection were taken. First, we contacted Meltwater – the media reporting agency of ASA. Meltwater monitors 140,000 websites, most of them in the UK and in English speaking countries and was able to trace media articles back to October 2007. These articles were then cleaned by eliminating double counting of the same news on the same website (sometimes the same webpage has two URLs). Meltwater provided me with the algorithm used to search media articles about ASA.

The second step was to adopt the same Meltwater algorithm to extract data from Factiva and LexisNexis. Factiva and LexisNexis are leading companies in media analysis and often used in academic research (e.g., Pollock and Rindova, 2003). Unlike other studies, we cross-checked the results between the two databases to increase the reliability of the results. The two databases cover the same major UK media outlets, even though they can differ for regional or minor outlets, which are still very important in our study. The two databases overlap for most of the articles – but 20% of the articles were in LexisNexis and not in Factiva. This analysis results in 19,176 articles (25% offline and 75% online). Not all these articles are about adjudications of ASA, but they cover any of the activities of ASA. We skimmed through the articles and retained those that refereed to an adjudication in the title or in the first three paragraphs. These articles were easy to identify because most of them referred to the adjudication already in the title. Then, with the help of a research

assistant we assigned each article to the corresponding ASA's adjudication. Usually each article only reported a single adjudication. When multiple adjudications were reported, the principal one was chosen (the one mentioned in the title or in the first 3 paragraphs). The 251 events were covered by 3,340 articles; mostly published between Wednesday (72%), when the adjudication is made public, and Thursday (12%). Financial data (share price, total assets, ebitda) were retrieved by Datastream.

3.3 Dependent Variable

The dependent variable is the Cumulative Abnormal Returns (CAR) on day 2. CAR is a measure on how much a share's value deviates from its expected value in a given temporal window. It is a standard way, both in finance and organizational literature (Barnet and King, 2008), to measure the impact that individual events have on the evaluations of the investors. A statistical positive CAR indicates that investors attach a positive estimation of the event to the future performance of the company. A negative CAR indicates that the event has damaged the economic evaluation of the company. One of the challenges of this methodology is to determine the right temporal window to measure the impact of the event. The trade-off is between the ability to link the CAR to the event of interest (short windows) and the time needed for the market to elaborate and reflect the information contained in the event (long windows). This decision is mostly context-specific (Barnett and King, 2008). In this setting, ASA publishes the adjudications every Wednesday. In order to account for information leakage, event studies usually begin the event window prior to the actual event. ASA provides online access to the adjudications to a selected number of journalists since Monday with embargo (journalists are forbidden to publish the news) until Wednesday. During the focal period 3% of articles were published on Monday or Tuesday, 72% on Wednesday, 12% on Thursday and the rest afterwards. Therefore, we chose to set my temporal window from Monday (-2) to Thursday

(+1). The CAR is calculated using the standard procedure as in Barnett and King 2008. Appendix B reports it.

3.4 Independent Variables

Hypothesis 1 holds that social misconduct is negatively associated with the CAR. To test for this hypothesis, we consider the effect that the adjudications of ASA to ban a company's advertising has on the CAR of the companies involved. Following CAR methodology, this hypothesis is supported if the constant term is negative and statistically significant (Barnett and King, 2008). Hypothesis 2 focuses the ambiguity of the norm's violation. ASA identifies two categories of norm violation: misleading vs. harmful/offensive. Misleading cases are linked to the norms of honesty and truthfulness; they involve misrepresentation of facts. Instead, harmful and offensive cases are linked to taste and decency; they are assessed based on the following principle:

> 'Marketers should take account of the prevailing standards in society and the context in which a marketing communication is likely to appear to minimize the risk of causing harm or serious or widespread offence' (The UK Code of Non broadcast Advertising, Sales Promotion and Direct Marketing, p. 24).

While a misleading claim is based on hard evidence and it is likely to be considered misleading in any country, a harmful/offensive advertising is more linked to the cultural and social environment where it is broadcasted, therefore it is more difficult to judge. In the ASA's code, the description of misleading cases is 7 pages long, while the description of what is considered harmful/offensive is only 2 pages; this shows the difficulties of specifying ex-ante what is considered harmful/offensive versus what is considered misleading. Therefore, we consider misleading advertising as cases for

which the norm is more clearly defined and less ambiguous than for harmful/offensive. ASA provided us with the category assigned - misleading vs. harmful/offensive - for each adjudication. More than 90% of adjudications are attributed to only one of these two categories, confirming that consumers consider them quite differently. The variable *Norms Less Ambiguous* is a dummy variable that takes the value of 1 for misleading cases and 0 for harmful/offensive cases. Appendix A reports one representative example for each of them.

Hypothesis 3a focuses on the saliency of the topic. Given the importance of the media as key stakeholders (Deephouse and Heugens, 2009, McCombs and Shaw, 1972) the variable *Saliency* is a count variable equal to the number of media articles that each adjudication received on the day when the adjudication is published (Wednesday) and the day after (Thursday). Among these two days ASA's adjudications received 2,813 articles. Each of them was uniquely attributed to the respective adjudication. Finally, Hypothesis 3b deals with the location of the company. *Local - UK* is a dummy variable that takes the value of 1 if the company is listed in the London Stock Exchange and 0 otherwise.

3.5 Control Variables

Following literature using CAR methodology, we controlled for the assets and the performance of the company (Barnett and King, 2008; Wassmer and Dussauge, 2011). *Total Assets* is the log of the total assets that the company reports in a given year and *Performance* is the log of the ebitda of the company.

Also, we control for other context specific variables. *Television* is a dummy variable that takes the value of 1 if the advertising banned was broadcasted on TV. In fact, TV advertising is more costly to develop, so they involve higher sunk costs in case of banning. *Total complaints* is a count variable that indicated the number of complaints that the advertising had received. A higher number

of complaints may signal to the investors that a higher reaction from the public would occur. Both *Television* and *Total Complaints* are expected to have a negative impact on the CAR.

Finally, the effects on adjudications can vary among industries. In some industries it can be more acceptable to make advertisements that are at the edge of the code (e.g. offensive advertisements in fashion industry); in other industries, competition is so fierce that companies constantly play tit-for-tat strategies (e.g. pricing advertising for supermarket chains). Therefore, we used a fixed effect specification to control for industry effect.

3.6 Model specification and estimation

In order to test the hypotheses, we use a linear regression model with fixed effect by industry:

$CAR_{ij} = a + B\ \mathbf{X}_{ij} + u_l + e_{ij}$

where CAR_{ij} is the cumulative abnormal return for firm i five days following event j, **X**ij is a vector of independent variables for firm i at the time of event j (*Articles* and *Number of Complaints*) and u_i is the industry unobservable.

4 RESULTS

Table 12 presents the descriptive statistics and the correlation values. Correlations are generally low. we checked for multicollinearity in the models by evaluating the variance inflation factors (VIFs). VIFs were below the recommended threshold of 10 (values below 2). Table 13 reports the effect of the Abnormal Return (AR) in each of the day before the events. The AR is negative both on Monday and Thursday, but none of the ARs are significant in a given period. Table 14 uses the CAR -2/+1 as the Dependent Variable; it tests for all the hypotheses.

Table 12 – Descriptive statistics and correlations among variables

Variable	Obs	Mean	Std. Dev.	Min	Max	1	2	3	4
1. AR -2	317	-0.002	0.03	-0.34	0.25	1			
2. CAR -2/+1	317	-0.002	0.05	-0.45	0.25	0.54	1		
3. Saliency	251	11.21	26.70	0	304	0.05	0.00	1	
4. Norms Less Ambiguous	317	0.87	0.34	0	1	-0.01	0.03	0.00	1
5. Local - UK	317	0.41	0.49	0	1	-0.13	-0.06	-0.11	0.21
6. Other European Markets	317	0.24	0.43	0	1	0.03	-0.01	0.00	0.07
7. Total Assets	317	16.65	1.92	10.58	22.11	0.07	0.08	0.15	-0.02
8. Performance	317	13.36	5.90	-14.97	18.26	0.07	0.03	0.06	0.04
9. Complaints Received	317	5.29	29.83	1	519	-0.01	-0.02	0.11	-0.17
10. Television	317	0.34	0.47	0	1	-0.03	0.05	0.12	-0.17
Variable	**5**	**6**	**7**	**8**	**9**	**10**			
6. Other European Markets	-0.47	1							
7. Total Assets	-0.33	0.24							
8. Performance	-0.13	0.08	0.44	1					
9. Complaints Received	-0.05	-0.03	0.06	0.04	1				
10. Television	-0.01	-0.09	0.07	0.00	0.14	1			

Table 13 – Abnormal return by day (0 is the day of the event)

Week day	Wednesday	Thursday	Friday	Monday	Tuesday	Wednesday	Thursday	Friday
Day from the event	-5	-4	-3	-2	-1	0	1	2
Constant	0.001	-0.000	-0.002	-0.002	0.000	-0.001	0.001	-0.001
	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)
Observations	317	317	317	317	317	317	317	317

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.10

In CAR models the constant term (a_i) is crucial to verify the hypothesis of the direct effect. It represents the average variation in the share market price of the events. Therefore, for the direct effect, the null hypothesis is rejected (or fails to be rejected) based on the statistical significance of the constant term. Hypothesis 1 states that social misconduct has a negative statistical effect on the

share price reactions. Model 1 in Table 14 shows the results of the first hypothesis. The constant term is negative, but not significant. Therefore, it is not possible to reject the null hypothesis that the effect is different from zero. Among the control variables only *Total Assets* is significant, though only at 10% level.

Model 2 reports the results for the second hypothesis, namely that the clarity of the norm negatively affects the association between social misconduct and CAR. This hypothesis is supported if the dummy *Norms Less Ambiguous* has a negative coefficient. However, the coefficient is not significant (and even positive). Investors do not penalize more social misconduct that involves less ambiguous norms. Hypothesis 2 is not supported.

Model 3 provides a test for Hypothesis 3a, namely that the saliency of the events (measured as the number of total articles that an adjudication receives) has a negative impact on the share price. The coefficient of *Saliency* is negative, but non significant. Therefore, Hypothesis 3a is not supported.

Model 4 tests for Hypothesis 3b. The coefficient of *Local - UK* is negative, but not significant. This means that companies listed in the *UK* are not more likely statistically to be penalized by investors than companies that are listed somewhere else (both in other countries in Europe or elsewhere in the world). In Model 5, we insert another dummy for companies that are listed in other European countries (*Other European markets*). In this case, the coefficient of the variable *Local - UK* becomes significant at 10% level. This means that companies that have an adjudication by ASA experience a loss of 0.014% if they are listed in the UK rather in the US. Therefore, Hypothesis 3b is supported, but only at 10% statistical level. Model 6 presents all the variables together; the coefficient of the variable *Local - UK* is still negative and significant at 10% level.

As a result, only Hypotheses 3b finds a small statistical support at 10% significant levels. The other hypotheses are not supported.

Table 14 – Linear regression model with sector fixed effect using CAR -2/+1 as dependent variable

Dependent Variable: CAR $_{-2 / +1}$	**Model 1**	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**
Norms Less Ambiguous		0.004				0.008
		(0.010)				(0.013)
Saliency			-0.000			-0.000
			(0.000)			(0.000)
Local – UK				-0.012	-0.014 †	-0.019 †
				(0.007)	(0.008)	(0.010)
Other European Markets					-0.005	-0.008
					(0.009)	(0.011)
Total Assets	0.003 †	0.003 †	0.003	0.002	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Performance	-0.000	-0.000	-0.000	-0.000	-0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Complaints Received	-0.000	-0.000	-0.001	-0.000	-0.000	-0.001
	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.001)
Television	0.003	0.003	0.008	0.004	0.004	0.009
	(0.007)	(0.007)	(0.009)	(0.007)	(0.007)	(0.009)
Constant	-0.064	-0.068	-0.066	-0.045	-0.042	-0.045
	(0.062)	(0.063)	(0.071)	(0.063)	(0.063)	(0.074)
Sector Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	317	317	251	317	317	251
R-squared	0.066	0.066	0.076	0.074	0.075	0.091

Standard errors in parentheses ** p<0.01, * p<0.05, † p<0.10 In Model 3 and Model 5the number of observations drop to 251 because data on articles were not available for the first year.

4.1 Robustness Checks

We performed various robustness checks. we split the sample between (1) companies in the UK vs. others, (2) Misleading vs. Harmful/Offensive decisions. Also, we focused only on the sub-group of

the companies in the UK. Finally, we test with different temporal windows (CAR 0, CAR 0/1, CAR -2). Results have the same structure.

5 DISCUSSION AND CONCLUSION

Understanding the performance impact of companies' actions is a key concern for managers and strategy scholars. In the last years, the demand of the normative environment has become a key factor for companies (Scott, 2008; Peng et al., 2009). However, despite this growing importance, previous literature has shown inconsistent results. The purpose of this study was to clarify the mechanisms through which social misconduct is linked to performance. Building from organizational misconduct literature (Greve et al., 2010) and institutional theory in sociology (Meyer and Scott, 1983) and in strategy (Ingram and Silverman, 2002), we propose that the impact of social misconduct is highly contextual; it depends on the clarity of the norm's violation and on the likelihood that critical companies' performance gatekeepers (consumers, business partners…) will penalize the company subjected to the infringement.

Current results do not support the theoretical model. Social misconduct does not have a statistically negative effect on the CAR of the company involved. This shows that investors do not think that social misconduct would affect the bottom- or top-line of the companies involved in this study, not even when the norm's infringed is less ambiguous and the event is very salient. However, there is a feeble effect ($p<0.10$) for local companies (i.e. those that are listed in the UK). Given the current lack of support of this analysis, we start by highlighting some empirical limitations of the study before discussing its contribution.

5.1 Limitations of the study

The main strength of this analysis is in its scope. Thanks to a novel operationalization, unlike previous research, this study enables us to study the impact of social misconduct across industries, norms' violation and companies' locations. Therefore, the lack of support of the Hypotheses is somewhat surprisingly. Few reasons can be discussed.

First, given the dependent variable under investigation – CAR, the results are limited to listed companies. Its generalization to private companies is not clear. On one hand listed companies are those that are subject to a greater scrutiny by the public opinion and greater pressure to conform (Ahmadijian and Robison, 2003). Therefore, they should suffer a greater cost for making deviant behaviors than private companies. On the other hand, given their size, listed companies are able to amortize the effect of their misbehaviors more and they can have more resources to manage the impact on their image. This would suggest that the impact of social misconduct should be greater for private companies.

Second, the lack of support of the hypotheses can be due to the idiosyncrasies of the setting used in this analysis. Someone would argue that the lack of statistical supports is due to the fact that in communication "any publicity is good publicity", this would not explain why companies spend so much money and effort to assure that advertising complies with a code, nor thus it explain the support found for the other hypotheses. Also, the role of ASA is the recognized advertising regulator of the UK. Even if it does not provide fines, its role is the one of a well-established and respected social-control agent.

In order to improve the robustness of the results, future research can expand this study in further directions. First, it can look at new benchmark for listed companies, for example looking at industry benchmark instead of the overall index of the stock market.. Second, it can look at different way to measure financial performance (e.g. ROI/ROA); or look at symbolic performance (such as

reputation or brand rankings). Finally, it would be very interesting to expand to private companies, if data availability allows.

5.2 Contribution to Institutional Theory

This study contributes to institutional theory, in particular to the literature that studies the consequences of making deviant behaviors. A puzzle in this literature is to understand the inconsistency in the outcome of behaviors that break the norms of their environment (Meyer and Scott, 1983; Kraatz and Zajac, 1996; Miller and Chen, 1996; Deephouse, 1999; Smith, 2011). The theoretical framework proposed here argues that part of this inconsistency can be explained by the three elements. First, it is important to understand the right reference group. In particular, it is necessary to distinguish between the reference group versus whom the norms is violated (e.g. the liberal art college in the case of Kraatz and Zajac, 1996) and the group that can impact the performance of the company (e.g. the students in Kraatz and Zajac, 1996). Second, it is important to consider that social norms are open to different interpretability, while institutional theory has usually considered norms a monolithic concept (Vergne, 2011). As literature on norms suggest, when norms are ambiguous less people will consider a certain behavior as deviant; in this case, no punishment will occur (Becker, 1963). This ambiguity in the norm's interpretation can explain why some studies find positive effect of illegitimate actions. What is considered a code violation, can indeed be interpreted as the ability of a chef to master both codes (Durand et al., 2007); alternatively, companies can use impression management technique to change the impression that, what was considered inappropriate actions, is actually justified under a different social value (Elsbach and Sutton, 1992). Third, it is crucial to understand whether and to what extent the social actors that affect companies' performance are likely to punish the company subjected to violation. In fact, different actors can agree on a violation, but they are not necessarily willing to punish the company.

5.3 Contribution to institution-based view of strategy

While the belief that institutions exert an important pressure on companies is not new (Coase, 1937; North, 1990; Meyer and Rowan, 1977), it is only recently that strategy scholars have tried to integrate the institutional prospective in the strategy literature (Ingram and Silverman, 2002; Peng et al., 2009; Ahuja and Yayavarama, 2011). So far, this literature has been criticized (Durand, 2012) to be too unbalanced towards the economic approach of institutional theory (North, 1990) overlooking the sociological one (Suchman, 1995; Scott, 2008). As an example, in the last 30 years, many papers have studied the impact of illegal actions, i.e. actions that break laws, on the CAR, but none have tried to identify the marginal effect of social misconduct, i.e. of actions that deviate from the social normative environment. Given the limited statistical supports to the hypothesis of this paper, more studies are needed to understand whether, when and to what extent illegitimate actions harm (or benefit) companies' performance. This would be of great interest to advance strategy research. Laws are common to all companies and so are the costs of their infringements. To the contrary, social norms are open to interpretability and the social cost of their violation are heterogeneous among companies; they depend on the companies' social positioning, status, visibility etc. Some companies can make social misconduct without incurring in the costs that their competitors will suffer. Therefore, the normative environment can be an important source of competitive advantage for companies.

CHAPTER 4: ESSAY 3

SCANDALS AS SOCIAL DISTURBANCES AND STRATEGIC OPPORTUNITIES: NEWSPAPERS' EVALUATIONS AFTER CALCIOPOLI[8]

Scandals are events of severe social misconduct that attract a disproportionate amount of media and public attention. Given their dramatic tension and frequent occurrence, scandals have long been investigated by sociologists and organizational scholars. One of the main areas of research has been in understanding the origins of scandals; why they start, develop and finish. This leaves relatively unexplored the question of what happens after a scandal. Previous literature has mainly focused on the consequential effects on a scandal for the actors involved; less attention has been given to the consequences at society level. This paper proposes that scandals act as "social disturbances" that alter social evaluations and may open up "strategic opportunities" that organizations can leverage. We focus on the impact of a scandal on media evaluations. We investigate how journalists change their evaluations based on the social characteristics of the actors under evaluation; the degree of interpretability of the norms involved and the preferences of the readers of the media outlets. We empirically test our predictions on the scandal that affected the Italian soccer league in 2006 – Calciopoli – and find a general support of our hypotheses; a scandal creates a "liability of status" – high-status referees are more contested than low-status ones - and increases the disagreement among media outlets. This paper contributes to scandal, organizational and strategy literature; moreover, it is one of the first studies in this literature to relax the assumption that the media is a homogenous audience.

[8] This essay is under development and intended to be a joint collaboration with Rodolphe Durand and Joe Porac. However, the current version of the chapter has been entirely written by Marco Clemente, including the coding and the analysis.

CHAPTER 4

1 INTRODUCTION

Scandals are ubiquitous social phenomena at any age in history. It is difficult to think of a society that has not suffered scandals. Scandals can have disastrous impact on the actors involved (Jensen, 2006), their affiliations (Pontikes, Negro and Rao, 2010), even on the country where they occurred (Weeber, 2008). More importantly, as normative and moral events, scandals can influence the culture and history of a nation; they can become historical events of the collective society to reinforce or transform norms, like in the case of the Impressionists (Adut, 2008). However, most of the literature on scandals has focused on the antecedents of a scandal, on understanding which conditions facilitate or prevent scandals to blow out (Thomson, 2000). One of the most recent new theories on scandals is the one by Adut (2005, 2008) who shows how scandals are the results of the social interaction among the actors who try to leverage these events to their advantage. While the same Adut (2005, 2008) incidentally talks about what happens after the scandal, his theory is focused mainly on understanding why a scandal blows out and on the moral consequences of a scandal. In general, less attention in the scandal literature, and broadly in the literature on organizational misconduct (Greve, Palmer and Pozner, 2010), has been given to the social and strategic consequences that scandals produce.

Already Thomson (2000) proposes a social theory of scandal that tries to fill this gap. He identifies four theories of scandals. First, the "no-consequence theory", for which scandals are events that have consequences only for the actors involved in the scandal, but they are inconsequential for the overall society. Second, the "functionalist theory of scandal": scandals are events of social palingenesis that society needs to reaffirm the collective identity. According to the third theory – the "trivialization theory" – scandals have no actual consequences; scandals are orchestrated by the elite class to entertain the mass and distract the public from substantive events; To the contrary, the fourth approach – "the subversion theory of scandal" – focuses on the

intentionality of the popular press – such as tabloids – to create scandals in order to give voice to the "people" and "bash the power-bloc" (Thomson, 2000: 5472). In contrast to the previous literature, Thomson proposes a new theory according to which scandals are "struggles over symbolic power in which reputation and trust are at stake" (Thomson, 2000). Scandals affect the "symbolic capital" of the politicians and undermine the trust that exists between the public and the political class. However, while Thomson refers to the social consequences of the scandal, his theory is very focused on the political arena and exclusively to the idea of reputation and trust.

Building on Thomson's (2000) insight, we enlarge the model of Adut by analyzing how scandals can affect the social evaluation of different members of an audience. While Adut stresses the role of scandals as "moral disturbances" (2005, 2008) we conceive scandals as *social disturbances*, which can open up *strategic opportunities* for some actors. Given that evaluations are specific to a certain audience (Bitektine, 2011; Greve et al., 2010), we focus on one audience – the media, and in particular newspapers and journalists. The media have a pivotal role in scandal formation (as a blow whistler), but its role is also crucial during and after the scandal as it keeps on influencing the public opinion. Newspapers monitor the behaviors of social actors (Greve et al. 2010) and can decide which of them are salient, (worthy to be reported to the overall public) and, among them, which of them should be contested. It is not a surprise that the overall level of public attention and control increases after misbehaviors (Desai, 2011; Zavyalova et al. 2012; Jensen, 2006); as a result the number of episodes contested (our dependent variable) increase after a scandal. However, it is also evident that this increase does not affect evenly all the actors involved and all types of behaviors. We propose that this heterogeneity is affected by three main elements: first, the social characteristics of the actors under evaluation; second, the different degrees of interpretability of the norms involved and, third, the readers' taste of each of the media outlets.

While in normal conditions high-status actors have an advantage (Merton, 1968) and new actors suffer a liability of newness, in conditions of "disturbances" we predict the opposite. We hypothesize that high-status members – versus low-status ones – experience a greater contestation after a scandal as they lose their moral licensing (Polman, Pettit and Wiesenfeld 2013). This *liability of status* happens together with an *advantage of newness*: a scandal benefits new actors as they can easily attest their extraneousness to the scandal. Both effects should be stronger for norms that are more ambiguous as they leave more latitude to the interpretation versus the cases in which norms can be assessed with concrete evidence (Becker, 1963; Dubois, 2003). Finally, we propose that the number of episodes contested depend on the specific motives of each media outlets. Newspapers are companies that serve their readers, therefore they might face a conflict when trying to report or contest episodes that can please or hurt their readers. We expect the level of contestation to be different among the newspapers according to their readers' taste. How will a scandal affect this heterogeneity? The traditional argument in the previous literature is that scandals should produce a great amount of normative convergence. As for Adut's model (2005), it is in the best interest of the actors to take their distance from the scandals to avoid "contamination". Eventually, this effect triggers normalization of what is acceptable or not, thus decreasing the divergence among the perspectives of the members of an audience.

We challenge this perspective and propose that scandals can have the effect of stratifying an audience, namely making the members of an audience more in disagreement in their evaluation. This is possible when two conditions are met. First, the audience needs to be already segmented into rigid factions before the scandal; second, the scandal needs to contaminate one specific faction more than the others. In this situation, the scandal has the effect of increasing the barriers among the different segments of an audience and create a phenomenon called "pluralistic ignorance" (Allport, 1924; O'Gorman, 1986; Noelle-Neumann, 1993; Westphal and Bednar, 2005) that increases the

divergences among the different segments of the audience. This can be leveraged by media outlets which can use scandals as a strategic opportunity to increase the loyalty of their readers and augment their differentiation vis-a-vis with their competitors. In a political context, one can think of left vs. right groups, in managerial context on the rivalry when the market is segmented between only 2 or few companies (Apple users vs. Galaxy users, Coca Cola vs. Pepsi drinkers…) and in sport when there is rivalry among different clubs.

We test our hypotheses in the scandal named Calciopoli, which affected the Italian Serie A in 2006, and look on how it affected the evaluation of the three main Italian sport dailies, Corriere dello Sport (Corriere hereafter), Gazzetta dello Sport (Gazzetta hereafter) and Tuttosport. The day after a match, each newspaper evaluates the decisions of the referee in a special column called "Moviola". The three newspapers have their headquarters in three different cities (Rome, Milan and Turin), which also represent their major share of their readers. Each of them has two local teams, namely teams that play in the city where they have the headquarters: Roma and Lazio for Corriere; Milan and Inter for Gazzetta; Juventus and Torino for Tuttosport. We look at how the contestation of the referees (number of episodes contested in a match) is affected by the scandal. In support of our hypothesis, we find that the scandals increase the contestation for high-status referees more than low-status ones (liability of status). Also, we find that the variance in contestation before and after the scandal only affects the episodes for which the referee has higher latitude to decide (yellow and red cards, penalty, fouls) than those that are more objectively assessed (offside calls). Instead, we do not find support for an "advantage of newness"; after the scandal. new referees are not less contested than before. Finally, we do find that the number of the episodes contested depend on the identity of the team. Newspapers report more contested episodes and are more in disagreement for matches that exhibit local teams. This is due to the fact that each newspaper is more likely to report episodes that put the local teams under a good light (referees make mistakes against the local team).

After the scandal, both the contestation and disagreement increase. Therefore, the scandal did stratify the media outlets, at least in the period of social disturbance that happens after a scandal.

2 CALCIOPOLI AS A "DISRUPTIVE PUBLICITY OF A TRANSGRESSION"

Under many aspects, Calciopoli seems to be a prototype of the model of scandal proposed by Adut (2005, 2008). According to Adut, scandal is a "disruptive publicity of a transgression". Adut identifies four necessary elements for a scandal to happen – the transgression, the publicizer, the public and high-status actors. However, these elements are not sufficient to give rise to a scandal; three more processes are needed: publicity, contamination and provocation. We look at each element and process as it appeared in Calciopoli.

2.1 The elements of a scandal

2.1.1 The transgression

Adut identifies the transgression, either real or alleged, as the base of a scandal. However, a transgression is not a sufficient condition; there are many transgressions (even severe ones) that do not originate a scandal. Indeed, it is only when the transgression is publicized that a scandal may rise. For example, Oscar Wilde's homosexuality was known long before Oscar Wilde stood trial and was convicted. And Oscar Wilde was among many high-status actors that were suspected or known to be homosexual. However, it is only when it became of public knowledge through the libel trial that the scandal blew out (Adut 2005). Similarly, illegal party financing in Italy and France and sexual misconduct in USA were carried out for years previous the wave of scandals in the 1990s.

In Calciopoli, allegations of misbehaviors were around much before the season under investigation - 2004/2005. Moggi became general director of Juventus in 1994, nominated by the managing director Antonio Giraudo. At that time, Moggi had more than 20 years in the football

arena covering different roles for important Italian teams such as Roma, Lazio, Napoli and Torino[9]. He stayed in this position until May 2006, when he resigned following the scandal that saw him as one of the main protagonists. These 12 years were the most successful of his career, and one of the most successful cycles in the history of European football. Juventus won the Italian championship ("scudetto" in Italian) 7 times (though, two were revoked after the scandal), 1 Cup of Italy, 4 Supercups of Italy, 1 Champions League, 1 Intercontinental Cup, 1 Supercup UEFA, 1 Intertoto Cup. Besides, Juventus played 2 final matches of the Cup of Italy, 3 of Champions League and 1 of Cup of UEFA. This was the period known as the "years of the triad", which included Moggi, Giraudo and Roberto Bettega, the Juventus vice-president. However, some people had the feelings that these victories were not achieved exclusively on the field, but "outside the field, even before the kick off: from the doping, drug abuse… [Juventus had a process on doping in the 1990s] but also from the capillary control on referees, players' agents, directors of the Football Association, journalists and even on the directors of other clubs" (Travaglio 2012, p. 8)[10]. Luciano Moggi has been accused of being at the center of this system, also because his son, Alessandro Moggi, was the director of GEA, a leading society for agents of footballers[11]. During the criminal process, Narducci, the public prosecutor, mentions that the "Moggi system" may have started "probably already in the period just after the appointment, in 1999, of the two administrators who select the referees, Paolo Bergamo and Pierluigi Pairetto, who were still active in the season 2004/2005" (Narducci, 2012, p. 32). In particular, Narducci refers to the match Juventus – Parma 1-0 in the season 1999/2000,

[9] Moggi started his career as a talent scout for Juventus in the early 1970s. Before he was a football player for few years and worked for the Italian train monopoly company.

[10] Stefano Travaglio is one of the most known investigative journalists in Italy. He is famous for his book called "La Casta" ("The Caste"), where he denounced the privileges of the Italian politicians, and for being a regular guest in many Italian programs dealing with politics and scandals. Travaglio is also a Juventus supporter.

[11]These included many sons of eminent people in the Italian society and sport. Chiara Geronzi, journalist of Tg5 and son of Cesare, banker in Capitalia; Giuseppe De Mita, son of the democratic political Ciriaco; Francesca Tanzi, daughter of banker Calisto, ex managing director of Parma; Andrea Cragnotti, son of the banker Sergio, ex-managing director of Lazio; Davide Lippi, son of Marcello, ex coach of Juventus and at the time coach of the Italian national team; Riccardo Calleri, son of Gianmarco, ex president of Lazio and Torino (Travaglio 2012).

where the referee Massimo De Santis (who is the leading accused referee in the Calciopoli) revoked a regular goal to Parma at 90th minute. This gave an enormous advantage to Juventus as this was the second to last match of the season.[12][13]

Italian football has assisted many scandals in its history, as early as 1927, when Torino was accused of having bribed Luigi Alemmandi, the lateral defense of Juventus, in order to win the derby Torino-Juventus played on the 5th June 1927[14]. In more recent years, two big scandals, in 1980 and in 1986, involved clubs of Serie A and Serie B, which were found guilty of arranging matches in order to benefit from bets (in Italian these two scandals were known as "Calcioscommesse" or "Totonero"[15]). However, Calciopoli was different from these other scandals. It was not aimed to bribe some players to counterfeit specific matches in order to make money out of the betting systems (or other short term outcomes). Calciopoli was defined as "a systemic corruption" during the trial. Narducci refers to it with a term usually reserved to Mafia language: a "Cupola"[16], which was presided by Moggi and included referees, directors of the football associations and journalists. This Cupola was accused of influencing the regular execution of the Italian championship.

The beneficiaries of this system were Juventus and the teams associated with it. The verdict of the sport trial penalized Juventus, Lazio, Fiorentina, Reggina and Milan. Juventus was the only team that was relegated to the lower division (Serie B). Lazio, Fiorentina and Reggina were accused

[12]However, Juventus ended up losing the championship in favor of Lazio. For Prioreschi this was due to the incredible public disapproval and buzz that this clear mistake created.
[13]Of course, these are only allegations and are not proved misconduct. An opposing interpretation is that managers of the losing teams used these allegations to justify their failures and that supporters found a way to express their dissatisfaction (libro verita' su Calciopoli, location 178)
[14]the amount for bribing was 50,000 lire (corresponding to 28 $ in face value). Torino won the match, indeed. However, Allemandi was one of the best players in the field. Therefore, the director of Torino, Nani, who tried to bribe him, refused to pay the balance of the sum (25,000 lire). Allemandi complained to him. The journalist Renato Farminelli who was sleeping in the same boarding house overheard this discussion. Farminelli wrote a column called "C'e' del marcio in Danimarca" that gave start to an investigation from the Italian Football Association. The sentence became clear when the investigators found a broken letter where Alemmandi was demanding the balance of the bribe. The scudetto of Torino was revoked and Allemandi was interdicted from playing for many years.
[15]which comes from the fusion of Totocalcio, the name of the football bet contest managed by the Italian State Monopoly, and the word "nero", which is the Italian for black)
[16] The term Cupola in Italian is usually associated to the Mafia Commission.

of having been favored by Moggi and his associates for few specific matches. While Milan was also found guilty of having direct contacts with the referees and the two administrators Pairetto and Bergamo; a behavior similar to the one of Moggi, but less deep-rooted and systematic. Lazio, Fiorentina, Reggina and Milan were penalized but they were not relegated. Similar charges were moved during the criminal process. According to the prosecution, Moggi and his associates were able to maneuver the appointment of referees (done through a complicated system of grids and extractions), in order to have "friendly" referees considered in selected matches. In particular, Moggi had an ongoing and constant relationship with the two administrators who selected referees, Pairetto and Bergamo. In the season 2004/2005, the referees were assigned through the following procedure. The matches of Serie A and Serie B were divided into three grids: A, B and C (in decreasing order of importance). The appointment of a match to a given grid was at the discretion of the two administrators, Pairetto and Bergamo, and it was based on its importance and complexity. Similarly, referees were divided into the three grids, based on their quality and mental momentum. Grid A consisted of the most important matches and the best referees of the moment, grid C the least. After the appointment was made, the two administrators extracted randomly matches and referees (one administrator extracted a ball containing a match on a given grid and the other administrator extracted the ball containing a referee in the corresponding grid). The prosecution reports the following tapping between Moggi and Bergamo used by the prosecutor as evidence that Moggi was able to influence the creation of the grids (and maybe even the final extraction). Moggi, the managerial director of Juventus, and Bergamo, one of the two administrators who assign referees, talk about which teams and referees assign to grid A:

> Moggi: Let me take a note….I looked at it today, carefully…so, I put Inter-Roma
> Bergamo: Yes
> Moggi: Juventus-Udinese
> Bergamo: Yes
> Moggi: Reggina-Milan
> Bergamo: Yes

> Moggi: Fiorentina-Parma, which needs to be put here …and Siena-Messina
> Bergamo: Yes
> Moggi: I chose 5 matches, but it could be also of 4…but, Siena-Messina seems to be quite important…it seems.
> Bergamo: Yes, then there is also Livorno-Sampdoria, that in the previous match was a mess…anyway, go on, this does not change much
> Moggi: There are t…there are two teams…Livorno e Sampdoria…that are more quiet
> Bergamo: Hence, go on…anyway this changes little, it is possible to add one, if we want…but I do not have many referees for grid A…tell me what you'd put
> Moggi: I'd put Bertini
> Bergamo: Uhm
> Moggi: Paparesta who comes back
> Bergamo: No, Paparesta is not back by then
> Moggi He comes back on Friday
> Bergamo: Are you sure?
> Moggi: Sure
> Bergamo: But Gigi [Pairetto, the other administrator] told me that he has a commitment with the Uefa [The European Football Association] and he will be out until the 12
> Moggi: And he told you… and the 12 is what day?
> Bergamo: Saturday
> Moggi: He comes back on Friday night… Bertini, Paparesta, Trefoloni, Racalbuto…I also put Tombolini, but Tombolini made a mess with Lazio…I do not know if it is right to put him here…i.e., he made a mess, he gave a penalty…
> Bergamo: Uhm
> Moggi: And these were the referees that I have put on this grid…
> Bergamo: and what about Rodomonti instead of Tombolini, doesn't it?
> Moggi: Rodomonti instead of Tombolini, it can work
> Bergamo: Ok, so we did the same, as you can see…
> Moggi: I think this can be a grid
> Bergamo: Rather, I do not have…Paparesta. I had Bertini, Racalbuto, Rodomonti, Trefoloni…and sincerely, Tombolini I wanted to have him stopped for a round because he made a mistake…otherwise, you never punish these. (Narducci, 2012: 143)

The actual grid A on the 11 February 2005 was in line with this discussion. The matches assigned to grid A were indeed: Fiorentina-Parma, Inter-Roma, Juventus-Udinese, Reggina-Milan, Siena-Messina. The referees assigned to grid A were: Bertini, Paparesta, Racalbuto, Rodomonti and Trefoloni. The "friendly" referees were supposed to help Juventus and the other teams in two ways. First, referees would use yellow and red cards to send out a player, so that this would miss the next game (e.g. these may have happened with the players Pinzi, Muntari, Di Michele and Jankuloski in

Udinese-Brescia, which missed the following game with Juventus[17]). Second, referees or linesmen could use a behavior aimed to favor the teams during the match. For example, in case of doubtful decision, the referees and the linesmen would choose to give the advantage to Juventus or to its associated teams. As the prosecutor pointed out, and the sentence of 1st grade sanctioned, it is important to note that the influence of a referee is not only in big decisions, but also in its attitude during the match[18]. This can be more subtle and difficult to recognize, but eventually very influential.

What was the advantage of the referees to be part of the system? According to the prosecutor, the referees were pushed to comply because of four mechanisms. First, Moggi was able to influence the career of the referees. By being appointed for the most important matches, referees could gain visibility and experience, thus being more likely to be chosen by the European and Worldwide Football Association, respectively UEFA and FIFA, for international matches. International matches are very prestigious for the referees and are well paid.

Second, the formal assessment of the referee could be influenced. At the end of the match, the referee was given a grade on his performance. Besides, doubtful situations were then reviewed during the weekly meetings held by the two administrators in the presence of all the referees. During the trial Nucini, a referee of Serie A at the time and one of the main accusers of the Cupola, testified that referees' mistakes were assessed differently, based on the team which was advantaged or disadvantaged. In particular, mistakes against Juventus were magnified and the corresponding referees were publicly shamed, even if the mistake was debatable. Similar mistakes, which were in favor of Juventus, were dismissed or incurred less penalties (Nucini, 2009). Penalties include the suspension of the referees for a given number of weeks.

[17] Udinese- Juventus 0 -1 played in Udine on 3th October 2004

[18] As an example, a referee could give few yellow cards to players within the first minutes, thus conditioning the rest of the match. Moreover, he can be stricter in some decisions.

Third, referees' media reputation was affected. Moggi was accused of influencing the media image of the referees in popular TV programs such as "Processo di Biscardi" ["The Trial of Biscardi", hosted by the presenter Aldo Biscardi]. Given the importance of soccer in Italy, there are many TV programs that talk about soccer and review referees' behaviors. The "Processo di Biscardi" was on air every Monday. One of the guests, Baldas, was an ex-referee and was in charge of the assessment of the referees during the program. In one tapping, Moggi and Baldas talk about one referee's decision in favor of Juventus that turned to be a mistake on TV:

> Baldas: Trezeguet was in a clear offside
> Moggi: The referee needs to be acquitted
> Baldas: If you say so… though, I mean…it is clear that there is 50 cm of offside!
> Moggi: You need to shorten the 50 cm. They need to become 20!

In addition, in Italy, soccer, politics and business are very interwoven. Families that lead the Italian politics or economy own the major teams. Family Agnelli, the owner of FIAT (the leading Italian automotive company), is the owner of Juventus; Silvio Berlusconi is the owner of Milan and Massimo Moratti, the president and owner of Saras (an important public company in the energy industry), is the proprietor of Inter. Most other teams in Serie A and Serie B are owned by families that run rich and influential businesses in Italy or worldwide. In some tappings, there were allusions to gifts that some of the teams (Juventus, Milan, Inter) could give to referees or to the administrators. In others, there were allegations to the fact that the directors of the team could have helped the referees in their own business. Indeed, in Italy, referees are semi-professionals and they have a profession (e.g. attorneys) in parallel to their referees' careers. However, despite these allegations, no evidence was found during the trials on direct favors that Moggi or other managers could have given to referees.

One of the most controversial aspect of the criminal trial was about the episode of "Swiss phone cards". Moggi was accused (and this was partly confirmed by the sentence of I grade) of

having given Swiss phone cards to administrators and referees. Many conversations were assumed to happen on these "other" numbers, therefore making it more difficult to know the entire conversations carried among the actors involved. Moggi justified the usage of these phone cards because he was afraid that he was under industrial espionage by Inter. Indeed, Inter had relationship with Telecom Italia, the Italian leading telecommunication company that used to be owned by the state. Another trial proved (sentence of 1st grade) that Inter had the ability to spy footballers. In 2012 Inter was sanctioned to pay 1 million Euro to Christian Vieri because it asked Telecom Italia to secretly tap him in 1999 and between 2002-2004. Christian Vieri was a top high-paid striker of Inter at that period, known for having a worldly lifestyle; the Inter direction wanted to understand why his performance fell during that period.

2.1.2 The publicizer

Scandals are often the scenario of a power battle between actors who gain an advantage by the status quo and those who are dissatisfied with it. This dissatisfaction was among the causes of Calciopoli. Calciopoli started from an investigation called *Off-side* by the tribunal of Naples. The original aim of the investigation was about presumed rigged matches in Serie A and Serie B in October 2004 (the usual betting scandal). Two months before, the tribunal of Turin had started an independent investigation with phone tapping on three of the people, who were involved in the process later: Luciano Moggi, Antonio Giraudo and Pierluigi Pairetto. Independently, the tribunal of Naples kept on doing phone tapping for the entire season 2004/2005 and covered additional actors, such as the President of AIA Tullio Lanese, the Vice President of the Italian Football Federation Innocenzo Mazzini and the referee Massimo De Santis. The interrogatories started in May 2006 (after the first phone tapping and indiscretion leaked into the newspapers). At that time, part of the investigation of Turin were merged with the one of Naples, while the rest, the ones relative to the investigation of

GEA (the company managed by Alessandro Moggi on the managers of the players) became subject of another trial that took place in Rome (Narducci, 2012 p. 31,32).

According to Maurilio Prioreschi, the defensive attorney of Luciano Moggi, the investigation of the tribunal of Turin had an anonymous informer, Franco Baldini, who at that time was manager of Rome and presumably an antagonist of Luciano Moggi. According to the defense, Franco Baldini was about to be substituted in his role by the son of Moggi, Alessandro. Therefore, Baldini started a campaign to attack the power of Moggi. As evidence, Prioreschi brings one of phone tapping where Baldini was talking to Innocenzo Mazzini and mentioned that he was about to do a "ribaltone" (trigger a "big change" in the Italian soccer power system). There was similar discontent among the referees and the directors of the teams who believed they were unfairly penalized by the Moggi system. The referee Nucini, as mentioned before, was one of the main accusers in the trial and brought sufficient evidence.

Therefore, the transgression was discovered for two reasons. First, there was some chance involved: the authorities were looking at a different type of crime – illegal betting, however they eventually discover this system. Second, insiders in the soccer field seemed to help the authorities to unveil the misconduct because they were dissatisfied with the current power equilibrium.

2.1.3 The public

The public is the last key element in a scandal; without a public a scandal does not blow out or it extinguishes quickly. Given the importance of soccer in Italy and the interest around it, the public of Calciopoli was obvious very large. Moreover, Calciopoli started one month before the World Cup; this created even more buzz around it. Then, this scandal was not about rigging specific matches to win money with sport betting; it was a scandal about the overall soccer system and what happened in the back-office, which is usually kept secret to the majority of people and surrounded by a kind of

mystery. Finally, it regards referees' mistakes, which are the common subject of conversations among friends on Mondays at the bar. One of the most interesting counterintuitive idea in the Adut's model is that a scandal may not occur if the public would feel contaminated by the scandal itself. This was actually true for the supporters of Juventus, which is the most successful team in the Italian soccer. One can imagine that Juventus supporters would have preferred not to have Calciopoli and presumably they would have tried to prevent it from happening if they could have had. However, Juventus is also one of the most hated team by the fans of the other clubs. Therefore, for all the supporters of the other teams, Calciopoli was a way both to amuse themselves and a revenge for many years of alleged disfavors by the referees.

2.1.4 High-status actors

The presence of high-status actors is a necessary condition for a scandal to occur. High-status actors are necessary because they both attract visibility and are the symbols of the norms and values of society. So, their transgressions are both more visible (Graffin et al., 2012) and are seen as challenge to the core values of society (like in the case of Oscar Wilde). While it is usually the case that the actors who make a transgression are high-status, it works as well if the publicizer is high-status. For example, a transgression made by common people can scale up to a scandal if a high-status journal publishes it. Usually, these specific cases are used as examples of widespread transgression that happen on a large scale and which have been ignored or kept secret.

In Calciopoli, the main actors involved, Moggi and Juventus were the highest, or at least among the highest actors, in the soccer field; both because of their power and because of their history of success. This even without considering that the scandals involved other prominent teams such as Milan, Lazio and Fiorentina, together with their well known directors. Finally, all the major

Italian newspapers could not lose the possibility of following the scandal once the first information leaked.

A transgression, a publicizer, a public and high-status actors are four necessary elements to give origins to a scandal. However, none of them is sufficient. Many severe transgressions are carried on for a long time before they create a scandal, if ever. In many cases, high-status actors are more likely to commit severe transgressions (Graffin et al., 2013), but high-status actors are also able to keep them secret thanks to a powerful network of acquaintances. According to Adut's model, a scandal is a "disruptive publicity of a transgression" that gives rise to strategic interaction among the participants driven by contamination and provocation. So, publicity, contamination and provocation are the three necessary processes for a scandal to originate. We discuss and apply these three processes in our setting.

2.2 The processes of a scandal

2.2.1 Publicity

At the beginning, the tapping does not seem to show any crime. The public attorney Raffaello Guariniello dismissed his investigation in Turin in July 2005 as he believed there was not enough evidence for criminal behavior to justify more tapping. He recognized that the behavior was deeply inappropriate, but not illegal. The Italian Football federation was given these files, but they were kept secret; someone said because they would have liked to prevent a scandal to blow out before the World Cup started in the summer. However, in May 2006 information leaked into the major Italian newspapers; Repubblica was the first one to publish the first news, followed by Gazzetta, Corriere, Tuttosport and others. Media helped to diffuse the information and the tapping added drama to it. In Adut's term, the events and the alleged transgressions became "common knowledge". At this

stage, no actors could help the people involved without running themselves the risk of being contaminated by the scandal. The Italian Football Federation (FIGC) opened an investigation. The tribunal of Naples, which was running a parallel investigation, acquired the files of the Tribunal of Turin and began the first public interrogation. From this moment on, there was an escalation of news (real or alleged).

Even if it is not necessary, many scandals, especially big ones, are often given names (such as Watergate, Sexgate…). A name grants the episode "a high level of narrative coherence and enables, if not magnifies, collective focus" (p. 74). It enables coordinate responses, thus increasing the connectivity of an audience (Cattani et al. 2008). The original nickname of the police investigation was *Off-side*, but soon after the first tapping was made public, the press started to call it Calciopoli[19], a name that evoked Tangentopoli, the scandal that put an end to a generation of Italian politicians in 1992. The presence of tapping increased the drama of the scandal. The direct access of information about what was happening in the back office of this sacred and celebrative world was one of the key factors that created the scandal. Phone tapping is a key element in the escalation of scandals in the modern age (see for example the Watergate scandal). Even if they were aimed to be confidential, newspapers competed in trying to access the last phone tapping. The leakage of information reached its apex with the publication of two books by the weekly magazine L'Espresso called "Il libro nero del calcio" ("The black book of soccer"), and "Il libro rosso del calcio" ("The red book of soccer"), which reported the integral transcriptions of many conversations altogether[20]. These two books

[19] Etymologically "City of Calcio", from Calcio=football and Poli=City. This name makes an indirect link with another major scandal in Italian history, Tangentopoli, that involved kickbacks ("tangente" in Italian) given to political parties in Italy in the 1990s (the scandal broke out in 1992) that signed the end of the Second Republic, reformed the political scenario in Italy and opened the opportunity to the climbing of Berlusconi in the Italian politics. Some people referred to Calciopoli also as "Moggiopoli", given the leading role that Luciano Moggi had in the scandal. However, Moggiopoli was used much less than Calciopoli, 2,154 vs. 23,797 articles in Italian news sources (Factiva from 1 May 2006 to 1 July 2013).

[20] The leakage of this information is illegal. The tribunal of Rome opened an investigation, which was later dismissed without having found the people guilty.

were published on 22nd May and 29th May; thanks to them, everyone could access to the phone tapping either by reading them on the newspapers or by listening to them on Internet.

At this stage, the verdict of the public opinion evolved much faster than the sport and legal justices. Prioreschi, the defensive attorney of Moggi, argued that, in 2006, "the only fact of having been tapped and published on the books of Espresso was considered a defensive sentence and a certified crime; if not, this was interpreted as *a divinis* acquittal, a kind of God's decision of saving you". (Prioreschi, 2012: 246-249). This common knowledge was facilitated by the nickname Calciopoli and the direct exposure of a selected number of phone tapping. To some observers, it seems that this common knowledge was even able to condition the decision of the sport justice (Prioreschi 2012). One of the judges of the Court of Federal Appeal (CAF) - Mario Serio – in an interview (27 July 2006), commented on the judgment that was done on 25th July 2006 (bold added):

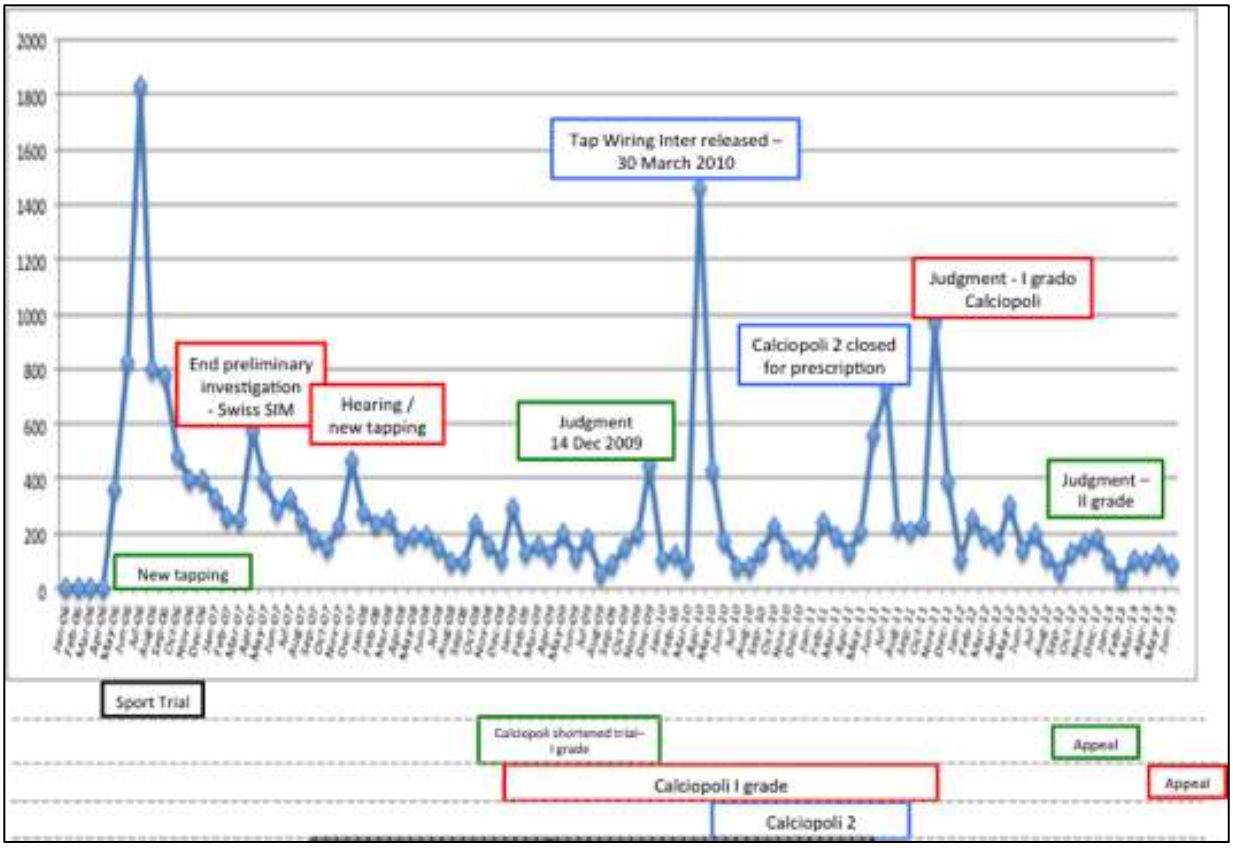
> We tried to interpret a **collective feeling**; we tried to hear the common people and tried to put ourselves on the same wavelength [21]

The role of the media did not finish with the termination of the sport trial (October – December 2006), but it was also crucial during the penal trial (2006 and still on in 2012). In fact, one of the lines of defense of the attorney of Moggi consisted in the proof that the relationship between Moggi and the two administrators was non-exclusive (Prioreschi, 2012; Nucini, 2009)[22]. This strategy was both suggested and limited by the fact that only between 900 and 3,000 phone tapping out of 171 thousands were transcribed by the police. A turning point in the process was the discovery of calls between Bergamo, the administrator who assigned the referees, and Facchinetti, who at that time was the President of Inter (the team that came out with the main advantage from Calciopoli). These new phone tapping were used by the defensive attorneys of Moggi to try to shift the public opinion

[21]http://ricerca.repubblica.it/repubblica/archivio/repubblica/2006/07/27/salvati-perche-la-gente-voleva-cosi.html
[22]a strategy that Travaglio (2012:23) calls "cosi facevan tutti" ("everyone did the same").

in favor of Juventus and against Inter. They were published in April 2010, which corresponded to a revival in media and public attention on Calciopoli (see Figure 5). These tapping gave origin to another investigation, called Calciopoli 2, which lasted 15 months (it terminates in July 2011) but that was eventually dismissed because the presumed misconduct was subjected to prescription.

Figure 5 - Timeline of Calciopoli until today including the main trials (1 sport and 3 criminal)



The blue line is the number of articles that mention "Calciopoli" in Italian media (Source: Factiva)

Finally, it is not surprising that each the two main protagonists of the penal prosecution, the public attorney Giuseppe Narducci and the defensive attorney Maurilio Prioreschi, published a book in 2012 (Prioreschi, 2012; Narducci, 2012) to inform the public opinion of the long history of the process of Calciopoli. The book of Narducci is called "Calciopoli - La vera storia" ("Calciopoli - The True Story"), while the one of Prioreschi is called "30 sul campo – Tutta l'altra verita' su Calciopoli"

("30 in the field – the Entire Other Truth on Calciopoli)", which alludes to the number of scudetti won by Juventus including the 2 that were revoked for Calciopoli[23]. The media arena seemed to be an important element in both the sport and trial processes.

2.2.2 Contamination

When a scandal blows out, it diffuses and contaminates different actors and audiences that it touches. Not necessarily those that are directly involved. Calciopoli has been mainly a scandal of Juventus and Moggi. Anything that was negatively linked to Juventus became newsworthy. For example, Michele Padovano, an ex footballer, was under investigation about the traffic of hashish. In the press, this episode was presented as the conviction of a "Juventus player", even if Padovano had played with many other teams besides Juventus. Also, Calciopoli contaminated the current players of Juventus who were about to start the World Cup competition in Germany (World Cup that was won by Italy with 6 players of Juventus playing the final match). Some people even proposed that they should have been dismissed from the national team. In particular, the Juventus goalkeeper Gianluigi Buffon came under investigation for illegal bets in the same period[24]. Moggi was one of the main targets of the media. A neologism was even created – "Moggiopoli" – and the perception was that anything linked to him was subject to a "media leprosy" (Prioreschi, 2012: 335). Moggi was prevented from participating in the Italian delegation for the World Cup.

Second, as expected, it contaminated the referees. The referee Massimo De Santis and the linesmen Ivaldi and Griselli were prevented from participating in the World Cup (Ivaldi and Griselli were acquitted later). The same happened to the ex-administrators who appointed referees –

[23] The sentence "30 sul campo" was

[24] This trial was then dismissed, but it generated much media clamor at the time. The fact that Buffon was a player of Juventus did not help if it were not a worsening factor indeed.

Bergamo and Pairetto. Finally, the president of the Italian Referees Association – Tulllio Lanese – voluntarily resigned.

Third, Calciopoli contaminated the directors of the Italian Football Federation - FIGC. Its president, Franco Carraro, resigned at the very beginning of the scandal on 8th May. Instead, a special commissioner was appointed to supervise the sport trial. The fact was that the FIGC was afraid to be contaminated more and tried to take it distance from the scandal. The sentence reported above - "We tried to interpret a collective feeling; we tried to hear the common people and tried to put ourselves on the same wavelength"- suggested that the directors of the FIGC did not want to attract public disapproval to themselves. To many people, the penalties afflicted to Juventus were considered much more severe than the ones of the other teams given the evidence that was available at the time (Pasta and Sironi, 2007).

Fourth, it contaminated the supporters of the teams, in particular those of Juventus. While before being a Juventus fan was a pride, it became a stigma after the scandal. The fans of the other teams could take years of revenge of alleged unfairness.

2.2.3 Provocation

Provocation is another important process that helps fuel a scandal, especially provocation in a public sphere. The attitude of being over the rules, the impression of being untouchable triggers a similar public disapproval more than the transgression itself. As an example, Adut (2005) mentioned Oscar Wilde. Had Oscar Wilde not shown up in the trial with the white horses or had not defend himself with the attitude that he could do anything, maybe his trial would have ended differently (Adut, 2005). In the tapping, Moggi seemed more provocative than the other team directors involved in the trial (e.g. Meani of Milan and Facchinetti of Inter). Indeed, Moggi was considered maybe one of the most hated directors in soccer, despite (or maybe because) of his success. This could explain the fact

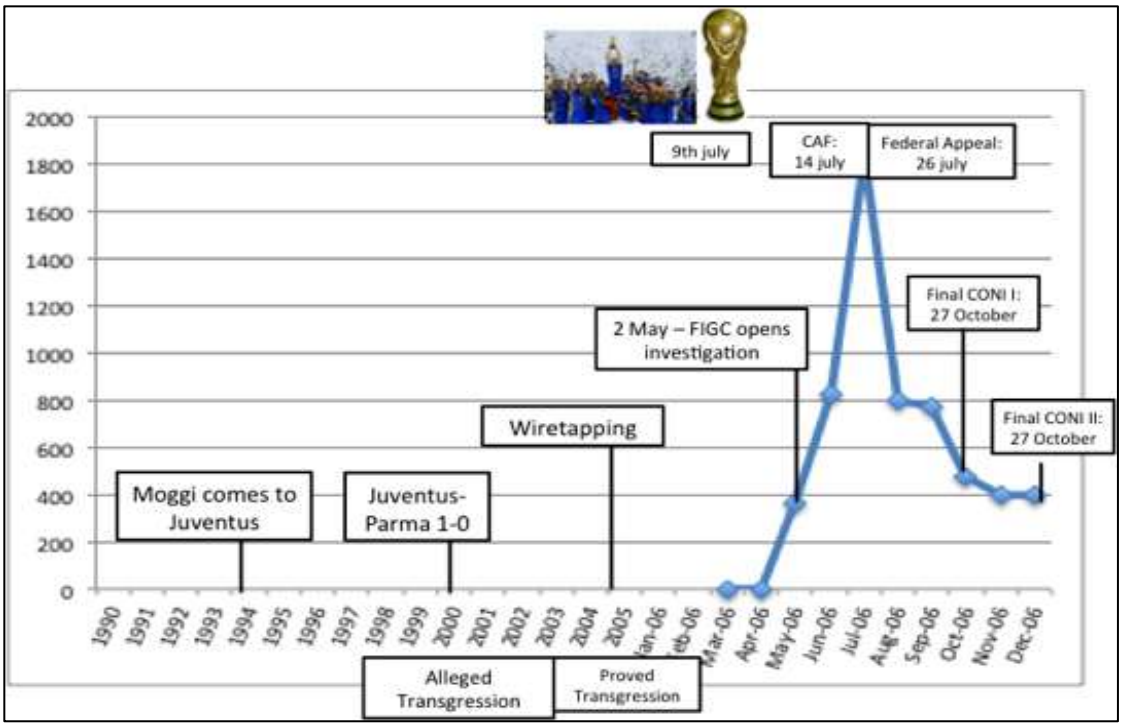
that both Juventus and the FIGC gave the impression to have leveraged this scandal to kick Moggi out from the Italian soccer scene. Prioreschi mentions this during the trial: "Moggi was unpleasant because he was the best". While not everyone thought he was the best, many people thought he was unpleasant and arrogant. For example, the referee Narducci provides one example that says a lot on the attitude and the perception that Moggi had. During the trial, Narducci talked about the meeting he had had with a manager of the team Reggina, who was considered one of Moggi's friends (bold added):

> [the manager of Reggina] said that he would have arranged for me to rule more matches in Serie A through his man [Moggi]. I was stunned…I mean, ok, not just for the message, but for the **boldness**, my God. I mean, I am a referee…with 25 years of profession…I refereed in all the fields of the small towns…Sicily, Calabria….I risked to be beaten…and now here it comes! A man who tells me that he will arrange for me to referee in Serie A! But, can you understand this? Can you understand this**? I mean, I have risked my life on the worst fields in Campania, Calabria and Sicily, I finally arrive to Serie A because I thought I deserved and a person comes and tells me that he will arrange for me to referee in Serie A?** This person is not the administrator of the referees, the president of the FIGC, but he is the manager of a team.

2.3 End of a scandal

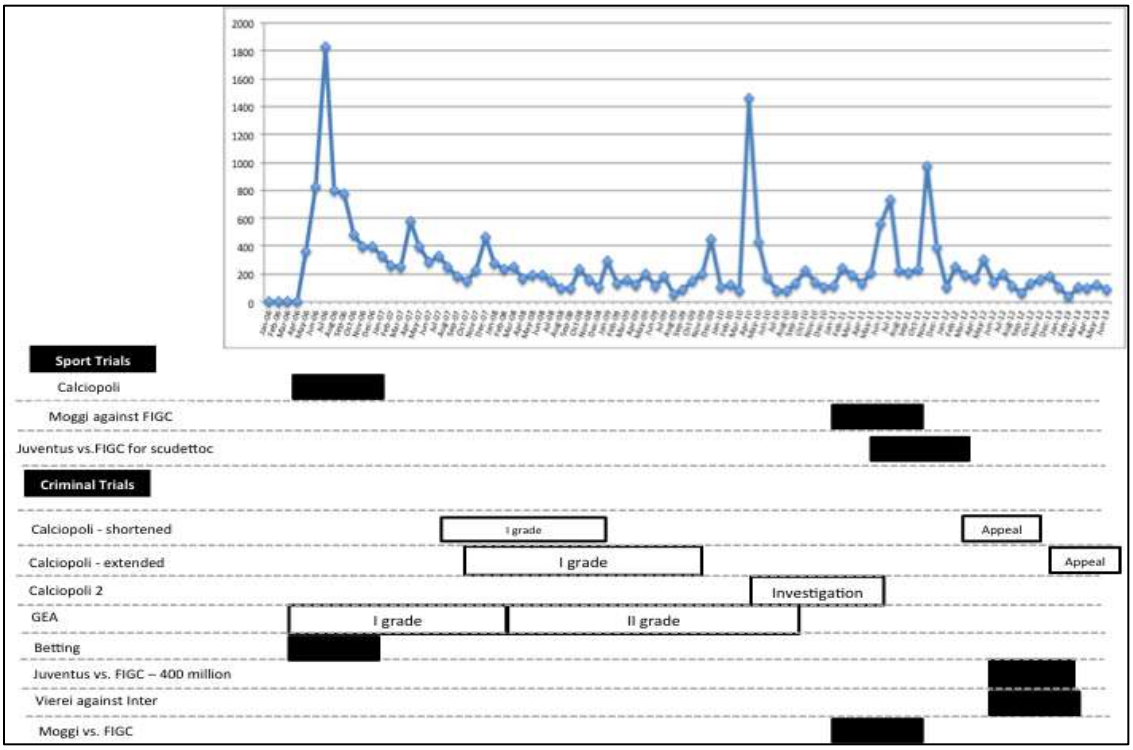
According to Adut's theory, a scandal ends when there is no more interest in it. Figure 6 shows the media articles that mention Calciopoli in the Italian press, as a proxy for the media and public interest around the scandal. As every scandal there is a decreasing interest over time until April 2010 where there was a clear revival (Calciopoli 2). There were two main trials, the sport trial and the criminal trial. While the sport trial terminated in December 2006, the criminal trial is still on (in Italy trials have up to 4 grade of judgment). Apart those two, there were other many criminal trials related somewhat to Calciopoli. Figure 7 shows the entire criminal trials involved that stemmed from Calciopoli and their timeline.

Figure 6 - Timeline Calciopoli – until the end of the Sport Trial



The blue line is the number of articles that mention "Calciopoli" in Italian media (Source: Factiva)

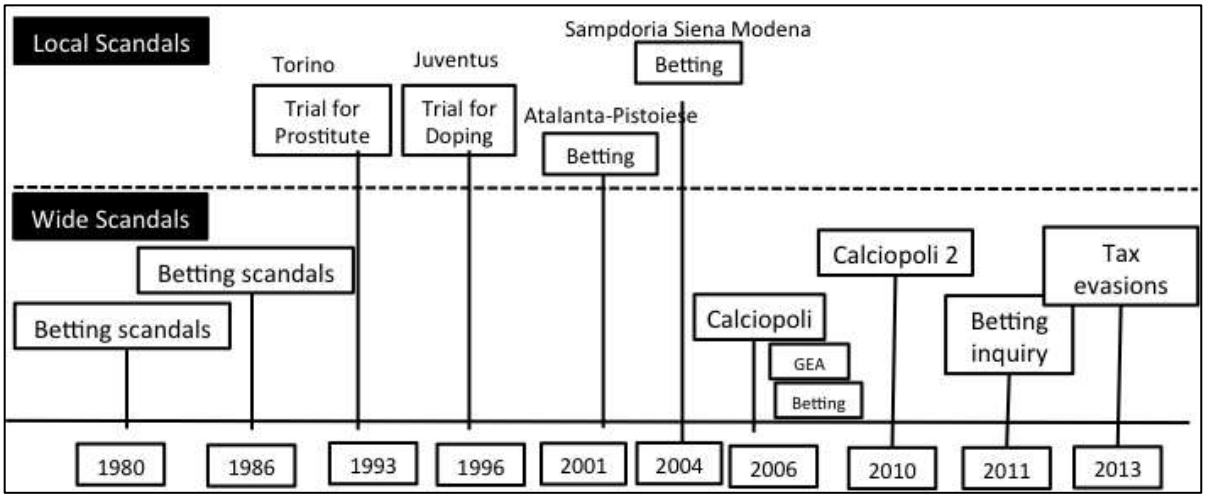
Figure 7 - Timeline with all the trials that stemmed from Calciopoli, both sport and criminal



The blue line is the number of articles that mention "Calciopoli" in Italian media (Source: Factiva)

Finally, as predicted by Adut's theory, scandal comes in waves. While soccer scandals occurred regularly in the history of Italian soccer, it actually seems to have accelerated significantly after Calciopoli. Figure 8 reports the main scandals in Italian soccer in the last 30 years.

Figure 8 - Timeline of Italian soccer scandals since 1980s



3 CALCIOPOLI AS "SOCIAL DISTURBANCE" AND "STRATEGIC OPPORTUNITY"

3.1 Newspapers' Evaluations

In Adut's model, the media have a pivotal role because it creates common knowledge of the event. Given that the media report a transgression, none can pretend that he or she is not aware of that. In different terms, the media increase the connectivity among people and facilitate their consensus (Cattani et al, 2008); otherwise people will act as individuals ignoring what the other people know or think. This phenomenon is coherent within a more general theory of media known as agenda setting theory (McCombs and Shaw, 1972), which has a long tradition in mass communication literature. According to McCombs and his colleagues, the media have the power to align its agenda to the one of the public by increasing the saliency of some topics and the perspective on those topics. As a

result, the media are a key source for people to know what the collective society think, helping to create what communication scholars refer to as "public opinion" (Noelle-Neumann, 1993). Therefore, the evaluations of journalists as appear in the newspapers transcend to be the opinion of a given individual – the journalist. These evaluations have a great effect of influencing the perception of the readers and, generally speaking, they influence the public opinion (Noelle-Neumann, 1993). Therefore, even if they are not real, they become real situations in the mind of the readers and society. This is a sociological phenomenon known as Thomas theorem (Thomas and Thomas, 1928) that states:

> "If men define situations as real, they are real in their consequences"

Media evaluation is even more important in the case of referees, given that the referee's association does not release the official evaluation of the referee. Therefore, the media rises at the role of the official evaluator of the referees in the eye of the public. (Not) surprisingly, the evaluations of the journalists were even used in the trial of Calciopoli as potential evidence of favoritism towards Juventus and the other teams involved. The defense lawyer, Pioreschi, asked Auricchio, the person who managed the initial part of the investigation of Calciopoli, about the match Juventus-Udinese:

> Prioreschi– What are the episodes through which the result of the match should have been impacted?
>
> Auricchio: By collecting the main sources of information: Gazzetta, Repubblica etc., we argued that among the episodes there was a decision to revoke a goal to the footballer Fava of Udinese

In his book, Prioreschi used the answer of Auricchio as evidence that the investigation of Calciopoli was based on anecdotes, instead of concrete evidence. Prioreschi calls the investigation "da bar dello sport", which alludes to the endless discussion among soccer fans that happen on Monday morning at the local cafeteria ("bar" in Italian). As a result, media evaluations are highly consequential for the actors involved. These include not only the referees, but also the teams that are the final recipients

of the advantage or penalization of the referees' mistakes. Therefore, we develop our hypotheses along these lines. First, we look at how the number of episodes contested by the journalists are influenced by the social characteristics of the referees, (Hypothesis 1 and 2), then by the type of episodes under evaluation (Hypothesis 3a and 3b) and, finally, by the characteristics of the team (Hypothesis 4, 5 and 6).

3.2 A scandal creates a liability of status

In normal conditions, high-status actors incur in many privileges (Podolny, 1993). This is a well-known phenomenon in the sociological literature that goes back to Merton (1968). Merton (1968) uses it to describe how eminent scientists – such as the ones who won a Nobel prize – were more likely than unknown researchers to get credit for similar quality research. This phenomenon can be summarized with the idea that "the rich get richer and the poor get poorer" (Merton, 1968: 7). Merton named it "Matthew Effect" after the biblical Gospel of Matthew:

> For unto every one that hath shall be given, and he shall have abundance: but from him that hath not shall be taken even that which he hath.

Among the advantages that high-status actors experience one particular aspect of interest is the effect known as "moral licensing"; high-status actors are less punished versus low-status ones for deviation from social norms (Rao et al., 2005; Polman et al. 2013).

Before Calciopoli, high-status referees gave the impression to be less challenged on their decisions. Pierluigi Collina is an exemplary case. Collina was among the referees with the highest status in the last years in Italy and in the world. He refereed, among others, the Champions League Final in 1999 and the World Cup final in 2002 and the UEFA Cup Final in 2004. The consequence of his status in media evaluations are mentioned in the process (bold added):

> Caracciolo [a player] was sanctioned by Collina for a presumed hand ball, at 21st minute of the second half. The line referee validates a "phantom goal" by the striker Rigano of Fiorentina. Both **these doubtful episodes were quoted only marginally by the mass media because Collina was the referee of the game.**

However, status also comes with responsibilities. Given their main privileges, high-status actors are often subject to great envy, a phenomenon called "tall poppies" (Feather 1989). In case of wrongdoing, high-status actors are more severely punished than low-status ones. Graffin et al. (2012) discuss two reasons for this as appeared in the literature. First, high-status actors can be merely more responsible than low-status ones. According to this "rent-extraction" approach, high-status start thinking that they are allowed to do everything, therefore they are more likely to make severe transgressions than low-status ones. In contrast, the "targeting" approach holds that high-status actors are not necessarily more responsible, but are perceived as more responsible than low-status ones for similar level of wrongdoing. This is because high-status actors are more visible in the media (Adut, 2008, Thomson, 2000), but also because their wrongdoing is seen as more intentional (Polman, Pettit and Wiesenfeld, 2013).

We propose that after a scandal, the moral licensing that high-status actors experience is waved. The scandal creates a situation of distrust between the people and the focal actors (Thomson, 2000). While before the scandal the decisions of high-status referees may have been accepted because high-status referees are those who help to define what is acceptable or not (Rao et al. 2003) - e.g. what is behavior that should be given a yellow card or not – the overall distress of a scandal waves this moral buffer as it is not clear anywhere if the behavior of the referee is indeed neutral or not. This brings to the following hypothesis:

Hypothesis 1 (Liability of Status): After the scandal, the number of episodes contested increases more for high-status than for low-status referees

3.3 A scandal creates an advantage of newness

"Liability of newness" refers to the general idea that new actors in a field have a disadvantage compared to incumbents. This has a long tradition in organizational literature (Stinchcombe, 1965; Schulz, 1993) that has proved that new organizations are more likely to disappear than old organizations; the risk of dying is a decreasing function of time. Few reasons have been given to explain this phenomenon. Some of them are at market level – difficulties to create a client portfolio - but most of them are at the individual level – such as difficulties for new members to adapt to new roles, the trust among members and the difficulties to build stable portfolio. Therefore, we should expect to find a liability of newness also for new individuals and not only for organizations. When changing roles or being promoted, individuals have to adapt to a new context, understand the new rules of the game (Durand, 2006) and make a new network. Therefore, the likelihood of failures for individuals is also higher at the beginning and decrease over time.

In our context, being appointed to the Serie A is a big jump in the career of the referee. It is the recognition of many years of hard work and even "having risked their lives" in the "worst" local fields (as the previous quote of the referee Nucini suggests). Also, referees in Serie A are highly paid, much more than the ones in the lower categories. However, this comes also with higher responsibilities. Referees in Serie A and Serie B are the most visible ones and their decisions will impact the fate of big and powerful clubs. Supposedly, the politics among the clubs, the Italian team association and the Italian referees' association is more complicated at this level than in lower divisions. Finally, it may be objectively more difficult to be a referee in a match of Serie A and Serie B; players are more experienced and part of this experience comes also with the ability to fool the referees' decisions. Finally, new referees are more likely to be targeted by journalists and newspapers. They are in a "probing zone", they still need to prove that they are good enough and they are less linked to the logics of the system. Therefore, they are easier targets for journalists' criticism.

However, this same liability can turn into a strength after a scandal. If a referee was appointed after Calciopoli, there is no doubt that he was not involved in it. There are also less doubts that he was a guilty witness - "he knew, but he did not talk" - or that he was linked to the logic of the corrupted system (Thornton and Ocasio, 1999: 804).. After Calciopoli, new administrators of the referees were appointed. The nominee of new referees is a an important institutional decision of the new administrators. Therefore, new referees are the symbol of a new system, which needs to be better and cleaner than the previous one (pre-Calciopoli). Any attack to this new system, by contrast, will be seen partly as an absolution of the one that originated Calciopoli. As a result, after Calciopoli journalists would be more understanding with new referees and give them goodwill because of their symbolic status (Meyer and Rowan, 1977; Thornton & Ocasio, 1999).

Therefore, we propose that Calciopoli created an "advantage of newness"; journalists contest the decisions of the newly appointed referees less than for referees with longer tenure

Hypothesis 2 (Advantage of Newness): After the scandal, the number of episodes contested increases less for referees who are newly appointed than for the referees that have a longer tenure

3.4 Moderating effect of norm's ambiguity

According to the sociological tradition that goes back to Becker (1963), norms stem from values. Values provide a "criterion or standard for selection among alternatives of orientation", but that they are too ambiguous and "not useful in deciding on courses of action in concrete situations" (Becker, 1963). In contrast, norms are social rules whose provisions need to be "precise, one knows accurately what he can and cannot do and what will happen if he does the wrong thing"(Becker, 1963). Therefore, norms aim to be unambiguous and provide a clear line that separate what is

acceptable and what is rule-breaking behavior. However, not all the norms accomplish this task in the same way. Some norms retain a certain degree of ambiguity, thus allowing for greater latitude of interpretability by an observer. This distinction is already in Becker (1963). While it is clear to distinguish between those that smoke marijuana and those who do not, it is much less clear to distinguish between acts that are obscene and those that are not. In fact, "laws of obscenity are the subject of contention in society between different groups that have different standards of what is considered obscene or not. As a result, "various adjustments and qualification" are needed to define images and behaviors that are considered obscene and those that are not.

The norms that referees need to implement are the so-called "Laws of the Game", promulgated and updated by the FIFA on a regular base. They consist of 17 laws that aim to assure that the game is run under fair conditions and avoid harmful or dishonest behaviors. Some of the laws are implemented almost in a mechanical way. For example, the rule of offside states that a player is in offside if " he is nearer to his opponents' goal line than both the ball and the second-last opponent". Even if these decisions are difficult to notice during the game, they are easy to assess on TV camera; these leave low doubts to judge the referees' decisions. Instead, other decisions are much more open to interpretability. For example, consider the decision of the referee to show a yellow card. Law 12 states:

"A player is cautioned and shown the yellow card if he commits any of the following seven offences":

1. Unsporting behavior
2. Dissent by word or action
3. Persistent infringement of the Laws of the Game
4. Delaying the restart of play
5. Failure to respect the required distance when play is restarted with a corner kick, free kick or throw-in
6. Entering or re-entering the field of play without the referee's permission
7. Deliberately leaving the field of play without the referee's permission

Among those seven, at least three leave much latitude in the interpretation of the referee's decision: the limit between a sportive and "unsporting" behavior, the level of "dissent" words and the amount of the "persistence" infringement of the Laws of the Game. In fact, the FIFA and each national federation of referees, organize meetings to provide examples of behaviors that are considered conforming to the laws and those that are considered violation. In Italy, the administrators who select the referee organize weekly reunions to evaluate the decision of the referees and provide guidelines on the way a law should be implemented.

Therefore, the type of norms implemented should have an influence also in the evaluation made by the journalists. When assessing norms that can be backed up by clear TV images (norms that are less ambiguous), the identity of the referees has less influence in assessing the decision. The TV can make a clear cut on whether the decision conforms to the laws of the game or not. In this case, the journalists have evidence to rightly contest (or absolve) the decision of the referee. If they do not, the same journalists can be accused to be inexperienced or biased and their reputation is at risk. On the contrary, the identity of the referee impacts more the norms that are more ambiguous. These situations leave much room to discussion and individual opinion. It is difficult to find concrete evidence that backs one's own perspective. Thus, the identity of the referees becomes crucial as a starting point to assess his decisions.

In normal conditions, high-status referees will be allowed moral licensing compared to low-status ones; a given decision can be considered appropriate if done by a high-status actor and norm-violating if done by a low-status ones. However, if the scandal has the effect to wave the moral licensing of the high-status referee, as predicted in Hypothesis 1, the effect should be greater for decisions that leave more latitude to the interpretation and less for the ones that consist into a mechanical application of the law. This reasoning is in line with the recent findings of Polman et al. (2013) who distinguishes between norms that are more and less ambiguous. In normal conditions,

Polman and his colleagues propose and find that high-status actors have moral licensing (they are less punished for deviations from norms), but only if the deviations regard norms that are more ambiguous. In case of unambiguous norms, deviations are not disputable and high-status actors are more attacked than low-status ones. Similarly to Polman et al. (2013), we propose that the evaluations of the referees depends on the ambiguity of the norm violated, though, contrary to their prediction, we expect that a scandal produces a social disturbance that waves the moral licensing attribute to the high-status actors in normal conditions. Instead, low-status actors do not have a moral licensing in normal condition. This is way, the scandal has a more negative effect on high-status referees than low-status ones. This leads to the next hypothesis:

Hypothesis 3a: After the scandal, the increase in the number of episodes contested to high-status is greater for decisions on norms that are more ambiguous

Similarly, the degree of interpretability of the norm implemented should moderate the effect that the scandal has on the advantage of newness, as predicted by Hypothesis 2. Also in this case, journalists have more latitude to contest or not a new referee only for decisions on rules that are more ambiguous. Therefore, we hypothesize the effect of Hypothesis 2 to be stronger for more norms that are more ambiguous.

Hypothesis 3b: After the scandal, the decrease in the number of episodes contested to new referees actors is greater for decisions on norms that are more ambiguous

3.5 Segmentation among the newspapers

Until now we have focused on the effect that scandal has on the evaluation of overall media. As most of previous literature (Adut, 2005; Pollock and Rindova, 2003, Deephouse, 1996), we have considered the three newspapers all together as if they were a homogenous audience. This assumption is justified by the fact that journalists need to adhere to strict ethical code to be sure that they report the news in a truthful way and in the most objective way. However, at the same time, newspapers need to differentiate themselves from their competitors in order to survive and perform (Bourdieu, 1984). Differentiation occurs when it is based on the taste of the readers they serve. For example, on political perspective, dailies and magazines are usually classified in those that are left wing or right wing. Some newspapers are even officially linked to specific political parties. As a result, there is much variation among newspapers on the type of news that they report, the space that is dedicated to them and on the angle they are presented. As an example, when Berlusconi was condemned in the known "bunga bunga" process (25 June 2013), the moderate daily "Corriere della Sera" titled "Condanna dura per Berlusconi: sette anni" ("Hard sentence for Berlusconi: seven years"), while the right-wing Libero, which is close to the party of Berlusconi, titled: "Giustizia a puttane" ("Justice to the whores", alluding to the fact that the trial was about prostitution, but also covertly criticizing the sentence of the magistrates). Therefore, within the boundaries of the journalistic ethical code, we expect newspapers to show some kind of implicit or explicit biases. Previous organizational literature has overcome this problem by either taking the total universe of articles from the known online academic databases (usually Factiva or LexisNexis) or by focusing on only one source, usually the most authoritative ones in the given context (e.g. Wall Street Journal). However, recent studies relax this assumption and start looking at the media as an active audience that organizations can manipulate to their advantage (Westphal, Park, McDonald and Hayward, 2012). Therefore, for the next three hypotheses we relax the assumption that media is a

homogenous audience and consider how the heterogeneity among the newspapers affect the evaluations of the referees before and after the scandal.

In a political context, newspapers are usually divided among the political orientation of their readers. In a soccer context, the differentiation is based on the teams supported. Soccer fans are an example of an audience that is clearly divided into different segments whose boundaries are clearly defined and quite rigid (Noelle-Neumann, 1993); changing a team is a relatively rare event and the rivalry among the teams is intense. In such a context, we expect the sport newspapers to cover unevenly the different segments. First, news on soccer is abundant and regards different teams. Therefore, each segment is interested in some news more than others and will have a different perspective for some of the news. Second, it will be easier for newspapers to create strong ties with few teams instead of all. Newspapers not only report the news that their readers will like the most, but they also influence the view of the readers (McCombs and Shaw, 1972). Therefore, clubs are interested in developing relationships with journalists that are more likely to influence their own supporters (Westphal et al., 2012). If a newspaper has more readers on a specific set of teams, it has more negotiation power with those teams in order to get anticipated news. In a context where the audience is clearly split into rigid segments, we hypothesize that the newspapers will specialize in some segments versus others. As a result each newspaper will have a specific sets of local teams. This local bias is also alleged by many actors in the soccer industry. For example, the defense lawyer Prioriesch mentioned it in his book:

> Soccer is the environment where boastfulness is the rule, where the bar talks are the rule, where everyone is coach of the national team, where everyone understands soccer, where people tease each other from morning to night for their team, where the referee is good if your team wins, and he is an ass if it loses; where if you read the sport daily in Rome on Lazio-Inter, it tells you that the referee has refereed badly because the Roman team [Lazio] has lost and if you read the sport daily of Milan you discover that the referee has refereed well because the team from Milan won [Inter].

The matches that exhibit local teams are more carefully scrutinized than those that exhibit non-local teams. Moreover, given that newspapers have different local teams, these matches present the most disagreement among the evaluation of the journalists. This disagreement is due to two factors: first, the newspapers try to report episodes that put their own local team under a good light (e.g. Roma for Corriere) and they are neutral (or even adverse) when reporting episodes of a team that is local to their competitors (e.g. Roma for Gazzetta and Tuttosport)

This leads to the next two hypotheses:

Hypothesis 4: Newspapers contest more episodes to the referees in matches exhibiting local teams

Hypothesis 5: Newspapers are more likely to disagree in the evaluations of the referees' decisions in matches exhibiting local teams

What is the effect of the scandal on this proposed local bias? Will the newspapers reduce their bias and become more convergence in their decisions? Or will the newspapers differentiate even more?

3.6 A scandal increases the segmentation among the newspapers

Scandals are normative events that have the power of reaffirming the values and norms of society (Adut, 2005; Thomson, 2000). Given their drama and emotional intensity, scandals can act as a way of collective palingenesis (Thomson, 2000); they reestablish what are proper and improper behaviors. As Adut (2005) describes, even actors that did not have any interest in the scandal to blow out will play strategically by following the public disapproval in order to avoid contamination themselves. As an example, Oscar Wilde had many powerful and high-status friends who tried to

help him at the early stage of his scandals, but who eventually abandoned him when his transgression became common knowledge, as they were afraid to end in the same way that Oscar Wilde did. From this perspective, scandals should result in a clear picture: the wrongdoers are punished and the public opinion is homogenous in condemning them. Following this line of thought, a scandal should smooth the divergences among members of an audience and focus on the commonalities. Members should put apart their individual and selfish motives and focus on the common values and norms of society. As a result, we should expect the newspapers to become more homogenous after the scandal blew out. As per Adut's (2005) model this normative convergence is also strategic. Newspapers do not want to be contaminated by the scandal itself. If they keep or increase their supposed bias, the risk of being attacked increases.

However, scandals have already produced a contamination of the audience, in this case of the supporters of the clubs that are also the main readers of the newspapers; Juventus fans, mainly, and those of the other clubs involved. The scandal contaminated also the supporters of the opposite team, but in a positive way. They can legitimately express their rancor against the opponent teams that have had an unfair advantage in the last years. Under this perspective, the scandal still creates a normative convergence, but only among the supporters of the same team. In fact, the fans who are part of the teams involved in the scandals are also contaminated, thus they become more consolidated among them. This reduces their interaction with the fans of the other teams. The latter can now addict the former as a stigmatized group. This is a situation that in literature is known as "pluralistic ignorance" (Allport, 1924; O'Gorman, 1986; Noelle-Neumann, 1993). Society splits into different groups that do not interact anymore. Groups of people do not talk to each other, so there cannot be cross- contamination. Under this condition, media outlets are not necessarily pushed to become more homogeneous; actually, they have incentives to become more apart; to increase their differentiation vis-a-vis with their competitors and improve the loyalty of their readers. In order to

please their respective readers, newspapers will now be more prone to publish news that pleases them. So, their judgments will become more apart and will diverge more than before the scandal. Thus, we hypothesize:

> *Hypothesis 6: After Calciopoli, the evaluations of the newspapers are more in disagreement (6a), especially for matches exhibiting local teams (6b)*

4 DATA AND METHODS

In order to investigate our hypotheses we needed first of all to identify the pre-scandal and post-scandal period. The advantage of scandals is that they do have a timeline (Figure 5). We identify three main periods in the timeline of Calciopoli:

1. *During Calciopoli – May 2006 until December 2006*. The first news of the scandal appeared in the newspapers in May 2006. This is when the scandal started. The scandal reached its peak during July 2006 when the two sport processes of Calciopoli took place. The last sentence was published in October 2006 and in December 2006 (depending on the team involved). By that time the media articles mentioning Calciopoli had reduced drastically from the 1,800 articles in July to 350 articles. We chose the end of the sport trial as the end of the scandal of Calciopoli (December 2006).
2. *Pre-Calciopoli – September 2004 until April 2006*. As in any event analysis (Barnett and King, 2005), scholars are concerned to take the pre-period as close as possible to the focal event, while having enough data point to have reliable results. We have data from the season 2004/2005, so we start our pre-scandal period in that season and terminate in April 2006 (almost two full seasons).

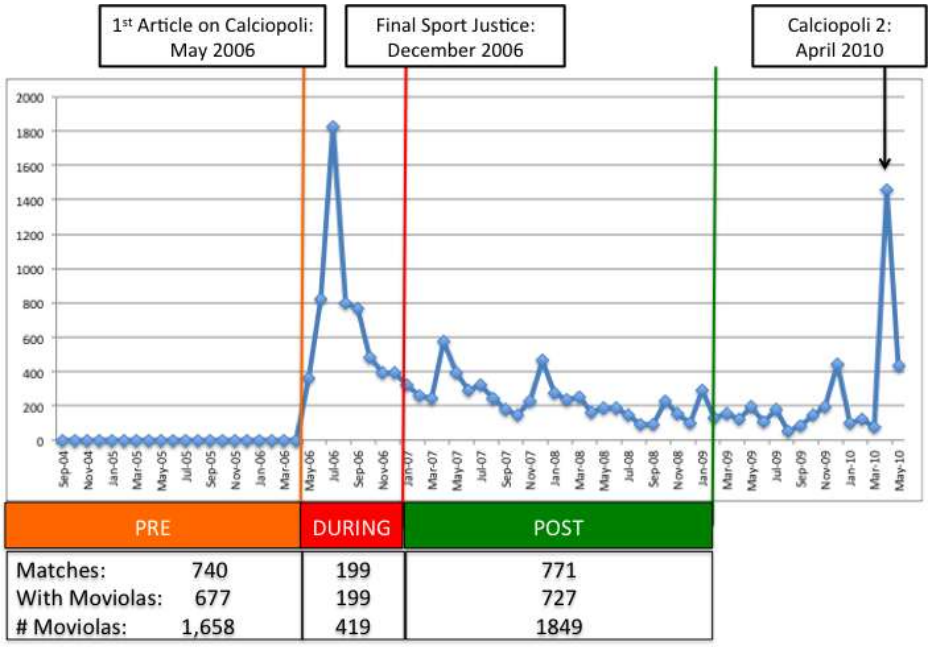
3. *Post-Calciopoli – January 2007 until January 2009*. We had similar concerns for the post-scandal period. We start it just after the last sport verdict (January 2007) and terminate in January 2009. In this way we have roughly the same number of matches to compare in the pre- and in the post- period. During this time, the interest on Calciopoli declined steadily with some small peaks due to the criminal trials, which are still on. However, the sentence of the sport justice was final. Only in April 2010 there was another significant peak of media and public interest that reached almost the same intensity of July 2006. This peak was due to the publication of new phone tapping of Inter that gave origins to Calciopoli 2. This is outside our post-scandal period.

The number of matches played in the pre- and post- periods is:

- Pre-Calciopoli: 740 matches played in 74 match days (all the 38 math days of the season 2004/2005 and 36 match days of season 2005/2006).
- Post-Calciopoli: 771 matches played in 76 match days (20 match days in season 2006/2007, 38 in season 2007/2008 and 19 in season 2008/2009).

In summary, we are going to treat Calciopoli as a natural experiment and compare the evaluations of the referees between roughly two seasons before Calciopoli and two seasons after. Out of the total 1,511 matches some were dropped because they were not reviewed by at least 1 of the newspapers (condition necessary for testing hypothesis 1- 5) or they were reviewed by 2 or more of them (to test hypothesis 6). Figure 9 shows graphically the periods under investigation.

Figure 9 - Timeline of Calciopoli divided by periods under investigation



4.1 Newspapers' Evaluations of Referees' decisions - Moviola

Newspapers have a specific column dedicated to reviewing the referees' mistakes. This is usually clearly identified in the newspapers (see Appendix C for real examples for each of the newspaper). This column is usually known as "Moviola". We collected all the Moviola we were able to obtain from the three newspapers[25]. Table 15 shows the number of Moviola collected for each newspaper in each of the focal season. Corriere and Gazzetta roughly covered the same number of matches (around 80%), Tuttosport covered less (67%). The three newspapers do not necessarily cover the same matches. Table 16 shows the breakdown of the Moviola per match. To test hypothesis 1 to 5 we need a match to be covered by at least 1 Moviola. This happened in the 93% (1,404) of the

[25] The Moviola from Gazzetta were the easiest to retrieve as Gazzetta had a digital archive for the focal period. We requested Gazzetta for their Moviola and they were sent to us by email. Corriere retains a hard archive of the Moviola and we were able to copy them. Tuttosport was not able to provide their articles, so they were manually retrieved and photocopied by the Biblioteca Comunale di Torino (Public Library of Turin) that keeps all the copies of the newspapers. While sometimes the newspaper does not review some matches, some Moviola may have been overlooked. Therefore, we contacted the Observatory of referees' mistakes, a private institute that analyzes the behavior of the referees and that has been independently collecting the Moviola since 2006/2007. Few Moviola (less than 10%) were added to complete the dataset.

matches. To test hypothesis 5 and 6 (disagreement among newspapers) we need a match to be covered by at least 2 Moviola. This happened in the 86% of the matches (1,302). Therefore, the number of observations to test hypothesis 1 to 4 is 1,404. The number of observations to test hypothesis 5 and 6 is 1,302. The total number of Moviola is 3,507.

Table 15 – Number of Moviola for each newspaper

		Universe	Corriere	% on total	Gazzetta	% on total	Tuttosport	% on total	Total Number of Moviola
Pre-Calciopoli	2004/2005	380	342		276		268		886
	2005/2006	360	292		280		200		772
Total Pre-Calciopoli		**740**	**634**	**86%**	**556**	**75%**	**468**	**63%**	**1658**
Post-Calciopoli	2006/2007	201	166		175		142		483
	2007/2008	380	274		326		253		853
	2008/2009	190	183		187		143		513
Total Post-Calciopoli		**771**	**623**	**81%**	**688**	**89%**	**538**	**70%**	**1849**
TOTAL Pre+Post		**1511**	**1257**	**83%**	**1244**	**82%**	**1006**	**67%**	**3507**

Table 16 – Number of Moviola per match

		Universe	At least 1 Moviola	% on total	At least 2 Moviola	% on total
Pre-Calciopoli	2004/2005	380	357		327	
	2005/2006	360	320		289	
Total Pre-Calciopoli		**740**	**677**	**91%**	**616**	**83%**
Post-Calciopoli	2006/2007	201	181		176	
	2007/2008	380	357		324	
	2008/2009	190	189		186	
Total Pre-Calciopoli		**771**	**727**	**94%**	**686**	**89%**
TOTAL Pre + Post		**1511**	**1404**	**93%**	**1302**	**86%**

As a common methodology in media articles (Pollock and Rindova, 2003, Deephouse 1996), each Moviola was manually coded. Many steps were identified in order to assure the reliability of the coding. After talking with journalists and experts in soccer, one of the authors developed a very detailed coding scheme. The data was coded under two dimensions:

1. whether or not a journalist reports an episode
2. the evaluation of the journalist

Eleven categories of episodes were coded. These include basically all the types of decisions that a referee can make during a match (penalty, red and yellow cards, offside…). Journalist report two types of decisions:

- "Type 0" decisions. The referee did take a decision (e.g. awarding a penalty kick)
- "Type 1" decisions: The referee did *not* take a decision (e.g. *not* awarding a penalty kick)

Therefore, each of the 11 episodes was coded in one of these two types of decision. For example, the episode "penalty" means that the journalist mentions that the referee awarded a penalty. The episode "NO penalty" means that the journalist mentions that the referee did not award a penalty. As a result, 22 categories of episodes were coded. Table 17 reports the breakdown by episode.

In total, 7,786 episodes were reported on 1,404 matches reviewed (an average of 5.45 episodes a match). The 22 sub-categories were then aggregated into the four major categories regarding referee's decisions: (1) penalty, (2) cards, (3) offside and (4) fouls and other. The four categories are roughly evenly split. Interestingly, the Type 0 decisions – referees "not" doing something – are 25% more than Type 1 decisions, confirming a "status-quo" and "0-action" bias in the behaviors of the referees, as reported by the journalists. Referees tend not to take a decision than to take it. This is quite a common effect in social psychology literature.

Table 17 – Breakdown of episodes by category and sub-category

%	#	Category	Sub-Category				
			Type 1 decisions	#	Event	#	Type 0 decisions
27%	2,077	Penalty	penalty	503	penalty kick	1,574	NO penalty
30%	2,344	Cards	red	260	red card	287	NO red
			yellow	1,011	yellow card	389	NO yellow
			yellowred	240	second yellow card	157	NO yellowred
24%	1,892	Offside	offside	611	offside call	145	NO offside
			offsidegoal	314	offside called where the player scored	822	NO offsidegoal
19%	1,473	Fouls and Other	foul	216	foul call	237	NO foul
			foulgoal	131	foul call where the player scored	161	NO foulgoal
			goal	22	ball passed the goal line	65	NO goal
			other	135	other episodes	445	NO other
			othergoal	17	other episodes where the player scored	44	NO othergoal
100%	7,786			3,460		4,326	

While there is little doubt whether the journalist reports or not an episode, it is more challenging to code the evaluation of the journalist. We chose a detailed coding system to assess the evaluation of the journalist. The final objective was to divide the episodes into two categories: the ones that are considered mistakes by the journalists and those that are not. In order to reach this objective, we divided the evaluations into 6 sub-categories. The point of view chosen is the one of the journalist who evaluates whether the referee made a mistake ("yes" – the journalist thinks the referee made a mistake, "no" – the journalist does not think that the referee made a mistake). Each episode was coded among the following 6 sub-categories:

1. *Neutral.* The journalist reports the episode without any personal evaluation.
2. *No.* The journalist clearly says that the referee did not make a mistake. Little doubts about it.
3. *Maybe no.* The journalist says that the decision of the referee is probably correct.
4. *Images Not Clear.* The journalist explicitly mentions that the TV images do not clarify if the referee made or not a mistake.

5. *Maybe Yes*. The journalist raises doubts on the decisions of the referee or says that it was probably wrong.
6. *Yes*. The journalist says that the referee made a mistake. Little doubts about it.

These six categories were then combined into two macro-categories:

1. *Non-Contested* episodes. These are episodes in which the journalist does not challenge the decision of the referee or absolve it in some way. The overall impression is that the referee did the best he could do, considering also the fact that he could not use the TV cameras. This category includes sub-categories 1 to 4: "*Neutral*", "*No*", "*Maybe No*", "*Images Not Clear*".
2. *Contested* episodes. These are episodes in which the journalist casts a doubt or openly challenges the behavior of the referee. The overall impression is that the referee did not adequately do his job and his decisions could have been better. This category includes the last two sub-categories: "*Maybe Yes*" and "*Yes*".

All the three newspapers did not necessarily report the same episodes; indeed, each episode was reported on average only by 1.6 newspapers[26], for a total of 12,702 evaluations (Table 18 and 29). Interestingly the type of evaluation depends also on the type of referees' decisions (see Table 20). On average the referees are more contested (+23%) for Type 0 decisions (referees not doing something). This is still in line with the perception of a "status-quo" bias. However, this is not true for offside calls where the difference between Type 0 and Type 1 decisions is negative (-23%). Offside episodes are contested more when the line referee makes a call, rather than when it does not. Moreover, this category of episode is also the one for which the TV camera usually makes the

[26] 1.6 is the mere division between 12,702 (number of episodes reported by each newspaper) and 7,786 (number of unique episodes). However, it does not consider the fact the match was reviewed only by two or one newspaper.

evaluation of the decision easier to evaluate. This different trend may be due to the fact that, accordingly to the guidelines of FIFA, in doubtful situations the line referee should call an offside ("raise the flag"), thus making Type 1 decisions more frequent.

Table 18 - Breakdown of journalists' evaluations by category and sub-category

	%	#	Evaluation Category	ation Sub-cat	#	%
	61%	7,755	Not Contested	neutral	1,548	12%
				no	5,517	43%
				maybeno	496	4%
				not clear	194	2%
	39%	4,947	Contested	maybeyes	2,216	17%
				yes	2,731	22%
Total	100%	12,702			12,702	100%

Table 19 – Breakdown of Contested evaluations by category

Event	Total #	Contested #	Contested %
Penalty	4,050	1,792	44%
Cards	3,621	1,320	36%
Offside	2,972	939	32%
Fouls and Other	2,059	896	44%
Total	12,702	4,947	39%

Table 20 – Breakdown of evaluations by type of referees' decisions

	Type 1 Decisions			Type 0 Decisions			
Event	Total #	Contested #	Contested %	Total #	Contested #	Contested %	Diff. Type 0 - Type 1
Penalty	1,284	358	28%	2,766	1,434	52%	24%
Cards	2,468	328	13%	1,153	992	86%	73%
Offside	1,444	627	43%	1,528	312	20%	-23%
Fouls and Other	763	278	36%	1,296	618	48%	11%
Total	5,959	1,591	27%	6,743	3,356	50%	23%

The coding scheme was tested, modified and improved. He used it to code one and half of the seasons (out of roughly four). The rest of the data was coded by a Research Assistant who had been

carefully trained and monitored. A random sample of 4 match days (out of 38) for each season was extracted (2 match days for 2008/2009 as it was only half season). In total 18 match days (10.5% of the universe) were coded by both coders. In this sample, there are in total 879 episodes and 1,398 evaluations. The inter-reliability among the coders was high and in line or greater than previous studies on content analysis (Pollock and Rindova, 2003; Deephouse, 1996). The coders proceeded in the following way:

1. First, the article was decomposed into the single episodes. **88%** (777 out of 879) of the episodes were reported by both coders.
2. Second, the episode was then classified in the appropriate category. Out of the 777 episodes that were reported by both coders, 725 (**95%**) were classified in the same 4 categories ("Penalty", "Cards", "Offside", "Fouls and Others") and 655 (**89%**) in the same 22 sub-categories ("Penalty", "NO penalty", "Yellow", "NO yellow"…).
3. Finally, the evaluation of the journalist was then assessed. Out of the 1,398 evaluations, 1,226 were identified by both the coders. **95%** of them were classified in the same category of *Contested* vs. *Non-Contested* and **84%** in the same 6 sub-categories ("Neutral", "No", "Maybe No", "Images Not Clear", "Maybe Yes", "Yes").

Appendix C reports examples of Moviola from the three newspapers.

4.2 Variables

4.2.1 Dependent Variables

We have two dependent variables; the variable *Episodes Contested* to test Hypothesis 1 to 4 and the variable *Disagreement* for hypothesis 5 and 6.

4.2.1.1 Episodes Contested (Hypothesis 1, 2, 3 and 4)

To test the hypotheses 1,2 and 4, we looked at the overall contestation that a referee received in a given match. The dependent variable is *Episodes Contested,* which is defined as the simple count of the number of episodes contested at least by one newspaper. Therefore, *Episodes Contested* is a discrete variable between 0 (if no episodes in a match was contested) and 11 (for the three matches – Bologna-Juventus in season 2004/2005, Lazio-Juventus in season 2007/2008, and Roma-Juventus in season 2007/2008 - where the greatest number of episodes contested in a match took place).

However, to test hypothesis 3a and 3b we need to distinguish between norms that are more and less ambiguous. We identified four categories in the decisions of the referees: penalty, cards, offside and fouls/other. Among those decisions, offside calls are the most mechanical to apply and the ones that are more easily assessed on TV. Figure 10 shows examples of offside calls that were reviewed by the journalists after the match. It is usually possible to draw a line that shows whether a player was indeed in offside or not. All the other decisions were considered as more ambiguous as it is usually not possible to have clear-cut images as in the case of offside; an observer will need to make an assessment that depends also on his or her experience and knowledge of soccer. Therefore, the variable *Episodes Contested less ambiguous norms* is the count of only contested episodes related to offside calls. *Episodes Contested more ambiguous norms* is the count of all the other contested episodes.

Figure 10 – Examples of images of offside



The straight line is designed with a computer and is in line with the last defender

4.2.1.2 Disagreement (Hypothesis 5 and 6)

Hypothesis 5 and 6 focus on the disagreement among the evaluations of the newspapers. In this case our interest is not on whether the decision of the referee is contested, but on the mutual evaluation of the newspapers. We operationalize this variable in four different ways.

First, we simply look at the simple number of situations where a disagreement occurs. Evaluations of the newspapers were classified into two main categories, *Non Contested Episodes* and *Contested Episodes*. We coded the episodes for which a newspaper evaluates a referees' decision in one category (for example, *Non Contested Episodes*) and at least one of the other two in the opposite category (for example, *Contested Episodes*). For a given match, the variable *Episodes Disagreement* is the count for the episodes for which there is a disagreement between at least 2 newspapers. This variable is quite raw, though it is still interesting. In fact, one would expect that sport journalists are expert at soccer rules and would (almost) always agree on the referees' decisions especially when these are reviewed with TV cameras after the match.

However, the pure count can be misleading because it focuses only on the episodes in disagreement discarding the episodes in which there is agreement. In fact, if a match reports more episodes, it increases the likelihood that some are in disagreement. Therefore, as a second measure, we use the Jaccard coefficient, a common measure used in sociological and organizational literature (Everitt, Landau, and Leese, 2001; Hsu 2006) to assess the mutual agreement or disagreement among evaluations of different members of an audience. It measures the proportion of cases on which each pair of sources agree on the total number of episodes that are reported by either of the two (it excludes cases that are not reported by the pair). It takes the following form:

$$\frac{a}{a+b+c}$$

where a is the number of cases for which the two sources agree, b the sum of cases in which there was a positive classification by the first source and a negative by the second and c the sum of cases in which there was a positive classification by the second source and negative by the first. As we are interested in disagreement, we calculate the Jaccard Disagreement coefficient as: 1 – Jaccard coefficient.

Given the specificities of our context, we calculate two types of Jaccard coefficient. *Jaccard Disagreement Episodes* and *Jaccard Disagreement Evaluation*. The variable *Jaccard Disagreement Episodes* is the Jaccard Disagreement coefficient applied to the mere number of episodes that are reported by the three newspapers, without taking in consideration the type of newspapers' evaluations (*Contested* vs. *Non-Contested*). In fact, many episodes are reported only by one newspaper and not by the others. To see how *Jaccard Disagreement Episodes* coefficient is calculated, we take as an example the match Lazio-Juventus played on match day 19 in season 2008/2009. This match was reviewed by all the three newspapers. In total, there were 13 episodes reported by at least one of the newspaper. Corriere and Gazzetta reported 8 episodes, while Tuttosport 4. Among the 13, only 3 were reported by all the three newspapers and 1 by two of them. See Table 21.

Table 21 – Episodes reported by each newspaper for Lazio-Juventus

Lazio-Juventus	**# 1**	**# 2**	**# 3**	**# 4**	**# 5**	**# 6**	**# 7**	**# 8**	**# 9**	**# 10**	**# 11**	**# 12**	**# 13**
Corriere	NC	NC	NC	C	C	C	C	C					
Gazzetta	NC	NC		NC	NC					NC	NC	C	NC
Tuttosport	NC			NC	NC				NC				

C stands for "Contested", NC stands "Non-Contested" and the cell is blank if the newspaper does not report the episode

We first calculate the Jaccard Agreement coefficient for each pair:

- Gazzetta/Corriere: 4/12 (4 episodes is reported by both, while 12 by either of the two)

- Gazzetta/Tuttosport: 3/9 (3 episodes is reported by both, while 9 by either of the two)

- Corriere/Tuttosport: 3/9 (3 episodes are reported by both, while 9 by either of the two)

The coefficient for CHIEVO-JUVENTUS is the average of the three:

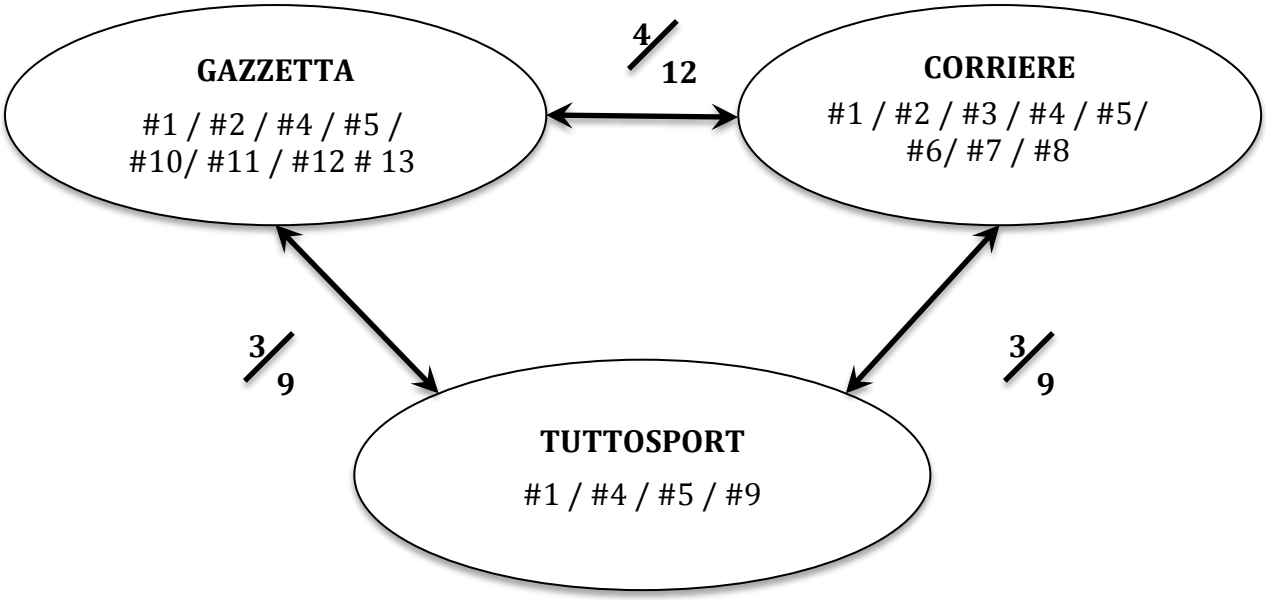
(3/9 + 4/12 + 3/9) / 3 = (1/3 + 1/3 + 1/3) / 3 = 1/3 = 0.33

As we are interested in disagreement, the *Jaccard Disagreement Episodes* is 1-0.3=0.67

Figure 11 represents graphically the calculation of the *Jaccard Disagreement Episodes*. If only 2 newspapers cover the match, the Jaccard coefficient of the match will be the Jaccard coefficient of the pair of newspapers.

In the same season Atalanta - Reggina was played on match day 13. Also in this case all the three newspapers covered the match. However, no episode was reported. In this case, the Jaccard coefficient is 1, because all the three newspapers agree that there were no episodes. Accordingly, the variable *Jaccard Disagreement Episodes* is 0.

Figure 11 - Calculation of Jaccard's coefficient for Lazio-Juventus



Jaccard Disagreement Evaluation is calculated as *Jaccard Disagreement Episodes,* but it takes into account also the evaluations of the journalists (Contested vs. Non-Contested). If two journalists report the same episode, but with a different evaluation (one journalist contests the decision of the referee and the other not or vice versa), the *Jaccard Disagreement Episode* will consider them in agreement, while the *Jaccard Disagreement Evaluation* would consider them in disagreement. It follows that *Jaccard Disagreement Evaluation* is always greater or equal to *Jaccard Disagreement Episodes* for a given match. For the match of Lazio-Juventus the denominator stays the same, however the numerator of changes. In fact, the numerator of Gazzetta/Corriere became 2 instead of 4. This is because Episode 4 and 5 is contested by Corriere, and non-contested by Gazzetta. Similarly, the numerator of Corriere / Tutosport becomes 1 (from 3) for the same reason. On overall the Jaccard Disagreement Evaluation for Lazio Juventus is: $1 - 1/3 * (2/12 + 3/9 + 1/9) = 0.8$

For the fourth measure of disagreement, we took a different approach. From the perspective of the referees it is important to have the lowest number of episodes contested, namely episodes that the media label as possible or real mistakes. In fact, the more media buzz around mistakes, the more likely it is that referees are going to be suspended for some time or that are even relegated to lower categories in the next season (especially for new referees). However, from the perspective of the team it is the type of mistakes that matters. The end result of a mistake is that one team got an advantage and the opponent was penalized (or vice versa). Referees' mistakes can be very consequential for the teams as they influence the results of the match. In many cases, a single severe mistake conditioned the overall result ("la mano de Dios" of Maradona in the semi-final of 1990 World Cup is maybe the most known case in the history of soccer). Therefore, from the perspective of the team the direction of the mistakes of the referee is more important, and hopefully they would like referees to make more mistakes that give their respective team an advantage. However, this comes at a cost. While teams that are favored by the referees' mistakes enjoy better results, they also

attract public disapproval and resentment. In an ideal scenario, teams would like to have an advantage from the referees' mistakes, but that this advantage won't be publicized. Under this perspective the role of the newspapers is pivotal. While journalists have to follow a strict ethical code, they have freedom to maneuver without necessarily breaking the code. Indeed, a newspaper can decide which episode to report and on whether to report it in a neutral way or give an opinion about it. Therefore, the main variable of interest to influence public opinion is the relative number of mistakes that give an advantage to the team and those that give a disadvantage. The variable Favoritism Home is built in this way:

> *Favoritism Home* $_i$ = number of mistakes that newspaper i reported as favoring home team - number of mistakes that newspaper i reported as favoring team

Where i is each of the three focal newspapers (Corriere, Gazzetta and Tuttosport). The variable of interest is the *Standard Deviation of the Favoritism Home* as it can be an important variable to measure the disagreement among the evaluations of the newspapers, taking the perspective of the teams; the greatest the variance the more disagreement among the evaluations of the journalists.

For example, let's consider the same match Lazio – Juventus. In total, there were 13 episodes reported (see Table 21). The three newspapers gave the following evaluations:

1. Corriere (Lazio is local) reports 8 decisions of the referees and contested 5 of them, all of them in favor of Juventus. The variable *Favoritism Home* $_{Corriere}$ takes the value of 0-5=-5
2. Gazzetta (no local teams) reports 8 decisions and contested 1 of them in favor of Lazio. The variable *Favoritism Home* $_{Gazzetta}$ takes the value of 1-0=1
3. Tuttosport (Juventus is local) reports 4 episodes and dos not contest any of them. The variable *Favoritism Home* $_{Tuttosport}$ takes the value of 0.

As a result, if you read the Corriere, you get the impression that Juventus was strongly favored; if you read Gazzetta that Lazio was slightly favored and if you read Tuttosport you have the impression of a complete fair match. The average of the Favoritism among the three newspaper is -1.33 . Therefore, the *Standard Deviation of the Favoritism Home* will take the value of: $\sqrt{1/3 *[(-5+1.33)^2 + (1+1.33)^2 + (0+1.33)^{2]}} = 2.62$

Each of the four operationalization focuses on a slightly different aspect of disagreement among newspapers. The first – *Episodes Disagreement* - gives importance to each event where the newspapers disagree. The second – *Jaccard Disagreement Episodes* - provides information on how "spread" are the episodes reported by the three newspapers (1 means that the three newspapers report all the same episodes, 0 means that they report all different ones). The third – *Jaccard Disagreement Evaluations* – combines the first two. All of these measures are non-directional, namely they do not consider which team is favored or penalized by the episodes contested. This is what is captured by the fourth and last measure – *Standard Deviation Favoritism Home*.

To note that the number of observations to test Hypothesis 5 and 6 drops from 1,404 (matches with at least 1 Moviola) to 1,302 (matches with at least 2 Moviola).

4.2.2 Independent Variables

Hypothesis 1 and 3a focuses on the status of the referee. Being appointed to the Serie A and Serie B is already a major peak in a referee's career, both from a prestige and economic point of view. Then, the minimum objective of the referees is to be confirmed in the next season. However, referees in this category are not all the same. In the curriculum of the referees what is important is to have as many matches in the Serie A together with "critical" matches, such as "derby" (matches that

show two local teams in a city playing together), those exhibiting teams at the top of the league, finals of cups etc. After the Serie A, the next big step in the career of a referee is being appointed internationally. For international matches, the FIFA defines a pool of referees. These referees are appointed by the FIFA after the recommendation of each country, which has a specific number of slots. In the focal period Italy had between 7 and 10 slots per year. Usually a referee that is appointed internationally, stays there until he retires. This is because a referee reaches the status of international in his last stage of his career. In special circumstances, like evidence of wrongdoing, the Italian association or the FIFA can suspend a referee (as it happened to the referee Pieri in our focal period). Given the limited slots, the greater visibility and salary that international matches provide together with the lifetime appointment, make the pool of international referee very elitist[27] and clearly distinct from the non-international referees. Therefore, we define the independent variable *Status* as a dummy that takes the value of 1 for international referees and 0 for non-international ones. In the focal periods, 64 referees were present. Among those, only 17 (26%) became international at some point (though without exceeding the given number of slots for each given year). Table 22 shows the number of referees who were international in each of the year of our focal period.

[27] It is true that not all the international referees are the same. The Hall of Fame of the referees consists of those that referee the final match of international competition (such as World Cup or Champions League). However, these are rare events (e.g. World Cup is played every 4 years), thus making the different in status among international referees more difficult to evaluate. In the robustness checks we try to operationalize the variables of Status as discrete and continuous, though we find the best results when the variable is a dummy.

Table 22 – Referees who were international in a given year of our focal period

	Serie A since	International since	2004	2005	2006	2007	2008	2009
Banti	2004/2005	2009						x
Bergonzi	2003/2004	2009						x
Bertini	1999/2000	2003	x	x	x	x		
Collina	1991/1992	1995	x	x				
De Marco	2003/2004	2007				x	x	x
De Santis	1994/1995	2000	x	x	x			
Dondarini	2001/2002	2005		x	x	x	x	x
Farina	1994/1995	2001	x	x	x	x		
Messina	1994/1995	1998	x	x	x	x		
Paparesta	1997/1998	2003	x	x	x	x		
Pieri	2001/2002	2006			x			
Rizzoli	2001/2002	2007				x	x	x
Rocchi	2003/2004	2008					x	x
Rodomonti	1991/1992	1998	x	x				
Rosetti	1997/1998	2002	x	x	x	x	x	x
Tagliavento	2003/2004	2007				x	x	x
Trefoloni	2001/2002	2004	x	x	x	x	x	x
Number of referees international in a given year			9	10	9	10	7	9

The appointment of the referee as international is made in January of each year. Therefore, the year on the line 1 of the table are calendar years and not season year (a season starts in August/September and finishes in May/June).

To test Hypothesis 4, we turn to the local teams of the newspapers. The three sport dailies in Italy - Corriere dello Sport, Gazzetta dello Sport and Tuttosport.- are all national, but they are unevenly distributed throughout Italy. Table 23 reports the distribution of the newspapers among the cities that host a team that played in Serie A during our focal period. Gazzetta and Tuttosport sold 12% of their newspapers in the city of Milan and Turin respectively. The city of Milan hosts the clubs "Inter" and "Milan", while Turin is the home city of other two clubs "Juventus" and "Torino". Even more skewed is the distribution of Corriere that sells almost a fourth of its newspapers in Rome (24%), where both clubs Roma and Lazio play. Juventus, Inter and Milan are the most successful Italian teams and the most known internationally. They won 65 out of 109 championships vested in the history of Italian league (up to 2013), besides many international trophies. Roma, Lazio and Torino also have successful stories in their history, they have mostly played in the Serie A and they are characterized by a strong and warm fans base.

The distribution of the readers is in line with the location of the newspapers. In fact, the headquarters of Gazzetta is Milan, the headquarters of Tuttosport is Turin and the headquarters of Corriere is Rome. Therefore, we consider each newspaper to have two local teams, corresponding to the two teams that play in the city where the newspapers have most of the concentration of their readers and their headquarters; Milan and Inter for Gazzetta, Juventus and Torino for Tuttosport, Roma and Lazio for Corriere. The variable *Local teams* is a dummy variable that takes the value of 1 for matches where any of the 6 teams play and 0 otherwise (either as a home team or as an away team). We do not distinguish if a match exhibits local teams of different journals or just one local team. The variable *Local teams* takes the value of 1 both for a match like Lazio-Reggina, where Lazio is the local team of Corriere, and for Lazio-Juventus, where Lazio is the local team of Corriere and Juventus of Tuttosport. However, in the robustness checks we distinguish between these two situations.

Table 23 – Distribution of the readership (in %) of each daily by Italian cities with a club in Serie A

Team	City	Gazzetta	Corriere	Tuttosport
ASCOLI	ASCOLI PICENO	0%	0%	1%
ATALANTA	BERGAMO	3%	0%	2%
BOLOGNA	BOLOGNA	1%	4%	1%
BRESCIA	BRESCIA	3%	0%	2%
CAGLIARI	CAGLIARI	1%	2%	1%
CATANIA	CATANIA	1%	1%	1%
CHIEVO	VERONA	2%	0%	1%
EMPOLI	FIRENZE	1%	2%	1%
FIORENTINA	FIRENZE	1%	2%	1%
GENOA	GENOVA	2%	0%	2%
INTER	MILANO	12%	2%	4%
JUVENTUS	TORINO	2%	1%	12%
LAZIO	ROMA	3%	24%	5%
LECCE	LECCE	1%	1%	1%
LIVORNO	LIVORNO	1%	1%	1%
MESSINA	MESSINA	1%	1%	1%
MILAN	MILANO	12%	2%	4%
NAPOLI	NAPOLI	2%	9%	1%
PALERMO	PALERMO	1%	2%	1%
PARMA	PARMA	1%	1%	1%
REGGINA	REGGIO CALABRIA	1%	1%	1%
ROMA	ROMA	3%	24%	5%
SAMPDORIA	GENOVA	2%	0%	2%
SIENA	SIENA	1%	0%	1%
TORINO	TORINO	2%	1%	12%
TREVISO	TREVISO	2%	0%	1%
UDINESE	UDINE	2%	0%	1%

Values are percentage of the total diffusion of each daily. Data are for 2012. Source: Audit 2012

4.2.3 Control variables

Following previous literature that uses soccer as a context (Garicano and Palacio, 2005; Boeri and Severgnini, 2011), we measure for the main characteristics of the events:

- Yellow $_{match}$: a count variable equal to the number of yellow cards given in a match
- Red $_{match}$: a count variable equal to the number of red cards given in a match
- Penalty $_{match}$: a count variable equal to the number of penalties awarded in a match
- Offside $_{match}$: a count variable equal to the number of offsides given in a match
- Shots $_{match}$: a count variable equal to the number of shots made by the two teams

Moreover, four variables were included to control] the interest, relevance and visibility of the match:

1. *Difference in Final Goals*. This is the absolute difference between the goals scored by the two teams at the end of the match.
2. *Champions*. Teams ranked between one and four in order to play the international competition called Champions League. Teams ranked fifth and sixth are allowed to play a lower rank, but still important international competition called Europa League. Therefore, matches where at least one team is within the first attracts more attention. These are usually also the most interesting matches. The variables *Champions* is a dummy variable that takes the value of 1 if at least one team in the match is ranked number 1 to 6.

Besides, to control heterogeneity among newspapers we use *Moviola Fixed Effect*. To control any residual match specific heterogeneity (e.g. specific dyads of teams can have a history of intense rivalry), we use a *Match Fixed Effect* when allowed (Hypothesis 1 to 4). Instead, to control any residual heterogeneity among referees we use *Referees Fixed Effect* when allowed (Hypothesis 5 and 6). When Referees Fixed Effect was not allowed to be used, we control the numbers of years since a referee was appointed in the Serie A (*Tenure Serie A).*

4.3 Analysis

We proposed that scandals create social disturbances that can open up strategic opportunities for members of an audience. Therefore, we develop our hypotheses at two levels of analysis. At the referee level, we looked at how the social characteristics of the referee and the type of norms evaluated influenced the number of episodes contested before and after Calciopoli (Hypothesis 1, 2 and 3). At the team level, we hypothesize how the relation between the team and the newspaper influenced the number of episodes contested and the disagreement among the newspapers

(Hypothesis 4, 5, and 6). This is why the first three Hypotheses have a fixed effect for the teams (match-dyad fixed effect), while the following three Hypotheses consider referees constant (referees fixed effect). The estimation model depends on the nature of the dependent variable. Table 24 provides a summary on how the different hypotheses are tested.

Table 24 – Overview of the different analysis to test the hypotheses

Hypothesis	H1 – H2	H3a – H3B	H4	H5 – H6
Level of analysis	Referees	Referees	Teams	Teams
Unit of analysis	Match	Match	Match	Match
DV	Contested Episodes	a. Contested Episodes more ambiguous norms b. Contested Episodes less ambiguous norms	Contested Episodes	Disagreement: 1. Episodes Disagreement 2. Jaccard Disagreement Episodes 3. Jaccard Disagreement Evaluations 4. Standard Deviation Favoritism Home
Estimation Model	Poisson	Poisson	Poisson	1. Poisson 2. Tobit 3. Tobit 4. Linear Regression
Fixed Effect	Match-Dyad	Match-Dyad	Referees	Referees
Table #	Table 26	Table 27	Table 28	1. Table 29 2. Table 30 3. Table 31 4. Table 32
Robustness Checks	Table 34			H5: Table 36, 37, 38 H6: 39

5 RESULTS

Table 25 contains the descriptive statistics and correlations.

Table 25 – Descriptive Statistics and Correlation Values

Variable	Obs	Mean	St. Dev.	Min	Max	1	2	3	4	5	6	7	8	9	10
1 Contested Episodes	1404	2.19	1.94	0	11										
2 Count Disagreement Episodes	1302	0.55	0.78	0	4	0.48									
3 Jaccard Disagreement Episodes	1302	0.53	0.28	0	1	0.11	-0.19								
4 Jaccard Disagreement Evaluations	1302	0.62	0.27	0	1	0.18	0.19	0.82							
5 Standard Deviation Favoritism	1302	0.57	0.42	0	1.62	0.56	0.39	0.15	0.31						
6 Only Referees Decisions	1404	1.81	1.73	0	10	0.93	0.48	0.09	0.17	0.52					
7 Ref. Decisions Not Clear	1404	1.09	1.41	0	9	0.80	0.31	0.16	0.17	0.44	0.84				
8 Ref. Decisions Clear	1404	0.71	0.93	0	5	0.52	0.42	-0.09	0.05	0.30	0.58	0.05			
9 Line Referees Decisions	1404	0.39	0.70	0	6	0.47	0.14	0.09	0.08	0.28	0.12	0.14	0.00		
10 Dummy Calciopoli	1511	0.51	0.50	0	1	0.15	0.05	0.06	0.01	0.09	0.13	0.12	0.06	0.08	
11 Dummy Status Referees	1511	0.43	0.49	0	1	0.03	-0.03	-0.04	-0.05	0.01	0.02	0.05	-0.04	0.04	-0.16
12 Dum. Status Ref. X Dum. Calciopoli	1511	0.17	0.38	0	1	0.14	0.02	0.01	-0.01	0.09	0.12	0.13	0.03	0.09	0.45
13 Dummy New Referee (2nd year)	1511	0.15	0.35	0	1	-0.05	-0.01	-0.04	-0.03	-0.04	-0.05	-0.07	0.01	-0.02	0.12
14 Dum. New Ref. X Dum. Calciopoli	1511	0.10	0.29	0	1	-0.01	-0.02	0.02	0.00	0.01	-0.02	-0.04	0.02	0.02	0.32
15 Dummy Local Teams	1511	0.47	0.50	0	1	0.30	0.14	0.10	0.09	0.17	0.26	0.30	0.03	0.18	0.05
16 Dum. Local Teams X Dum. Calciopoli	1511	0.26	0.44	0	1	0.27	0.14	0.09	0.06	0.15	0.24	0.25	0.06	0.16	0.57
17 Champions	1511	0.53	0.50	0	1	0.16	0.08	0.05	0.05	0.12	0.13	0.15	0.02	0.11	0.01
18 Tenure Serie A	1511	6.53	3.79	0	15	0.03	0.00	0.03	0.02	0.02	0.03	0.05	-0.03	0.01	-0.22
19 Yellow $_{match}$	1511	4.60	2.02	0	11	0.17	0.01	0.00	-0.05	0.06	0.18	0.18	0.05	0.02	0.13
20 Red $_{match}$	1511	0.32	0.59	0	4	0.10	0.16	-0.13	-0.11	0.05	0.12	0.12	0.04	-0.01	0.00
21 Penalty $_{match}$	1511	0.32	0.58	0	3	0.11	0.21	-0.24	-0.18	0.10	0.15	0.03	0.23	-0.05	0.03
22 Offside $_{match}$	1511	6.11	3.30	0	21	0.10	0.06	0.03	0.02	0.09	0.02	0.02	0.01	0.23	0.11
23 Fouls $_{match}$	1511	38.91	8.37	7	77	-0.01	-0.03	-0.03	-0.03	0.01	0.02	0.02	0.01	-0.08	-0.26
24 Shots $_{match}$	1511	26.29	6.19	9	52	0.03	0.06	0.05	0.07	0.04	0.02	0.01	0.03	0.02	-0.02
25 Difference in Final Goals	1511	1.18	1.05	0	6	-0.03	0.02	0.01	0.03	0.02	-0.04	-0.03	-0.03	0.03	0.04

Variable	11	12	13	14	15	16	17	18	19	20	21	22	23	24
12 Dum. Status Ref. X Dum. Calciopoli	0.53													
13 Dummy New Referee (2nd year)	-0.35	-0.19												
14 Dum. New Ref. X Dum. Calciopoli	-0.28	-0.15	0.79											
15 Dummy Local Teams	0.12	0.11	-0.11	-0.06										
16 Dum. Local Teams X Dum. Calciopoli	-0.02	0.35	-0.01	0.09	0.62									
17 Champions	0.11	0.05	-0.08	-0.05	0.27	0.20								
18 Tenure Serie A	0.53	0.21	-0.53	-0.41	0.08	-0.06	0.06							
19 Yellow $_{match}$	0.02	0.09	-0.01	0.01	-0.08	0.04	-0.05	0.01						
20 Red $_{match}$	-0.05	-0.02	0.03	0.02	-0.03	0.00	-0.03	-0.04	0.28					
21 Penalty $_{match}$	0.02	0.00	0.03	0.06	-0.02	0.00	-0.01	-0.03	0.09	0.17				
22 Offside $_{match}$	-0.09	0.04	0.01	0.04	0.06	0.11	-0.01	-0.06	0.00	0.01	-0.02			
23 Fouls $_{match}$	0.08	-0.09	-0.06	-0.11	-0.18	-0.26	-0.16	0.16	0.29	0.06	0.02	-0.04		
24 Shots $_{match}$	0.09	0.02	-0.04	-0.03	0.14	0.07	0.14	0.06	-0.09	-0.05	0.08	-0.15	-0.24	
25 Difference in Final Goals	-0.03	-0.02	0.03	0.04	0.08	0.04	0.08	-0.03	-0.11	-0.01	0.09	0.05	-0.16	0.14

Table 26 tests for Hypothesis 1 and Hypothesis 2, namely that, after Calciopoli the journalists are *more* likely to contest high-status actors and *less* likely to contest new referee. Model 1 contains the control variables. Model 2 adds the variable *Dummy Calciopoli,* its value is positive and highly significant ($p<0.001$), showing that journalists are more likely to contest referees' decisions after Calciopoli. Model 3 adds the variable *Dummy Status Referees*. The variable is negative, but not significant. This result is in line with our hypothesis, given that we expect a different effect on journalists' attitude before and after Calciopoli. Model 4 introduces the variable *Dummy New Referees*, which is also not significant. Model 5 includes all the three variables. Finally, Model 6 adds the two interaction terms. Hypothesis 1 is supported. As hypothesized, the variable *Dummy Status Referee* is negative and highly significant ($p<0.001$), while the interaction term is positive and also highly significant ($p<0.01$). This means that high-status referees were less contested than low-status ones before Calciopoli, Calciopoli on average has increased the level of contestation for all referees, but more for the high-status ones. Hypothesis 2 predicts the opposite effect for new referees, namely that they were contested more before Calciopoli than after. Indeed, the coefficient of the variable *Dummy New Referee* is positive and its interaction term is negative; however, both the coefficients are not statistically significant. Therefore, Hypothesis 2 is not supported.

Table 26 - Poisson regression for the effect of Calciopoli on the number of contested episodes for high-status and new referees

Dependent Variable: Contested Episodes	(1)		(2)	(3)	(4)	(5)	(6)
Dummy Calciopoli			0.230***			0.227***	0.111
			(0.049)			(0.049)	(0.070)
Dummy Status Referees				-0.072		-0.057	-0.195**
				(0.050)		(0.050)	(0.069)
Dummy Status Referees X Dum. Calciopoli							0.257**
							(0.089)
Dummy New Referee (2nd year)					-0.001	-0.018	0.022
					(0.073)	(0.073)	(0.132)
Dummy New Referee X Dum. Calciopoli							-0.027
							(0.149)
Champions	0.023	0.298***	0.014	0.023	0.023	0.014	0.015
	(0.049)	(0.038)	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)
Tenure Serie A	-0.012*	0.005	-0.008	-0.008	-0.012	-0.005	-0.005
	(0.006)	(0.005)	(0.006)	(0.007)	(0.007)	(0.007)	(0.007)
Yellow match	0.046***	0.062***	0.038**	0.047***	0.046***	0.038***	0.038***
	(0.011)	(0.010)	(0.012)	(0.011)	(0.011)	(0.012)	(0.012)
Red match	0.106**	0.061*	0.116**	0.104**	0.106**	0.115**	0.114**
	(0.035)	(0.030)	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
Penalty match	0.186***	0.108***	0.181***	0.190***	0.186***	0.184***	0.189***
	(0.035)	(0.030)	(0.036)	(0.036)	(0.035)	(0.036)	(0.036)
Offside match	0.020**	0.027***	0.015*	0.019**	0.020**	0.015*	0.014*
	(0.007)	(0.005)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Fouls match	0.000	-0.004	0.005	0.000	0.000	0.004	0.005
	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Shots match	0.001	0.003	0.000	0.001	0.001	0.000	0.001
	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Difference in Final Goals	-0.059**	-0.033	-0.056**	-0.060**	-0.059**	-0.057**	-0.057**
	(0.021)	(0.018)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)
Dummy Moviola Cor – Gaz - Tut	0.896***	0.540**	0.844***	0.891***	0.896***	0.842***	0.837***
	(0.185)	(0.173)	(0.186)	(0.185)	(0.185)	(0.186)	(0.187)
Dummy Moviola Cor – Gaz	0.518**	0.186	0.478*	0.517**	0.518**	0.479*	0.465*
	(0.189)	(0.177)	(0.190)	(0.189)	(0.189)	(0.190)	(0.190)
Dummy Moviola Cor – Tut	0.683***	0.473*	0.705***	0.690***	0.683***	0.710***	0.714***
	(0.194)	(0.185)	(0.195)	(0.195)	(0.195)	(0.195)	(0.195)
Dummy Moviola Gaz – Tut	0.651**	0.339	0.551**	0.647**	0.651**	0.552**	0.536**
	(0.204)	(0.188)	(0.205)	(0.204)	(0.204)	(0.205)	(0.206)
Dummy Moviola Only Cor	0.426	0.185	0.424	0.426	0.426	0.426	0.422
	(0.234)	(0.213)	(0.234)	(0.234)	(0.234)	(0.234)	(0.235)
Dummy Moviola Only Gaz	0.122	-0.226	0.080	0.123	0.122	0.083	0.074
	(0.251)	(0.232)	(0.251)	(0.251)	(0.251)	(0.251)	(0.251)
Observations	1,370	1,404	1,370	1,370	1,370	1,370	1,370
Number of Match Dyad	300		300	300	300	300	300

Note: 27 groups (27 obs) dropped because of only one obs per group note: 3 groups (7 obs) dropped because of all zero outcomes. Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

Table 27 tests for Hypothesis 3a and Hypothesis 3b which states that the effect of Hypothesis 1 and Hypothesis 2 respectively should be stronger when the norms are more ambiguous (open to interpretability) than when they are less. Hypothesis 3a predicts that the increase in the number of episodes contested to high-status referees is greater for decisions on norms that are more ambiguous. Table 27 splits the sample into two sub-samples: episodes that related to decisions on norms that are more ambiguous (Model 7) and episodes related to decisions on norms that are less ambiguous (Model 8). The coefficient of *Dummy Calciopoli*, *Dummy Status Referees* and their interaction is significant only for episodes that involved more ambiguous norms. In particular, high-status referees are contested fewer episodes than low-status ones pre-Calciopoli (B=-0.225, p-value<0.01). Calciopoli has the effect to increase the average number of contested episodes (B=0.166, p-value<0.0.5) and more for high-status referees (*Dum. Status Referees X Dum. Calciopoli*=0.235*, p-value<0.05). When norms are less ambiguous (Model 8), the number of episodes contested do not statistically depends on the status of the referee and of Calciopoli (all the coefficients are statistically insignificant). This shows supports to Hypothesis 3a.

Hypothesis 3b predicts that the decrease in the number of episodes contested to new referees is greater for decisions on norms that are more ambiguous. Model 6 groups all the episodes. This is the same model of Table 26 that was used to test for Hypothesis 2. As already shown, new referees do not statistically influence the number of episodes contested by the journalists. When the episodes contested are divided into the two sub-samples (Model 7 and Model 8) the coefficients remain insignificant. Therefore, Hypothesis 3b is not supported.

Table 27 – Poisson regression for the effect of Calciopoli on the number of contested episodes for high-status and new referees by clarity of decisions

	C=A+B	A	B
Dependent Variable:	Contested Episodes	Episodes Contested more ambiguous norms	Episodes Contested less ambiguous norms
	(6)	(7)	(8)
Dummy Calciopoli	0.111	0.166*	-0.106
	(0.070)	(0.077)	(0.168)
Dummy Status Referees	-0.195**	-0.225**	-0.071
	(0.069)	(0.076)	(0.165)
Dum. Status Ref. X Dum. Calciopoli	0.257**	0.235*	0.336
	(0.089)	(0.098)	(0.215)
New Referee (2nd year)	0.022	0.062	-0.204
	(0.132)	(0.145)	(0.334)
New Referee X Dum. Calciopoli	-0.027	-0.143	0.569
	(0.149)	(0.164)	(0.372)
Champions	0.015	0.019	-0.008
	(0.049)	(0.055)	(0.118)
Tenure Serie A	-0.005	-0.004	-0.004
	(0.007)	(0.008)	(0.018)
Yellow $_{match}$	0.038***	0.042***	0.026
	(0.012)	(0.013)	(0.028)
Red $_{match}$	0.114**	0.139***	-0.032
	(0.035)	(0.038)	(0.095)
Penalty $_{match}$	0.189***	0.241***	-0.086
	(0.036)	(0.039)	(0.097)
Offside $_{match}$	0.014*	-0.003	0.083***
	(0.007)	(0.008)	(0.016)
Fouls $_{match}$	0.005	0.009*	-0.013
	(0.003)	(0.003)	(0.007)
Shots $_{match}$	0.001	-0.001	0.008
	(0.004)	(0.004)	(0.009)
Difference in Final Goals	-0.057**	-0.070**	0.001
	(0.021)	(0.024)	(0.049)
Dummies Moviola Newspapers (6)	Yes	Yes	Yes
Observations	1,370	1,361	1,093
Number of Match Dyad	300	297	219

Note: 27 groups (27 obs) dropped because of only one obs per group note: 3 groups (7 obs) dropped because of all zero outcomes. Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

Hypothesis 4, 5 and 6 look at the effect of the team on the number of episodes that newspapers report. In order to test for these hypotheses we cannot use match dyad fixed effects anymore with the variable local teams for multicollinearity reasons. On the other hand, we are now allowed to use referees fixed effects, which is a stricter control at the referee level. Given we use referees fixed effect we drop the three variables at the referees level (*Status Referees*, *New Referees* and *Tenure Serie A*.

Table 28 provides a test for Hypothesis 4, namely that referees' decisions are more contested for matches exhibiting local teams. To test this hypothesis, we used the variable *Dummy Local Teams*. Model 9 contains the control variable and Model 10 introduces the variable of interest. The coefficient is positive and significant ($p<0.001$), thus supporting Hypothesis 4.

Table 28 - Poisson regression for the effect of Calciopoli on the number of contested episodes in matches with local teams

Dependent Variable: Contested Episodes	(9)	(10)
Dummy Local Teams		0.501***
		(0.041)
Champions	0.294***	0.181***
	(0.039)	(0.040)
Yellow $_{match}$	0.064***	0.063***
	(0.010)	(0.010)
Red $_{match}$	0.058	0.062*
	(0.031)	(0.031)
Penalty $_{match}$	0.120***	0.137***
	(0.031)	(0.031)
Offside $_{match}$	0.029***	0.024***
	(0.006)	(0.006)
Fouls $_{match}$	-0.003	0.001
	(0.003)	(0.003)
Shots $_{match}$	0.003	0.001
	(0.003)	(0.003)
Difference in Final Goals	-0.035	-0.041*
	(0.018)	(0.018)
Dummies Moviola Newspapers (6)	Yes	Yes
Observations	1,400	1,400
Number of Referees	52	52

Note: 4 groups (4 obs) dropped because of only one obs per group. For most robust results, we include referees fixed effects, therefore the three referee-specific variables (Status Referee, New Referee and Tenure Serie A) are not included. Standard errors in parentheses *** $p<0.001$, ** $p<0.01$, * $p<0.05$

Table 29 to 32 tests for Hypothesis 5 and 6. Each of the four table has a different dependent variable, corresponding to each of the four types of operationalization for measuring disagreement; *Episodes Disagreements* in Table 29, *Jaccard Disagreement Episodes* in Table 30, *Jaccard Disagreement Evaluations* in Table 31 and *Standard Deviation Favoritism Home* in Table 32. Each table has five models. The first Model contains only the control variables, the second introduces the variable *Dummy Calciopoli* and the third the dummy variable *Dummy Local Team*s. The fourth Model contains both variables (the *Dummy Calciopoli* and *Dummy Local teams*). Finally, the fifth Model includes all the variables and the interaction. The estimation model is different as the variables have different distribution. Table 29 uses a Poisson regression as the dependent variable is discrete (with positive values). Table 30 uses a censored regression (the "tobit" model - Amemiya, 1984; Greene, 1993) as the Jaccard coefficient is bounded between 0 and 1. The same happens for Table 31. Finally, Table 32 uses a linear regression given the dependent variable is the standard deviation.

As a general rule, positive values indicate an increase in disagreement, while negative value a decrease. Hypothesis 5 states that newspapers are more likely to disagree in their evaluations of the referees' decisions for matches where local teams play. This is tested by the third Model in each of the regression (Model 13, 18, 23 and 28). The four models show a general support of the Hypothesis. The coefficient of the variable *Dummy Local Teams* is positive and significant in three out of the four models (except in Model 23 where *Jaccard Disagreement Evaluations* is the dependent variable).

Hypothesis 6 considers the effect of the scandal on the disagreement among the evaluations of the three newspapers. We predict that the disagreement will increase after Calciopoli (Hypothesis 6a) in particular for the matches exhibiting local teams (Hypothesis 6b). Hypothesis 6a is supported if the coefficient of the variable *Dummy After Calciopoli* is positive and significant and Hypothesis 6b if the coefficient of the interaction term is positive and significant (in Model 15, 20, 25, 30).

Hypothesis 6a is supported only in the last table, when *Standard Deviation of Favoritism Home* is the dependent variable, while Hypothesis 6b is never supported.

Overall, among the four operationalizations of disagreement the last one - *Standard Deviation of Favoritism Home* - is the one that produces the best results. This is not surprising. The first three types of operationalization (count of disagreement and the two Jaccard coefficient) are "direction-free". They measure the disagreement, but they do not consider if the episodes in disagreement give an advantage to one team or another. Instead, we know that "who gets the final advantage" is crucial in this setting and this was exactly the subject of the scandal. In the robustness checks we go more in depth and investigate the "direction" that each newspaper chooses (Table 36 to 39).

Table 29 - Poisson regression for the effect of Calciopoli on the number of episodes for which newspapers are in disagreement in matches with local teams

Dependent Variable: Episodes Disagreement	(11)	(12)	(13)	(14)	(15)
Dummy Calciopoli		0.175		0.140	-0.006
		(0.102)		(0.103)	(0.136)
Dummy Local Teams			0.373***	0.365***	0.224
			(0.084)	(0.085)	(0.120)
Dum. Loc. Teams X Dum. Calciopoli					0.268
					(0.163)
Champions	0.236**	0.237**	0.151	0.152	0.139
	(0.080)	(0.080)	(0.082)	(0.082)	(0.083)
Yellow $_{match}$	-0.028	-0.036	-0.027	-0.033	-0.033
	(0.021)	(0.022)	(0.022)	(0.022)	(0.022)
Red $_{match}$	0.272***	0.280***	0.273***	0.279***	0.276***
	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)
Penalty $_{match}$	0.321***	0.325***	0.338***	0.340***	0.339***
	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)
Offside $_{match}$	0.027*	0.025*	0.023*	0.022	0.021
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Fouls $_{match}$	-0.004	-0.001	-0.000	0.001	0.002
	(0.005)	(0.006)	(0.005)	(0.006)	(0.006)
Shots $_{match}$	0.009	0.009	0.007	0.007	0.007
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
Difference in Final Goals	-0.008	-0.006	-0.015	-0.013	-0.010
	(0.037)	(0.036)	(0.036)	(0.036)	(0.036)
Dummies Moviola Newspapers	Yes	Yes	Yes	Yes	Yes
Observations	1,290	1,290	1,290	1,290	1,290
Number of Referees	50	50	50	50	50

Note: 4 groups (4 obs) dropped because of only one obs per group. note: 2 groups (8 obs) dropped because of all zero outcomes. Same results with negative binomial. Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05

Table 30 - Tobit regression for the effect of Calciopoli on Jaccard Disagreement Episodes in matches with local teams

Dependent Variable: Jaccard Disagreement Episodes	(16)	(17)	(18)	(19)	(20)
Dummy Calciopoli		0.026		0.022	0.041
		(0.024)		(0.024)	(0.029)
Dummy Local Teams			0.050**	0.049*	0.070*
			(0.019)	(0.019)	(0.027)
Dum. Loc. Teams X Dum. Calciopoli					-0.041
					(0.037)
Champions	0.022	0.022	0.010	0.011	0.012
	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Yellow $_{match}$	0.011*	0.009	0.011*	0.010	0.010
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Red $_{match}$	-0.060***	-0.059***	-0.059***	-0.059***	-0.058***
	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Penalty $_{match}$	-0.110***	-0.110***	-0.109***	-0.109***	-0.109***
	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Offside $_{match}$	0.004	0.004	0.003	0.003	0.003
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Fouls $_{match}$	0.001	0.001	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Shots $_{match}$	0.004*	0.004*	0.004*	0.004*	0.004*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Difference in Final Goals	0.008	0.008	0.007	0.007	0.007
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Dummies Moviola Newspapers	Yes	Yes	Yes	Yes	Yes
Dummies Referees	Yes	Yes	Yes	Yes	Yes
Constant	0.501**	0.461**	0.481**	0.448**	0.433*
	(0.164)	(0.168)	(0.164)	(0.168)	(0.168)
Observations	1,302	1,302	1,302	1,302	1,302

Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

Table 31 - Tobit regression for the effect of Calciopoli on Jaccard Disagreement Evaluations in matches with local teams

Dependent Variable: Jaccard Disagreement Evaluations	(21)	(22)	(23)	(24)	(25)
Dummy Calciopoli		-0.023		-0.026	-0.030
		(0.023)		(0.023)	(0.029)
Dummy Local Teams			0.031	0.032	0.028
			(0.019)	(0.019)	(0.027)
Dum. Loc. Teams X Dum. Calciopoli					0.009
					(0.037)
Champions	0.017	0.017	0.010	0.009	0.009
	(0.018)	(0.018)	(0.019)	(0.019)	(0.019)
Yellow $_{match}$	-0.003	-0.002	-0.003	-0.002	-0.002
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Red $_{match}$	-0.042**	-0.043**	-0.042**	-0.043**	-0.043**
	(0.016)	(0.016)	(0.015)	(0.016)	(0.016)
Penalty $_{match}$	-0.075***	-0.076***	-0.075***	-0.075***	-0.075***
	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Offside $_{match}$	0.002	0.002	0.001	0.002	0.002
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Fouls $_{match}$	0.002	0.001	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Shots $_{match}$	0.005**	0.005**	0.005**	0.004**	0.004**
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Difference in Final Goals	0.008	0.008	0.008	0.008	0.008
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Dummies Moviola Newspapers	Yes	Yes	Yes	Yes	Yes
Dummies Referees	Yes	Yes	Yes	Yes	Yes
Constant	0.548***	0.583***	0.535***	0.574***	0.577***
	(0.161)	(0.164)	(0.160)	(0.164)	(0.165)
Observations	1,302	1,302	1,302	1,302	1,302

Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

Table 32 – Linear regression for the effect of Calciopoli on the Standard Deviation of Favoritism in matches with local teams

Dependent Variable: Standard Deviation Favoritism Home	(26)	(27)	(28)	(29)	(30)
Dummy Calciopoli		0.091**		0.080**	0.082*
		(0.030)		(0.030)	(0.037)
Dummy Local Teams			0.115***	0.109***	0.112**
			(0.025)	(0.025)	(0.035)
Dum. Loc. Teams X Dum. Calciopoli					-0.004
					(0.047)
Champions	0.102***	0.103***	0.076**	0.078**	0.078**
	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)
Yellow $_{match}$	0.008	0.004	0.008	0.005	0.005
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Red $_{match}$	0.009	0.013	0.010	0.013	0.013
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Penalty $_{match}$	0.055**	0.055**	0.058**	0.058**	0.058**
	(0.020)	(0.020)	(0.020)	(0.020)	(0.020)
Offside $_{match}$	0.014***	0.013***	0.012***	0.012***	0.012***
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Fouls $_{match}$	0.000	0.001	0.001	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Shots $_{match}$	0.001	0.002	0.001	0.001	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Difference in Final Goals	0.003	0.004	0.002	0.002	0.002
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)
Dummies Moviola Newspapers	Yes	Yes	Yes	Yes	Yes
Constant	0.237*	0.139	0.171	0.086	0.085
	(0.105)	(0.109)	(0.105)	(0.109)	(0.110)
Observations	1,302	1,302	1,302	1,302	1,302
Number of Referees	56	56	56	56	56
Adj. R-squared	0.032	0.038	0.047	0.052	0.051

Same structure of results are replicated with a Tobit regression with 0 as lower limit. Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

5.1 Robustness checks

Once appointed, referees are international until the end of their career (unless extraordinary circumstances happen). However, at a given time, some referees have been appointment for years, while others are new. Table 33 shows the number of years each referee has been international.

Table 33 – International referees with the years since they became international

	Serie A since	International since	2004	2005	2006	2007	2008	2009
Banti	2004/2005	2009						1
Bergonzi	2003/2004	2009						1
Bertini	1999/2000	2003	2	3	4	5		
Collina	1991/1992	1995	10	11				
De Marco	2003/2004	2007				1	2	3
De Santis	1994/1995	2000	5	6	7			
Dondarini	2001/2002	2005		1	2	3	4	5
Farina	1994/1995	2001	4	5	6	7		
Messina	1994/1995	1998	7	8	9	10		
Paparesta	1997/1998	2003	2	3	4	5		
Pieri	2001/2002	2006			1			
Rizzoli	2001/2002	2007				1	2	3
Rocchi	2003/2004	2008					1	2
Rodomonti	1991/1992	1998	7	8				
Rosetti	1997/1998	2002	3	4	5	6	7	8
Tagliavento	2003/2004	2007				1	2	3
Trefoloni	2001/2002	2004	1	2	3	4	5	6
Total Italian International Referees			9	10	9	10	7	9

Grey cells indicate referees that have been international for less than 4 years

The question on whether status is a dummy, categorical or discrete variable is a general concern in literature. It usually depends on the specific context. Therefore, in the robustness check we test different operationalization of the status of the referee. Table 34 compares three ways to operationalize status: as a dummy, as a category or as a discrete variable. Model 6 is the same as the one in Table 26 and it operationalizes status as a dummy variable (1 if referee is international, 0 if not). Model 6a tests for a categorical operationalization of the variable: *Status Junior International* is a

dummy variable that takes the value of 1 for the matches with a referee who has been international for less than 4 years, while the variable *Status Senior International* is a dummy variable that takes the value of 1 for matches with a referee who has been international for 4 or more years. The referee points are matches with referees that are not international. The referees that belong to the variable *Status Junior International* are the ones whose cells are grey in Table 33. Model 6c operationalizes status as a discrete variable (*Status Number Years*) that is simply equal to the number of years that a referee has been international. Results show that in our contest status it is best operationalized as a dummy variable, either a referee is international or is not. In model 6c, the discrete variable *Status Number Years* is not significant. In model 6b only the variable *Status Senior International* and its interaction are positive and significant, though the F-test between the coefficient of *Status Junior International* and its interaction is not significant ($p>0.05$). Therefore, we cannot reject the hypothesis that the variable *Status Junior International* is equal to *Status Senior International* and so it is for the two interaction terms.

Table 34 - Robustness Check (Hypothesis 2) – Poisson regression on the number of contested episodes for high-status referees, with different operationalization of status

	Dependent Variable: Contested Episodes	(6)	(6a)	(6b)
Operationalization of Referee Status	Dummy Calciopoli	0.111	0.123	0.197**
		(0.070)	(0.072)	(0.063)
Dummy	Dummy Status Referees	-0.195**		
		(0.069)		
	Dummy Status Referee X Dummy Calciopoli	0.257**		
		(0.089)		
Categorical	Status Junior International (<4)		-0.152	
			(0.086)	
	Status Junior International X Dum. Calciopoli		0.208	
			(0.112)	
	Status Senior International (4+)		-0.241**	
			(0.091)	
	Status Senior International X Dum. Calciopoli		0.252*	
			(0.109)	
Discrete Cumulative	Status Number Years			-0.021
				(0.013)
	Status Number Years X Dummy Calciopoli			0.021
				(0.015)
	New Referee (2nd year)	0.022	0.049	0.101
		(0.132)	(0.135)	(0.132)
	New Referee X Calciopoli	-0.027	-0.041	-0.119
		(0.149)	(0.150)	(0.145)
	Other control Variables	Yes	Yes	Yes
	Dummies Moviola Newspapers	Yes		Yes
	Match Fixed-Effects	Yes		Yes
	Observations	1,370		1,370
	Number of Matches	300		300

Note: 27 groups (27 obs) dropped because of only one obs per group note: 3 groups (7 obs) dropped because of all zero outcomes. Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

In the results section we showed that Hypothesis 5 was supported in 3 out of 4 operationalizations of disagreement. The main mechanism underlying the disagreement among newspapers (Hypothesis 5 and 6) is that they try to put in good light their local teams and, potentially, under a bad light the

local teams of their competitors. If this is true, we would expect to have the most disagreement among the newspapers for matches that exhibit two local teams and the least in matches where both teams are not local to any newspaper. See Table 35.

Table 35 – Type of matches based on the local teams of each newspaper

		Newspaper 2	
		Non Local	*Local*
Newspaper 1	*Non Local*	I. Non Local ; Non Local	IV. Non Local – Local
	Local	II. Local ; Non Local	III. Local – Local

Table 36 and Table 37 replicate Tables 30 and 33 respectively. As Table 29 and 32 they use the variable *Episodes Disagreement* and *Standard Deviation Favoritism Home* respectively as dependent variables. Unlike Table 29 and 32 they split the Dummy Local Teams into two dummies *Dummy Local-Local* (Quadrant II Table 35) and *Dummy Local – Non-Local* (Quadrant I Table 35). The former takes the value of 1 if both teams are local, the value of 0 otherwise. The latter takes the value of 1 if only one of the team is local and the other is not. The reference point is the matches where both teams are non local. As an example, in the match Lazio-Juventus (Lazio is local for Corriere and Juventus is local for Tuttosport) the *Dummy Local-Local*=1 and *Dummy Local – Non-Local*=0, in the match Lazio-Reggina (only Lazio is local for Corriere), the *Dummy Local-Local*=0 and *Dummy Local – Non-Local*=1 and finally in the match Chievo-Reggina (no teams is local to any newspapers), both *Dummies* are 0. Model 35 in Table 35 and Model 39 in Table 37 shows both the Dummies together. The coefficient of both Dummies is positive and significant ($p<0.001$). This means that these matches show more disagreement than those where both teams are non local. More interestingly, the coefficient of the *Dummy Local-Local* Matches is statistically greater than the coefficient of the

Dummy Local-Non Local. This means that the matches with the most episodes contested are those where both teams are local. This provides a further support to Hypothesis 5. However, this further division does not provide more support to the Hypothesis 6. As before, Hypothesis 6a is supported only when the dependent variable is *Standard Deviation of Favoritism Home*; the coefficient of *Dummy Calciopoli* is positive and significant in Model 40 in Table 37. Instead, the coefficient of the interaction terms is insignificant for both the operationalizations (Model 35 of Table 36 and in Model 40 of Table 37).

Table 36 – Robustness Check (Hypothesis 5) - Poisson regression on the number of episodes for which newspapers are in disagreement in matches with local teams by the identity of the opponent team (local vs. non-local)

Dependent Variable: Episodes Disagreement	(31)	(32)	(33)	(34)	(35)
Dummy Calciopoli		0.175		0.128	-0.011
		(0.102)		(0.104)	(0.136)
Dummy Local – Local Matches			0.616***	0.599***	0.372
			(0.147)	(0.148)	(0.259)
Dum. Local – Local X Dum. Calciopoli					0.384
					(0.316)
Dummy Local – Non Local Matches			0.337***	0.331***	0.208
			(0.087)	(0.087)	(0.124)
Dum. Loc.al – Non Local X Dum. Calciopoli					0.242
					(0.169)
Control Variables	Yes	Yes	Yes	Yes	Yes
Dummies Moviola Newspapers	Yes	Yes	Yes	Yes	Yes
Referees Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	1,290	1,290	1,290	1,290	1,290
Number of Referees	50	50	50	50	50

Note: 4 groups (4 obs) dropped because of only one obs per group. note: 2 groups (8 obs) dropped because of all zero outcomes. Same results with negative binomial. Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05

Table 37 – Robustness Check (Hypothesis 5) - Linear regression for the effect of Calciopoli on the Standard Deviation of Favoritism in matches with local teams, by the identity of the opponent team (local vs. non-local)

Dependent Variable: Standard Deviation Favoritism	(36)	(37)	(38)	(39)	(40)
Dummy Calciopoli		0.091**		0.075*	0.078*
		(0.030)		(0.030)	(0.037)
Dummy Local – Local Matches			0.263***	0.252***	0.139
			(0.050)	(0.050)	(0.077)
Dum. Local – Local X Dum. Calciopoli					0.187
					(0.101)
Dummy Local – Other Matches			0.095***	0.091***	0.111**
			(0.025)	(0.025)	(0.036)
Dum. Loc.al – Other X Dum. Calciopoli					-0.032
					(0.049)
Other Control Variables	Yes	Yes	Yes	Yes	Yes
Dummies Moviola Newspapers	Yes	Yes	Yes	Yes	Yes
Constant	0.187	0.098	0.127	0.051	0.052
	(0.106)	(0.110)	(0.106)	(0.110)	(0.111)
Observations	1,302	1,302	1,302	1,302	1,302
Number of Referees	56	56	56	56	56
Adj. R-squared	0.036	0.042	0.059	0.062	0.064

Standard errors in parentheses *** p<0.001, ** p<0.01, * p<0.05

The mechanisms we used to predict the disagreement among journalists (Hypothesis 5 and 6) were that newspapers want to support the image of their own team. If this is true, each newspaper should report more *episodes* against their local teams and more episodes in *favor* of their competitors' local teams. This is what Table 38 and 39 test. The dependent variable of both tables is *Favoritism Home* as defined before. The unit of analysis is now the dyad *newspaper-match*; this allows us to separate matches that exhibit the local team of a newspaper and the local team of their competitors. This raises the number of observations by almost three times from 1,302 to 3,507 (the entire universe of the number of Moviola available). Positive values of the variable *Favoritism Home* means that the home team is given an unfair advantage compared to the away team. The constant term is positive

and significant (around 1.074). This means that on average home teams are given one more advantage versus away teams. This is in line with the well known home bias (Garicano and Palacio, 2005), which is a consolidated finding in sport and management research. Table 38 looks on what happens when the home team is local to the given newspaper (again the unit of analysis is the dyad newspaper-match), and when it is local to their competitors versus to when it is non local. For example, in the match Lazio-Chievo the *Dummy Own Local Home* takes the value of 1 for Corriere (Lazio is its local team) and 0 for Gazzetta and Tuttosport. For the same match, the *Dummy Competitor Local Home* is 0 for Corriere and 1 for Tuttosport and Gazzetta dello Sport. The non-local category is the reference category. Therefore, positive (negative) values of the dummies mean that the journalist reports *more* (less) favoritism than when a non-local team plays. In line with our prediction, the coefficient of *Dummy Own Local Home* is negative and the coefficient of *Dummy Competitor Local Home* is positive. This means that newspapers are more likely to report that their own local teams have been penalized and their competitors' local teams favored. Model 43 tests both the dummies together. Even if the *Dummy Own Local Home* loses its significance, its coefficient is statistically different (smaller) from the one of *Dummy Competitor Local* Home ($p<0.000$). Similarly, Models 44 to 46 apply the same logic when the local team is playing away. In case of Chievo-Lazio, the *Dummy Own Local Away* takes the value of 1 for Corriere and 0 for both Gazzetta and Tuttosport. The variable dummy *Competitor Local Away* takes the value of 0 for Corriere and 1 for Gazzetta e Tuttosport. Now the coefficients switch signs. The coefficient of the *Dummy Own Local Away* is positive, while the coefficient of *Dummy Competitor Local Away* is negative. This means that when its own team plays away, newspapers are more likely to say that the home team has been given an advantage by the referees, thus their own local team has been penalized. To the contrary, when the away team is the local team of their competitor, a given newspaper is more likely to say that the home team has been penalized, thus the competitor local team has been given an advantage. On

overall results in Table 38 provide a robust test for Hypothesis 5. Not surprisingly given that matches with local teams are more visible, newspapers are more likely to report contested episodes.

Table 38 – Robustness Check (Hypothesis 5). Linear regression for the effect of the identity of the team (Local, Competitor or Non Local) on the advantage or penalization that the home team receives from the referees

Dependent Variable: Favoritism Home		Identity Home Team (Local / Competitor vs. Non Local)			Identity Away Team (Local / Competitor vs. Non Local)		
		(41)	(42)	(43)	(44)	(45)	(46)
Dummy Own Local Home		-0.189*		-0.146			
		(0.079)		(0.085)			
Dummy Competitor Local Home			0.229***	0.213**			
			(0.064)	(0.068)			
Dummy Own Local Away					0.269**		0.217*
					(0.083)		(0.090)
Dummy Competitor Local Away						-0.287***	-0.262***
						(0.067)	(0.072)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Newspaper Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Referees fixed effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant		0.844***	0.825***	0.833***	0.841***	0.845***	0.849***
		(0.176)	(0.176)	(0.175)	(0.175)	(0.174)	(0.173)
Observations	3,507	3,507	3,507	3,507	3,507	3,507	3,507
Adj. R-squared		0.002	0.005	0.006	0.004	0.008	0.010

Cluster by match is included. Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05

Table 39 replicates Table 38 and adds the *Dummy Calciopoli* and the interaction term. In order to test for Hypothesis 6b we need to look at the interaction terms. The coefficients should be significant. If the hypothesis is *supported the coefficient of Local Home X Calciopoli and Competitor Home X Calciopoli* should be positive, while the coefficient of he *Competitor Home X Calciopoli* and *Local Away X Calciopoli* should be negative. Out of the four, the first *Local Home X Calciopoli* is the one significant

and with the expected sign. This means that after Calciopoli, newspapers increase their biases towards their local teams. This provides some support to Hypothesis 6b.

Table 39 – Robustness Check (Hypothesis 6). Linear regression for the effect of the identity of the team (Local, Competitor or Non Local) on the advantage or penalization that the home team receives from the referees before and after Calciopoli

Dependent Variable: Favoritism	7Identity Home Team (Local / Competitor vs. Non Local)				Identity Away Team (Local / Competitor vs. Non Local)			
	(34)	(34a)	(34b)	(34c)	(37)	(34a)	(37b)	(37c)
Dummy Calciopoli		-0.016	-0.021	0.052		-0.016	-0.013	0.002
		(0.056)	(0.056)	(0.063)		(0.056)	(0.056)	(0.059)
Dummy Own Local Home	-0.146		-0.145	0.119				
	(0.085)		(0.085)	(0.114)				
Local Home X Calciopoli				-0.474**				
				(0.167)				
Dummy Competitor Local Home	0.213**		0.214**	0.309***				
	(0.068)		(0.068)	(0.093)				
Competitor Home X Calciopoli				-0.175				
				(0.134)				
Dummy Own Local Away					0.217*		0.218*	0.236*
					(0.090)		(0.090)	(0.118)
Local Away X Calciopoli								-0.033
								(0.178)
Dummy Competitor Local Away					-0.262***		-0.262***	-0.223*
					(0.072)		(0.072)	(0.099)
Competitor Away X Calciopoli								-0.070
								(0.142)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Newspaper Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Referees fixed effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.833***	0.852***	0.855***	0.790***	0.849***	0.852***	0.863***	0.849***
	(0.175)	(0.188)	(0.187)	(0.190)	(0.173)	(0.188)	(0.185)	(0.186)
Observations	3,507	3,507	3,507	3,507	3,507	3,507	3,507	3,507
Adj. R-squared	0.006	0.000	0.006	0.008	0.010	0.000	0.010	0.010

Cluster by match is included. Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05

A different way to see these results is to consider three simple scenarios:

1. *Penalized*. The home team is penalized (the same of contested episodes in favor to the home team is less than the contested in favor of the away team)
2. *Neutral*. the home team and away team received the same amount of episodes contested
3. *Favored*. The home team is favored (the same of contested episodes in favor to the home team is more than the contested in favor of the away team)

Table 40 shows the distribution of these three scenarios for all teams and for each of the four cases we mentioned: own local / competitor local vs. home / away. White cells indicate when the % is greater than the one of all matches, light-grey cells values when the % is lower. Therefore, light-grey values means that the specific % occur more than on average, white values less than average. The trend is the same. Home teams are seen as favored more than average when they are the local of their competitors or when they play against their own local teams. Instead, home teams are seen as more penalized than average when they play against their competitor local teams or when they are the newspaper's local team.

Table 40 - Evaluation of the newspaper on whether the home team has been favored or penalized based on the identity of the home team and the away team

Variable: Favoritism Home	Penalized (<0)	Neutral (=0)	Favored (>0)
All matches	28%	44%	29%
Local Home	35.85%	36.16%	27.99%
Local Away	27.78%	32.41%	39.81%
Competitor Home	25.20%	40.29%	34.51%
Competitor Away	36.70%	36.54%	26.76%

One may interpret these results suggesting that it is the referee who gives a real advantage to these local teams. Indeed, two of the six local teams were involved in Calciopoli. To rule out this hypothesis, we created a variable called *Extra Favoritism Home* that calculates the extra advantage that a newspaper gives to the home team for a given match versus the average of their competitors. The variable Extra Favoritism Home is calculated in the following way:

$$Extra\ Favoritism\ Home_i = \text{Favoritism Home}_i - \text{Average of (Favoritism Home}_j ; \text{Favoritism Home}_z)$$

Where i is the focal newspaper and j and z are the other two newspapers. For example, in the case of the match Lazio – Juventus, we know that the variable of Favoritism Home had the following values for each of the newspapers;

- $Favoritism\ Home_{Corriere} = -5$
- $Favoritism\ Home_{Gazzetta} = +1$
- $Favoritism\ Home_{Tuttosport} = 0$

For this match the variable Extra Favoritism Home i takes the following values:

- $Extra\ Favoritism\ Home_{Corriere} = -5 - \text{average } (+1; 0) = -5 - 0.5 = -5.5$
- $Extra\ Favoritism\ Home_{Gazzetta} = +1 - \text{average } (-5;0) = +1 + 2.5 = +3.5$
- $Extra\ Favoritism\ Home_{Tuttosport} = 0 - \text{average } (-5,+1) = +2$

We replicated Table 36, 37 and 38 by substituting the dependent variable *Favoritism Home* with the variable *Extra Favoritism Home*. The results improved. Therefore, these patterns are really due to the evaluations of the newspapers and not to the actual behavior of the referees in the field.

5.2 Summary of findings

Table 41 summarizes the results on each hypothesis for the different analysis made. "Yes" means that the hypothesis is supported, "No" that the Hypothesis is not supported.

Table 41 – Overview of the support of Hypotheses

	Table 26	**Table 27**	**Table 28**
Hypothesis 1	Yes		
Hypothesis 2	No		
Hypothesis 3a		Yes	
Hypothesis 3b		No	
Hypothesis 4			Yes

	Table 29	**Table 30**	**Table 31**	**Table 32**
Dependent Variable	Episodes Disagreement	Jaccard Disagreement Episodes	Jaccard Disagreement Evaluations	St Dev. Favoritism Home
Hypothesis 5	Yes	Yes	Yes	Yes
Hypothesis 6a	No	No	No	Yes
Hypothesis 6b	No	No	No	No

	Table 36	**Table 37**	**Table 38**	**Table 39**
Hypothesis 5	Yes	Yes	Yes	
Hypothesis 6a	No	Yes		
Hypothesis 6b	No	No		Partly

6 DISCUSSION

This paper proposes a theory of scandals as events that create social disturbances and opens up strategic opportunities for members of an audience. Contrary to normal conditions, we predict that scandals create a liability of status (Hypothesis 1) and an advantage of newness (Hypothesis 2). We find support to the first and not to the second. Then, we hypothesized that both effects are stronger for norms that leave more latitude to interpretation (Hypothesis 3a and 3b). Also in this case we

found support only in the case of high-status referees (Hypothesis 3a). The following three hypotheses focused on the way the identity of the team – whether it is local or not to a newspapers – influences the way journalists report and evaluate the episodes contested to the referees. In line with our hypothesis we find that newspapers are more likely to contest episodes in the matches that exhibit local teams (Hypothesis 4) and such matches create more disagreement among journalists' evaluations (Hypothesis 5). Hypothesis 6 predicts that the disagreement increases after the scandal (6a), especially for local teams (6b). These hypotheses are supported for one type of operationalization (Hypothesis 6a) and when we focus on the match-newspaper unit of analysis (Hypothesis 6b). So, we can affirm that Calciopoli has made the three newspapers more in disagreement on the evaluations of the referees under some dimensions.

This paper makes three main contributions to extant theory of organizational misconduct and scandals. First, the media is known to be a key social-control agent (Greve et al. 2010) that is able to influence the perspective of the public (McCombs and Shaw, 1972; Pollock and Rindova, 2003). While previous literature has treated the media as a homogenous audience, we show that the evaluation of each media outlet can be biased towards the preference of the readers. This opens up new exciting avenues of research for organizational scholars to investigate under which conditions the evaluation of media outlets converge or diverge.

Second, it enlarges the model of scandal by Adut (2005,2008) and Thomson (2000). We propose that scandals provoke social disturbances that impact the social structure of society. One reason is that scandals influence the way actors are evaluated; in our context Calciopoli has increased the overall level of mistrust and suspicious on the referees' category; as a result, this scandal waved the usual moral licensing that high-status referees experience. Another reason is that a scandal influences the homogenization or stratification of an audience. An audience is usually divided in multiple segments that have different views or preference. We ask the following question: "Will a

scandal make these segments more or less in agreement?". We propose that a scandal increases the disagreement only when the segments are rigid, members of each segment do not easily switch from one to another, and when the scandal involves one segment specifically. In our context, newspapers (and their readers) do not switch their teams easily. If one supports Juventus one day, he or she does not support Roma the next. Also, Calciopoli was a scandal mainly of Juventus. Therefore, the scandal made the fans supporting Juventus more homogenous among themselves, but more apart from the other fans. Using Adut's terminology, we say that scandals homogenize the members of an audience that are contaminated by the scandal, but stratify the overall audiences by making the different segments of an audience more in disagreement. However, this is true only when the segments of an audience are rigid, in the sense that one member is not willing to change easily the segment he belongs to. For example, in case of a scandal that affects a pasta producers (like in the case of Barilla in September 2013), it is likely that the Barilla consumers were less likely to defend Barilla's behavior and more likely to switch to another pasta producer than the supporters of Juventus changing their team.

Finally, we empirically contribute to studies that measure agreement and disagreement among members of an audience. We operationalize disagreement in four ways. Three of them, including the known Jaccard coefficient, are symmetric measures, namely they do not consider the direction of the disagreement. We propose a fourth asymmetric measure of disagreement that measures which party gets an advantage. This produces the best results in our context and we propose to use this measure for contexts where the direction of the disagreement matters.

In summary, this paper theory and findings call for a more integration between sociological research on scandals and organizational literature. Not only scandals directly affect the organizations and other actors involved, but it can have more profound and lasting consequences for all the whole society, therefore to the organizations and actors that are part of.

CHAPTER 5: CONCLUSION

The objective of this dissertation was to investigate social evaluations in a multiple-audience context. The previous literature has focused mainly on the way one audience evaluates an organization's actions, which constitutes the so-called "candidate – audience" framework (Zuckerman, 1999). The evaluating audience (Bitektine, 2011) has usually been the most relevant audience in a given context—such as the media, critics, and rating agencies. This audience carries out the role of a social-control agent, which has the power to monitor and enforce sanctions on companies that misbehave (Greve et al., 2010). In the case of multiple audiences, scholars have either assumed convergence in their evaluations (Deephouse, 1996; Greve et al. 2010) or have treated each evaluation as independent from the others (Pontikes, 2012). The study for this dissertation has investigated the dyad "audience evaluation – audience evaluation", the objective being to unpack the black box concerning the way audience evaluations may influence each other.

In particular, it focuses on the relationship between the evaluation of a "social-control agent" and the evaluation of "another audience." In fact, in the context of social norms, the social-control agent may not be able to punish directly organizations that misbehave, but it may do so by influencing the evaluation of another audience. Therefore, it is crucially important to understand how the evaluation of a social-control agent may influence the evaluation of another audience. This dissertation investigates, in particular, the way one type of social evaluation—organizational social misconduct—influences the evaluation of three other audiences: people, investors, and the media. Throughout the three foregoing essays, three common mechanisms have emerged: the ambiguity of norms, saliency, and localness. These mechanisms aid us in understanding the way social norms affect organizations and society. Based on these findings, I propose that social norms are better understood in a triadic framework: candidate – social-control agent – another audience. Though the

evaluation of the social-control agent does influence the evaluation of another audience, this influence is not mechanical and is, hence, worth investigating (Chapters 2 and 3). On the other hand, in the case of social norms, the evaluation of a social-control agent may not be totally impartial because it can be influenced, as well, by the opinion of other audiences, such as the readers of newspapers (Chapter 4). It would be well for future research to unpack this black box further in order to improve our understanding of how and why the evaluation of one audience influences the evaluation of another. The findings here contribute theoretically and empirically to the literature on institutional theory, social misconduct, and strategy, providing information to managers and strategy practitioners as well.

1 MAIN RESULTS

The specific research question that this dissertation has proposed is as follows: Why does an audience change its evaluation after organizational social misconduct? The research question was then developed in three parts, which were empirically analyzed in two contexts: the first two chapters (Chapters 2 and 3) deal with UK advertising regulations while Chapter 4 examines the Calciopoli scandal, which affected the top Italian soccer league in 2006. Chapter 2 shows that for relatively light social misconduct—advertising banned by an industry self-regulatory body—the saliency of the event increases the number of complaints that people will make regarding inappropriate advertising. However, this increase is moderated by the ambiguity of the norm involved. When the ASA decides to ban an advertisement, the number of complaints increases more than when the norms are less ambiguous. Instead, when the ASA decides to absolve a company's advertisement, people's reactions are more dispersed, showing no statistical difference between norms with high and low degrees of interpretability (i.e., more or less ambiguous). In sum, people do react to the social misconduct of companies by increasing the number of complaints they make.

However, this reaction depends on the saliency and the ambiguity of the norm violated. It is easier for people to agree with the decision of the regulator on misconduct that involves less ambiguous norms, whereas norms that are more ambiguous leave more latitude to individual interpretation and reaction.

In contrast, the same social misconduct is not enough to penalize the companies involved financially, not even when they are very salient or in relation to infringements of less ambiguous norms (Chapter 3). The non-result here adds to the already puzzling picture of the literature that looks at the performance implication of non-conforming actions. One limit of Chapter 3 is that it looks only at listed companies; hence, it may simply be that the cost of such misconduct is not enough to affect significantly the performance of corporations that have large market capitalization. However, these findings are surprising if we consider them in the context of the results of Chapter 2. If the number of complaints increase after such social misconduct, it is likely that dissatisfied consumers are going to affect the top-line of the companies involved. Therefore, while it is now proven that the market is able to incorporate negative news in a short period (Barnett and King, 2008), this study suggests that it may be difficult for the market to assess the economic loss of social misconduct if direct fines are not involved.

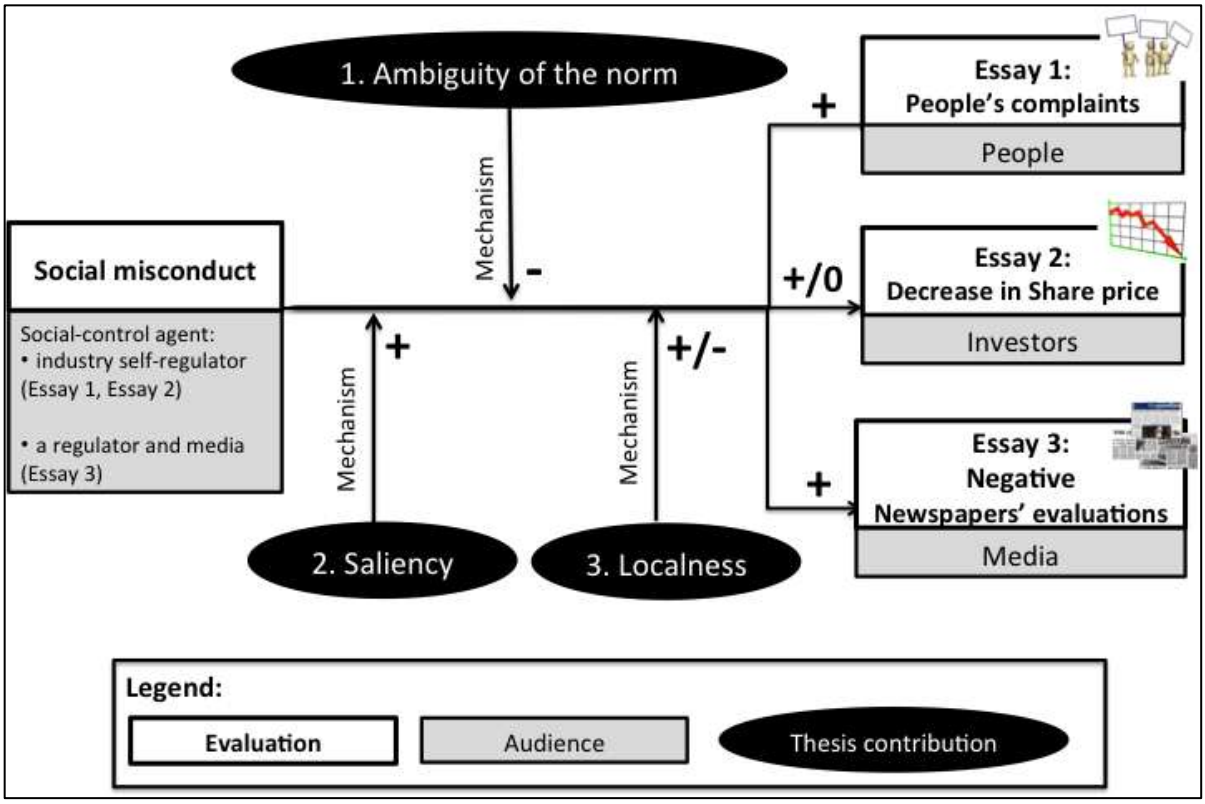
While relatively minor social misconduct can have consequences for the focal industry (by increasing the number of people complaints), severe social misconduct—for example, scandals—can have a more profound effect on society overall. Chapter 4 finds that high-status actors were the ones more contested by newspapers after Calciopoli, as they had lost their moral licensing (Polman et al., 2013). In fact, this liability of status affects only norms that are ambiguous and leaves more latitude to the interpretation of the evaluator; for less ambiguous norms, there is no statistical difference between the evaluation of high-status actors before and after the scandal. More important, Chapter 4 shows the importance of considering the media as a heterogeneous audience wherein each member

has its own motive. While the media are able to align their agenda with that of the public (McCombs and Shaw, 1972; Pollock and Rindova, 2003), it is also true that the agenda of the readers influences the agenda of each media outlet. Therefore, each newspaper is more likely to contest referees' decisions in order to put in good light their own local teams, those supported by the newspaper's readers. This chapter raises the question of whether the scandal may serve to alleviate differences in the evaluation of the newspapers and, in general, among the different audience segments. Our theory and results show that the answer to this question depends on two conditions. When (1) an audience is divided into rigid segments whose members are unwilling to move from one to another and (2) if only specific segments are involved by the scandal, the scandal drives the different segments further apart and the disagreement among evaluations becomes greater.

Figure 1 in Chapter 1 presents the overall structure of the dissertation. Now, in the conclusion, it is possible to complete the picture and add both the direct effects and the three moderators that have emerged from the three chapters (Figure 12). The direct effects are already intriguing: social misconduct increases the number of people complaints but has no statistical effect on the evaluation of the investors (even if our theory would predict a negative effect). Finally, scandals negatively affect the evaluations of the newspapers, increasing the number of episodes contested to the referees. Though the direct effects are interesting, it is actually the three moderators that advance our knowledge on the mechanisms whereby the evaluation of one audience influences the evaluation of another. First, the ambiguity of the norms negatively moderates this relationship. When norms are more ambiguous, social misconduct is more debatable; thus, the negative effect of social misconduct is softened. Second, saliency increases the effect of social misconduct. When social misconduct is more salient, more individuals know about it and can potentially sanction it. However, saliency is also important because it can be a proxy for the gravity of the social misconduct. The third and last moderator is localness. Social norms are embedded in a given

environment; therefore, where they are infringed upon and who infringes them are important contextual factors. The theory developed in Chapter 3 predicts that UK-listed companies should be penalized more for social misconduct in the UK than should foreign firms. This is because a local firm is presumed to know the social norms better in a given country, and it has more consumers that can penalize it. Indeed, the only feeble statistical effects found in Chapter 3 are in line with this hypothesis. However, Chapter 4 presents an opposite argument: that newspapers become more loyal to their teams after cases of misconduct. Adut's model (2005, 2008) provides a solution to this puzzling picture. The social misconduct of local actors attracts most attention because it has "contaminated" the local people, who will react more strongly. However, if the populace feels too involved with such actors (too much contamination happens) the effect will be the opposite: people will try to avoid or negate the social misconduct in order to avoid a negative effect on themselves. Adut (2008) uses this theory to explain the evolution of political sexual scandals. In recent years we have assisted to more scandals than in the 1950s and 60s; so one could conclude that society today has become more puritan. Indeed, it is the opposite: in the 1950s and 60s the society was so puritan that it was not even acceptable to talk about sex. So, scandals were less likely to blow out but similar transgressions happened.

Figure 12 – Theoretical contribution: three mechanisms that explain why social misconduct changes the evaluation of another audience



Though each chapter has its own positioning, contribution, and findings, the three chapters are still highly interwoven. Taken together, they suggest that social norms are not simply about the dyad "candidate – social-control agent" but are better understood as a triad of "candidate – social-control agent –audience," wherein the evaluation of a social-control agent may influence the evaluation of another in a non-mechanical way.

1.1 Social norms are about triads: Toward a "Candidate – Social-control agent – Other audience" framework

The literature on legitimacy has focused mainly on the candidate-audience framework (Zuckerman, 1999) by looking at how the candidate's proposals are evaluated by a given audience. The evaluating audience has usually been considered as the one able to provide legitimacy to an organization (the

so-called "source of legitimacy"); these include the media, the state, and industry (Bitektine, 2011; Deephouse and Suchman, 2008; Deephouse, 1996). At the same time, scholars have recognized that multiple audiences can assess candidates simultaneously, and recent studies have shown how audiences can disagree on their evaluations (Pontikes, 2012). Similarly, literature on organizational misconduct has focused on social-control agents—namely, audiences that have the power to monitor organizations' behaviors and provide sanctions on behalf of the community. As per Greve et al. (2010), social-control agents cover almost the same audiences treated in the legitimacy literature—state, industries, and, under some circumstances, the media. Therefore, the literature on both legitimacy and organizational misconduct have focused on the dyad of "candidate – social-control agent (main audience)," assuming that the evaluation of a social-control agent would be enough to punish companies' behaviors.

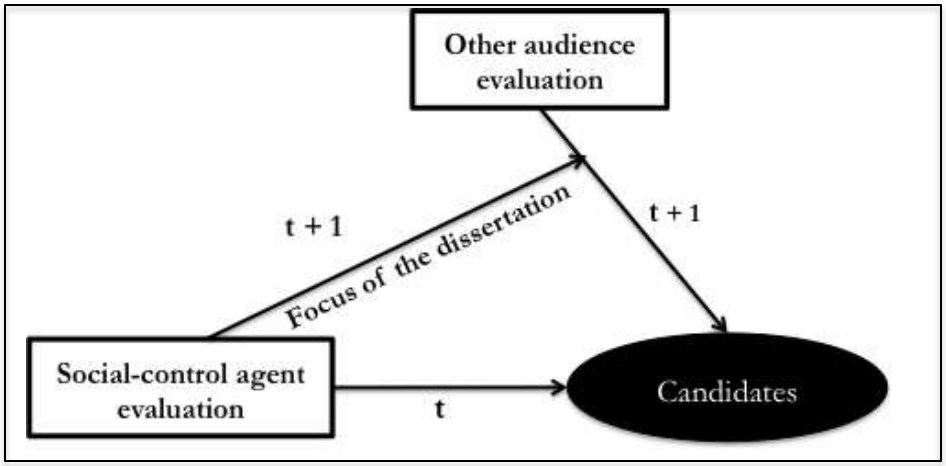
One of the shortcomings of this view is the assumption that norms can be monitored and enforced by a central authority, an evaluating audience, or a social-control agent, depending on the literature. While this assumption can be correct for laws, it can be problematic for social norms. As Ingram and Silverman (2002) have pointed out, social norms differ from laws precisely because they are monitored and enforced by diffuse actors instead of by a central authority. "Diffuse actors" are individuals in their various roles of employee, citizen, consumer, or customer. Undoubtedly, these individuals are influenced by the opinion of any of the social-control agents, though it is misleading to assume a simple mechanical effect. As Chapter 2 shows, social-control agents can become candidates in the perception of individuals, whose evaluations can differ according to the type of norms. In other cases, the evaluation of social-control agents can be financially inconsequential for the companies in the short term (Chapter 3). In addition, social-control agents are organizations themselves; sometimes, their evaluations are not necessarily as independent and *super partes* as the ones of a third party, such as the state. Their decisions can actually depend on the taste of the

audience, such as the readers, they are influencing (Chapter 4). If a social-control agent is biased, how can it influence the overall collectivity, as Greve et al. 2010 proposes?

Taken together, these findings show that the evaluation of an audience concerning the appropriateness of a candidate's actions does not happen in a vacuum. It is influenced by the evaluation of another audience. This is because social norms are inherently ambiguous, are in constant evolution, and are endogenously created by the actions of the candidates (Djelic and Durand, 2010). The core of this view can be summarized in the following way: social norms are about triads. This means that the evaluation of an audience on the appropriateness or inappropriateness of a candidate's action depends on the evaluation made by another audience.

In summary, this dissertation proposes that social norms are better understood in terms of triadic interaction; a framework characterized as "candidate – social-control agent – another audience," in which the evaluation of an audience on the appropriateness of a candidate's action is influenced by what another audience thinks. Figure 13 represents one example of this interaction based on Chapter 2. The evaluation of a social-control agent (ASA) at time t influences the evaluation that another audience (people) makes at time t+1. However, this is only one type of possible interaction. For example, as Chapter 4 shows, the arrow can also go from the box "Other audience evaluation" to the "Social-control agent evaluation"

Figure 13 – Social norms are about triads



2 CONTRIBUTIONS FOR THEORY AND PRACTICE

These findings contribute theoretically and empirically to different streams of research. First, to the literature on institutional theory and organizational misconduct, which were used to define the concept of social misconduct. Second, because social misconduct is a type of social evaluation, this dissertation contributes also to the broad literature on social evaluations. Finally, there are important implications for strategy scholars and practitioners. In this section, I discuss each of these contributions in detail.

2.1 Contribution to institutional theory literature

This dissertation makes several contributions to the literature on institutional theory, in particular to that which focuses on legitimacy. First, in the introduction, I propose that some of the problems in the literature arise from confusion in the terms used, the unit of analysis, and the reference group considered. Literature on organizational misconduct is helpful in addressing and solving some of these ambiguities. In particular, using the construct of organizational social misconduct versus illegitimate action can be one way to obtain more clarity in the literature and to focus the attention of scholars working in this area. Second, scholars in institutional theory have long advocated that legitimacy is a multidimensional construct (Suchman, 1995; Bitektine, 2011); however, the marginal effect of each of the dimensions has been unclear (Vergne, 2011; Philippe and Durand, 2011). This dissertation is one of the first studies to address variations in types of conformity to and violation of the norms. It confirms that violation of different types of norms produce different outcomes, thus opening a new venue of research for institutional scholars.

Third, it contributes to the studies that investigate the link between non-conforming actions and performance. The theoretical framework was aimed at reconciling some of the contrasting

results found in the previous literature, but the results did not confirm the model. Therefore, even if Chapter 3 of this dissertation did not solve the puzzle, it at least provided a new piece. Fourth, it contributes to the plentiful literature on institutional theory that has treated the media as an important evaluating audience (Deephouse, 1996, 1999; Pollock and Rindova, 2003; Rindova et al., 2010, Zavyalova et al., 2012). All these studies have considered the media as a homogenous audience that is crucial for organizations and to which organizations are quite passive. Contrary to previous literature, this dissertation shows that the media effect can be insignificant (Chapter 3) and that the media are not a neutral audience (Chapter 4); the media can have an agenda that organizations may use to their advantage (Westphal et al., 2012).

2.2 Contribution to the literature on organizational misconduct and scandal

From the other side, literature on organizational misconduct can also benefit from an integration with part of the literature on legitimacy. In particular, it will be useful to distinguish between social misconduct—actions against social norms—and illegal misconduct—or actions against laws. Making this distinction can open new avenues of research in this area. For example, the role of a social-control agent will differ in the two cases. In illegal misconduct, the role of social-control agents is clearly defined: they have the authority to monitor and enforce laws on behalf of the community. Therefore, it can be rightly said that for illegal misconduct, "it takes two to tango." For social norms, however, social-control agents function as a part of the audience that judges the behaviors of organizations. They are influential in the sense that they influence the opinion of the collectivity, though their evaluations are themselves subject of evaluation by individuals who constitute the ultimate audience that can inflict sanctions on the organizations. Therefore, for social norms it may actually take "three to tango": organizational action, social-control agents, and individuals or another audience that can directly punish the companies.

2.3 Contribution to strategic management literature

Many recent papers have pointed to the newness of strategic management and the problems of its adolescence (Nag, Hambrick and Chen, 2007, Hambrick and Chen, 2008), starting with the difficulties in reaching an agreement on its definition (Ronda-Pupo and Guerras-Martin 2012). Two main challenges undermine strategic management research. First, it lacks a grand theory of strategy. Today, the strategic management field is characterized by a few loosely linked theories. Most scholars recognize two main theories in strategy: the industry-based view, which has its roots in the work of Porter (1980), and the resource-based view, which is based on the work of Penrose (1959) and later, Wernerfelt (1984) and Barney (1991). These two theories are based on different assumptions, and their integration seems difficult. What is becoming known as the institution-based view is the newcomer in the strategy tripod (Peng. et al., 2009; Ahuja and Yayavarama, 2012). Research on institutions has a long tradition in both the economic and sociological literature. Therefore, an institution-based view could have been a good candidate to create a higher-level theory that could reconcile both industry- and resource-based strategy. However, today the institution-based view has been proposed only as a complementary view of strategy, and it has been unbalanced as opposed to the economic approach on institutionalism rather than the sociological one (Durand, 2012).

A second challenge in strategy research is the difficulties in creating a dynamic view of strategy. All three theories are inherently static, making the strong assumption that in most cases, contextual factors are exogenous to a firm's strategy: the industry factors in the industry-based view, the value of a resource in the resource-based view, and the institutional context in the institution-based view. Therefore, companies should seek the best positioning, acquire the best resources, or attempt to outperform their competitors in the way they manage their formal and informal institutions. Some scholars have tried to propose a dynamic view of strategy (Porter, 1991; Grimm,

Lee and Smith, 2006). Without entering into the discussion on whether or not they were successful in doing that, these theories are seen as an alternative theory to strategy, and they do not provide a more general framework.

The organizational evolution and strategy (OES) model by Durand (2006) is one of the few attempts to provide both an integrated model of strategy research—a grand theory of strategy that can put together the industry, resource, and institutional perspective—and a dynamic model of strategy. According to this model, companies' objective is to change the selection criteria or to preserve them (Durand, 2006, Durand et al. 2007). Selection criteria are specific to a given society and industry. In some cases, the criteria can be the industry factors (industry-based view), economic and normative institutional frameworks (institutional-based view), or the factors that influence the value of a resource (resource-based view). However, companies can influence these selection criteria at different levels of analysis: industry, organization, and competitive advantage. This dissertation contributes to this theory by showing that the normative selection criteria - the boundary of what is considered acceptable or not - are possibly the most strategic for companies because they are in continuous change in the environment, and companies are an important entity in this negotiation. As Figure 13 showed, the triad is the minimum unit of analysis that can influence the level of acceptability of a given behavior, and companies are a part of this triad. Thus, their actions can influence the boundary between what is considered acceptable or not, thus putting companies in a condition of advantage or disadvantage vis-a-vis with their competitors.

The recent case of the Barilla – the leading Italian pasta company - provides an example. We can observe how companies' actions influenced the normative context of Italy and, thus, had consequences for other companies. Table 42 shows the different stages. Stage 1 shows a May 2012 advertisement from IKEA for the opening of a new store in Sicily, the region in the south of Italy. The advertisement proclaimed that IKEA is "open to all kind of families" and showed two men

holding hands. This advertisement opened a discussion in the Italian press about whether it was appropriate or not and received some contestation from the more conservative parties and citizens in Italy. Stage 2 relates to the interview given by Guido Barilla in September 2013 wherein he said that Barilla is not considering a TV commercial with homosexual couples because they believe in a "traditional family". Probably the fact that IKEA's advertisement was criticized induced Guido Barilla to underestimate the impact that his words would have on consumers. The reaction was much stronger than the one to IKEA's advertisement, and a boycott of Barilla's products begun. Barilla's action opened a strategic opportunity to its competitors. Both Garofalo and Buitoni, two leading companies in the pasta industry, released a statement that they were open to all kind of families, thus welcoming homosexual couples to eat their pasta. At this stage, IKEA came back to the same advertising (Stage 3). This strong reaction to Guido Barilla's statement is likely to make TV commercials with homosexual couples more acceptable than they were before September 2013 (Stage 4). This example shows how social norms are endogenous to the actions of the companies and how they can open up strategic opportunities for some companies (as in the cases of Garofalo, Buitoni, and IKEA) and be detrimental to others that misjudge them (as in the case of Barilla).

Table 42 – Companies' actions that influenced the acceptability of featuring homosexual couples in Italian advertising

	Stage 1	**Stage 2**	**Stage 3**	**Stage 4**
Company			 Garofalo Buitoni	TV commercial with homosexual couples will be more acceptable in Italy.

2.4 Contribution to the social evaluation literature

I opened this dissertation with a broad reference to the literature on social evaluations and identified four current trends in that literature. Then, I narrowed down to a specific social evaluation—social misconduct—and articulated a research question in three parts. It is now possible to see how this investigation and its findings contribute to the overall literature on social evaluations. Concerning the four current trends identified in the literature, the main is about the candidate- (single) audience perspective, leading to the main literature gap I have addressed in my dissertation. I already investigated how this dissertation proposes a triad—candidate – social-control agent – audience framework—for a better understanding of social norms. However, this framework is not exclusive to social misconduct. It can be potentially applied to any other social evaluation, such as reputation, status, or celebrity. Indeed, each of these constructs consists of an evaluation of one audience, which does not need to be the same as that of another audience. However, it is likely that evaluations of different audiences will somehow influence each other.

A second trend in the literature on social evaluations is to explore how each construct has multiple dimensions that may have a different impact on organizational outcomes. The literature on reputation has already investigated how reputation has different dimensions (Mishina et al., 2010). This dissertation shows how norms that differ in their degree of interpretability produce a different effect in the way one audience influences another. This finding stresses the importance of breaking down each construct into different layers or dimensions. Third, the recent literature has focused on the way these constructs are interrelated and may interact. From this perspective, the findings of Chapter 4 are of particular interest. They show how the moral licensing of high-status actors is waived following a scandal. It stresses the importance of studying two or more social evaluation constructs in a given study in order to investigate better the mechanisms underlying each construct. Finally, a fourth trend relates to the fact that the previous literature has focused mainly on few and

homogenous audiences. Chapter 2 pays attention to an important but understudied audience: people in their role as citizens. This audience differs from interest groups, which are studied rightly in the literature of social movements, and it cannot be associated merely with media opinion, as most of the literature has proposed (Deephouse, 1996). Indeed, Chapter 4 looks exactly at the way multiple media outlets can carry out their own agenda on certain topics, thus opening up the question as to whether media outlets reflect the opinion of society or just that of their readers.

2.5 Empirical contribution – Advertising (regulation) as a context for studying social norms

Many streams of literature from different disciplines (e.g., sociology, economics, organizational theory) have studied various aspects of social norms. A continuous challenge in all of this literature relates to their definition and measure. It seems there is a misalignment between an intuitive understanding of what social norms are and scientific studies of these norms. Indeed, it is common knowledge that social norms are tied to particular societies and time periods; social norms differ from one country to another and, in a given country, from one age to another. Thus, one might say that social norms were different in the UK in the 1960s than they are today, but it would be difficult to measure this quantitatively. Social norms are about boundaries of acceptability. These boundaries move throughout time; it is difficult (if not impossible) to identify an exact time in which they may have changed. As shown in Figure 13, organizations as well people are in constant negotiation on what is acceptable or not.

Advertising can be a novel context for opening new possibilities in the study of social norms. The advertising context cannot answer all research questions that scholars might want to ask; however, many important features make advertising a promising context for this kind of research. Advertising is strongly linked to the norms of a society at a given time; if one looks at an advertisement from the 1960s, for example, it is likely that everyone would recognize that it is not

from today, and the advertisement almost certainly could provide some ideas was about the culture of that time. Also, advertising is an important strategic action for companies, given that all business-to-consumer organizations need to advertise their activities in one way or another. Then, it spans countries, opening up possibilities for comparative studies among different cultures and nations. Finally, and most importantly, the advertising regulation and self-regulation system provide measurable constructs that can be used as independent or dependent variables.

Besides the operationalization of social misconduct, other constructs of this dissertation merit to be mentioned. In Chapter 2, I needed to assess the opinion of the journalist towards ASA. This was not possible using the current tools in content analysis research (e.g. LIWC) and the number of articles was significant - 19,000 articles. I decided to code these articles through Mechanical Turk, the crowdsourcing website of Amazon. Recently, Mechanical Turk has been increasingly used by scholars for experimental designs and surveys, though it could be also useful for researchers that work on media articles. While the results of the coding proved to be only a robustness check (more than in 90% of articles the journalist reports the news about ASA in a neutral way), future studies on media could use Mechanical Turk and find more interesting results.

Also, the operationalization of the local bias for the newspapers in Chapter 4 is quite innovative. In fact, while we expect that newspapers have different orientations (e.g. right or left wings) and are likely to report news based on their orientations, quantitatively measuring this perception is very challenging. The context of soccer and the Moviola provided an opportunity to do so. However, I needed to find a different way to measure the agreement among different outlets compared to previous literature. This leads to the construction of the variable *Favoritism Home*. This variable provide an asymmetric measure of agreement or disagreement among different evaluators.

Finally, assessing causality is a major concern for scholars. As shown in Chapter 4, scandals can be (often) used as quasi-natural experiment to assess causality. This should be one extra reason for organizational scholars to be interested in this kind of misconduct.

2.6 Contributions to managers and business strategists

Every day, managers are asked to take strategic actions that would improve the performance of the company, such as decisions on innovation or resource allocation. One important set of actions is that which influences the image and reputation of the company in the environment where it must operate. Whereas historically, managers were concerned with making sure that their actions were considered legal, in the last few decades, managers have also had to concern themselves with behaviors that are considered ethical and that, generally speaking, conform to the broad set of values and norms in society. For legal actions, there is usually either an internal department or external providers that can assist companies in taking on any risk associated with actions that might violate the laws of a given country. More difficult is the situation with social norms; sometimes, managers can follow their own experience or intuition, or ask advice of the legal department or the public relations department. However, there is usually no single department or person specialized in dealing with social norms. This dissertation also demonstrates how important it is for managers to think about social norms as a specific area of knowledge that currently is fragmented across departments or external providers, at best. As proven by research on legitimacy and misconduct in the last few years, social norms are uncertain and can produce varying results, depending on the context or the actors involved.

Laws are relatively fixed (they do change but not very fast), are controlled by a presumably impartial third party (such as the state or court), and are in common to all companies. Therefore, laws make companies more homogenous and make it more difficult for them to obtain a firm-

specific competitive advantage. In contrast, social norms can be influenced by the companies' actions; they connect firms across industries, and costs and benefits depend on the characteristics of the companies. Thus, social norms can be an important source of competitive advantage for companies, so they should be considered as highly important for strategy scholars and practitioners.

Chapter 2 shows how social norms connect companies across industries. While scholars and managers are well aware of an "industry spill-over" effect—i.e., a situation in which the action of a company has consequences for the entire industry—this chapter shows "normative spill-over," an action that affects norms propagates within society across industries. This phenomenon can be negative or positive. If, by chance, a company has an advertisement on air during the same week that an advertisement on the same topic is banned, it is more likely to receive a complaint. On the other hand, managers can leverage the controversial behavior of a company in another industry, like IKEA did in the Barilla case.

3 LIMITATIONS AND AVENUES FOR FUTURE RESEARCH

Like any research, this dissertation presents limitations that open up opportunities for future research. First, one of the key findings is that less ambiguous norms are more consequential than more ambiguous ones. This is because more ambiguous norms are more open to individual interpretation. However, more ambiguous norms, like offense and harm, are also the ones that provoke the most emotional reactions in people. According to the statistics shown in Chapter 2, 99.5% of advertisements received less than 25 complaints each, while 0.5% received 216, 30% of the overall complaints that the ASA received. The interesting finding is that these two groups differ in the type of norm complained about. With the 99.5% of advertisements, the split between "misleading-offensive" and "harmful" is roughly 70-%-30%, while for the 216 top cases, it is the opposite: 30%-70%. This suggests that for small misbehaviors, "misleading" can be more

consequential than "offensive/harmful," and that there is a point at which it is so clear what is offensive or harmful that most people will react, and will also react more strongly than they will merely for misleading cases. We could not test this in our sample, though this may suggest that the effect of more ambiguous norms can be curvilinear; it is less consequential than less ambiguous norms for small misconduct, but there is a tipping point at which it will be greater.

Second, ambiguity is only one possible way to divide social norms. Other alternatives are possible and should be addressed. For example, Vergne (2011) presented a typology of four types of norms: environmental, accountant, competitive, and transactional. Another interesting distinction will be on the type of topics. Some topics can be more controversial and polarizing than others, such as homosexuality, sex, and animal rights. It would be interesting to see whether the social and economic consequences are different given the controversy level of a topic.

Third, Chapters 2 and 3 focus on a situation in which the ASA is already a recognized legitimate player in the field. Its institutional role was not disputed in the focal period under investigation. It would be interesting to relax this assumption and focus on contexts in which a self-regulatory organization is trying to achieve its legitimacy in the eye of the public. In this situation, the decision of the organization will also affect its own image. Based on our theory, we expect that the self-regulatory organization would be more contested when making decisions on more ambiguous norms than on less ambiguous norms. Future research will explore this. More generally, the ASA is a self-regulatory organization that has acquired its pivotal role through 50 years of operation in a context where it had to compromise among the needs of conflicting audiences: advertisers, consumers association, state, and the media. The mere fact that it has survived is an interesting research topic; it would be interesting to study how a legitimizing self-regulatory organization becomes legitimate.

More intriguing is the part on financial consequences. The results in Chapter 3 show an overall small or insignificant effect of social misconduct on short-term financial performance. I already addressed some of the limitations and avenues for future research in the discussion section of Chapter 3, such as the fact that I focus only on listed companies and look only at short-term variations in share price. Indeed, the consequences can be different for private companies or when looking at different measures of performance, both substantive (ROI) and image-related (brand reputation). The effect may also be only over the long term or, perhaps, only for repetitive actions of social misconduct. More interesting is the explanation that because financial analysts and investors are not able to quantify the consequences of social misconduct, they simply ignore this information. Would they change their perspective if they knew that people would increase their number of complaints as shown in Chapter 2? These findings are inserted into an already puzzling picture in the literature that tries to assess the performance impact of conforming and non-conforming actions (Heugens and Lander, 2009). Therefore, more studies are needed in this direction.

Finally, scandals, events of severe misconduct, have been the subject of a great body of literature rooted especially in sociological research. As Chapter 4 shows, scandals can be of great interest for organizations. Despite the view that scandals are mere negative events, organizational and strategic scholars should be interested in understanding how scandals can change the social environment and even open up strategic opportunity for companies. Besides, the (quasi) unexpected nature of scandals allows research to use quasi-natural experiments to clarify causality mechanisms.

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APPENDIX A

Some real examples can help explain the different nature of *misleading* vs. *harmful/offensive* advertisements. Complaints about advertisements cases are clearly assessed by analyzing opposing claims and the evidence provided by the company. In contrast, cases of harm and offence are based more on the judgment of the ASA Council. Table below represents examples of four cases, two of each type (*Misleading* and *Harmful/Offensive*) and two of each decision (*Ban* and *Clear*). For each case we provide a brief synopsis below.

Company	Adjudication Date	# Complaints	Media	Sector	Type	Topic
Louis Vuitton	May 26, 2010	3	TV	Retail	Misleading	Product Claim
Apple – iPhone	Jul 29, 2009	11	TV	Computers & telecoms	Misleading	Use of unique/Product Claim
W&Y – Courage Beer	Apr 15, 2009	3	Poster	Alcohol	Offensive/ Harmful	Depiction of men; Depiction of women /Human Dignity
Britvic – Tango	Nov 11, 2009	82	Poster	Food & Drink	Offensive/ Harmful	Children; Bad language

Louis Vuitton (Misleading – Ban)



Two national press ads for Louis Vuitton were challenged by 3 members of the public regarding whether they misleadingly implied that Louis Vuitton products were made by hand. Louis Vuitton responded that "the images in the ads were a tribute to the craftsmanship which was carried out every day by Louis Vuitton's artisans. They explained that their artisans were trained over many years to be able to carry out the various activities involved in the creation of one of their accessories." Louis Vuitton also stated that they had 200 employees working on different aspects of their products in each workshop; there were over 100 stages of production for each individual leather bag and wallet and their manufacture was not automated. They said that the ads did not seek to show all the tools that were used in their workshops and that hand sewing machines also were used in the making of both the products featured in the advertisement. Based on Louis Vuitton's answer, the ASA "noted that the images

were stylized interpretations of real stages of the production process of both of the items featured. However, [they] considered that consumers would interpret the image of a woman using a needle and thread to stitch the handle of a bag in ad (a), alongside the claim '... infinite patience protects each overstitch ... One could say that a Louis Vuitton bag is a collection of fine details. But with so much attention lavished on every one, should we only call them details?' to mean that Louis Vuitton bags were hand stitched."

They "also considered that the image of a woman handcrafting a wallet using a basic manual tool in ad (b), alongside the claim 'In everything from Louis Vuitton, there are elements that cannot be fully explained.'" Given that they "had not seen documentation that detailed the entire production process for Louis Vuitton products or that showed the proportion of their manufacture that was carried out by hand or by machine…[they] had not seen evidence that demonstrated the extent to which Louis Vuitton products were made by hand … [and] concluded that the ads were misleading." The ads breached CAP Code clauses 7.1 and 7.2 (Truthfulness).

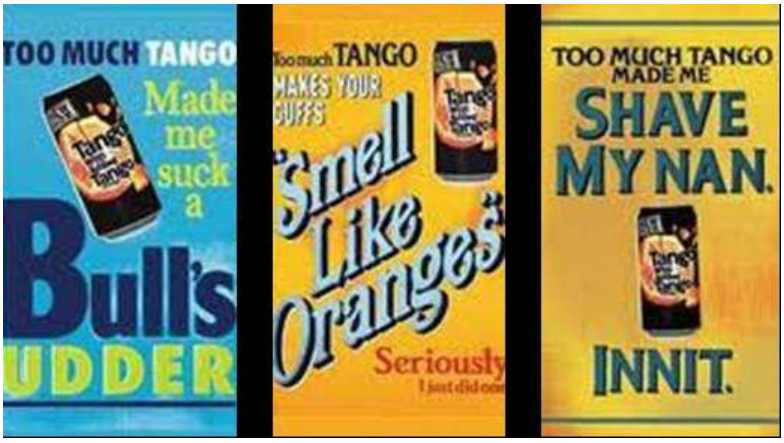
Apple – iPhone (Misleading – Clear).

A TV ad for Apple iPhone showed the extensive range of apps available in the Apple App Store. The voice-over concluded: "Only on the iPhone." Ten viewers, including some users of Galaxy 1 mobile set (G1), challenged "whether the ad was misleading, because although the voice-over stated 'Only on the iPhone,' the G1 phone had a similar application market place from which a range of applications could be downloaded." Apple "pointed out that the number of applications available at the App Store was far higher than their competitors, and there were currently over 50,000 applications available." They were "available in 88 different countries and … accessible on a number of platforms." In contrast, "the applications available for the G1 phone numbered around 2100 and were available to consumers in nine countries only." Finally, Apple "emphasized that the iPhones [sic] Multi-Touch functionality was more advanced than any competing functionality." Based on the response of Apple, ASA concluded that "the claim 'Only on the iPhone' was justified and not misleading" because "Apple had shown there were far more applications available for the iPhone than the G1 phone, and user-experience of the iPhone and the app store was distinct from its competitor."

W&Y – Courage Beer (Offensive/Harmful – Ban)



Three people believed that the above poster by Wells & Youngs Brewing Company (W&Y) promoting their Courage beer brand was offensive and irresponsible because it "implied that the beer would give the man confidence to either make negative comments on the woman's appearance or take advantage of her." W&Y responded that this poster "picked up the theme from their advertising from the 1950s to 1980s by using the strapline 'Take Courage,' which was a call to action to choose Courage over other beers." They searched for legal advice, "to ensure there was no breach of the Code." Finally, they "believed the poster featured [an uncomfortable] situation many men could relate to, where the man was likely to be asked what he thought of the woman's new dress." Therefore, the text "TAKE COURAGE MY FRIEND" was simply used as a "call to choose Courage beers over competitor brands." ASA took note of the response of W&Y, but they "considered that the combination of the text and the image of the man with an open beer can and half empty glass of beer was likely to be understood by consumers to carry the clear implication that the beer would give the man enough confidence to tell the woman that the dress was unflattering." Therefore, although they "understood the humorous intention of the scenario, [they] concluded that the poster breached the Code by suggesting that the beer could increase confidence."



Britvic – Tango
(Offensive/Harmful – Clear)

Three posters for soft drink Tango (owned by Britvic) were challenged by 82 people because they considered them "offensive, irresponsible and unsuitable for public display." The first poster was alleged to suggest "oral sex with a bull," the second poster was targeted because of the use of the word "guffs," and the third poster was accused of referencing "the shaving of one's vaginal hair."

Britvic responded to the ASA investigation by explaining that "Tango was a soft drink brand known for its cheeky and unconventional sense of humour" and that "they had tried to entertain their target audience [17-25-year-old males], without causing serious or widespread offence." They gave an explanation for each of the posters. As an example, for the first one, "they argued that the ad's premise was complete nonsense, because bulls did not have udders." They also stated that they "carried out qualitative research groups with 17-20-year-old men before producing the campaign, and none of the respondents had interpreted the ad's headline as referring to oral sex with a bull." ASA reviewed the posters, noted the responses of Britvic, and concluded that all three were "unlikely to cause serious or widespread offence or be seen as irresponsible, and that it was not unsuitable for public display." Regarding poster 1, ASA "considered that most viewers of the poster, including children, would be aware that bulls did not have udders." For Poster 2, ASA "considered that the phrase 'makes your guffs smell like oranges' would be interpreted as a reference to breaking wind and was therefore likely to be seen as vulgar by some, but as humorous by others." Finally, complaints about poster 3 were dismissed because ASA "considered that the ad was likely to be seen as positing the idea that a side effect of drinking Tango was the urge to shave a hairy, elderly relative," the idea of which was considered "clearly ridiculous."

APPENDIX B

First, I calculated the relationship between each company's share and the market as a whole (I used the referent index for each market, e.g. the FTSE 100 for London Stock Exchange, CAC 40 for Euronext Paris…):

$$R_{it} = \boldsymbol{\alpha}_i + \boldsymbol{\beta}_i R_{mt} + e_{it}$$

Where R_{it} represents the value of the stock of company i on day t; $\boldsymbol{\alpha}_i$ is the constant term, R_{mt} represents the value of the market portfolio for day t (e.g. FTSE 100 for London Stock Exchange, CAC 40 for Euronext Paris…), $\boldsymbol{\beta}_i$ represents the beta of the stock of the company i, and e_{it} is the conventional the error term. Beta is computed over the period t=254 to t=-3, where t=0 is the day of the event. The abnormal return of a stock is the difference between the actual return of that stock and its expected return. The abnormal return of security i at time t, AR_{it}, is:

$$AR_{it} = R_{it} - (\boldsymbol{\alpha}_i + \boldsymbol{\beta}_i R_{mt}).$$

The cumulative abnormal return for a firm, CARi, is the sum of abnormal returns over the event window (from t=-2 to t=+1):

$$CAR_i = \sum AR_{it}$$

As in Barnett and King 2008, to allow continuous compounding when aggregating the abnormal returns, ln(1 + R) is used instead of R. Therefore, the final formula of the CAR_i is as follows:

$$CAR_i = \sum [\ln(1 + R_{it}) - (\boldsymbol{\alpha} + \boldsymbol{\beta}_{im} \ln(1 + R_{mt}))]$$

APPENDIX C

Below are examples on how the column Moviola appears in each journal.

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a. Moviola by Corriere dello Sport



Ancora errori
Sbagliano Farina
Rocchi e Stefanini
Nastase da prova tv

Vieira da "rosso". Stankovic, ci stava il rigore

Gomitata del francese su Tognozzi dopo 42": per la Fifa è da espulsione. Il gomito di Dejan molto più che sospetto. Urla l'Atalanta: manca anche un penalty

di Edmondo Pinna

ROMA - Non si fermano gli errori degli arbitri di Stefano Tedeschi. Quattro quelli clamorosi: rigorosa (anche all'inizio) l'espulsione di Vieira e un possibile rigore per la Reggina (Rocchi).

Ancona-Fiorentina (P. Mazzoleni)

Toni, il gol è regolare

Retropassaggio di Gamberini verso Frey, palla destinata in gol. Il portiere vola, con un miracolo, devia in angolo. I fuochi protesta. Paolo Mazzoleni deve aver ritenuto inverosimile il tocco all'indietro del difensore. In caso di volontarietà (come, a nostro avviso, era), si doveva assegnare un calcio di punizione indiretta nel punto in cui Frey ha toccato la palla, senza provvedimento disciplinare. Ci sarebbe stato, in caso assegno in C parte al rosso. Il regolamento è stato cambiato. Regolare il gol di Toni. Pagliuca esce ma viene ostacolato dal suo compagno Nastase. Nastase che, nella ripresa, doveva essere espulso per una gomitata (braccio largo) su Mutu: affetto involontario. Se l'arbitro, nel 1 sono entrambi, si sono accorti di nulla, vuol che l'azione è proseguita. Siamo nel campo della prova tv.

Chievo-Atalanta (Stefanini)

Pellissier, il 2-0 è in off side

Fa bene a protestare l'Atalanta, negativa la giornata di Stefanini. Il secondo gol del giubilato doveva essere annullato: quando Zanchetta tira, Pellissier (che poi segnerà il, per una questione di centimetri, in fuorigioco (gioco attivo Artemi). Regolare il gol di Zampagna quando Dioni serve

Inter-Reggina (Rocchi)

Bianchi in off side, annullato l'1-1

Dopo 42', sabato, Vieira allarga il gomito destro che colpisce Tognozzi in base alla normativa Fifa pre-tamidiale c'è un litretto con tanto di foto) poteva essere espulso. Rocchi non è sovvenuto neanche. Regolare la rete di Crespo su lui, servito da Vieira, sia lo stesso Vieira dopo l'azione di Cruz sono in posizione regolare. Da cartellino giallo (al 67') l'intervento di Cordoba su Missiroli (il labiale dell'arbitro: «E l'ultimo»). Due minuti dopo. Lain crossa, Stankovic in area allarga il braccio destro e devia il pallone: vero, c'è la tensione del cervantuno (è quasi di spalle), vero anche che quando parte il tiro ha gli occhi sul pallone. Poteva starci il rigore. Azione simile (ma fuori area) quando Stankovic crossa e la palla finisce sul gomito di Amoruso: angolo. Espulso Mazzarri, davanti a lui agisce il guardalinee Stefano Arnilli, fratello di Nicola, un arbitro che non si lascia passare sotto il naso: questione genetica! Giusto annullare la rete di Bianchi: sul tiro di Tognozzi, e oltre Samuel che è l'ultimo difensore sensibilmente

Livorno-Parma (Simone)

Due fuorigioco nell'azione del 2-0

Stanno espulso perché, dopo un intervento che gli aveva portato il "giallo", si rivolge all'arbitro e dal laterale

si intrufola un «mai che mi sorpresa». Cartellino rosso. Clamoroso doppio errore del guardalinee Fiachetti e di Rosario sul gol del 2-0 del Livorno, nella stessa azione ci sono due fuorigioco: il primo quando Bellucci serve Bukarenko (è oltre Conti), il secondo quando Bukarenko mette al centro per Lucarelli che è in off side (in realtà la palla sarà deviata nella propria rete da Fernandes).

Messina-Lazio (L. Agnolin)

Dubbio il rigore assegnato al Messina

Fermato Rigoni su lancio profondo di Coppola, il guardalinee Di Liberatore segnala l'off side che non c'è (era troppo in gioco da Stendardo. Poco dopo, giusto fermare Di Napoli per fuorigioco. Annullato un gol a Rigoni, bene la bandierina Masetti quando l'attaccante viene servito da Cordova, è oltre Oddo, ultimo biancoscudrato prima di Peruzzi. Molto dubbio il penalty assegnato al Messina: c'è uno strano di Stendardo sulla schiena di Di Napoli, ma guardalinee cassa perché incrociava con i suoi stessi piedi.

Roma-Catania (Rizzoli)

Mascara, espulsione senza ombre

Protesta molto il Catania per il primo gol della Roma: quando Pizarro crossa, Stovini e Panucci sono già in "contatto" reciproco da qualche frazione di secondo, al momento del colpo di testa Stovini va giù. L'arbitro deve aver valutato reciproche le scorrettezze. Senza entrare l'espulsione di Mascara, che assesta una gomitata (a palla lontana) a Chivu che stava arrivando in marcatura da dietro (Girardi, fra l'altro, ha la visuale libera). Proteste anche Cassa per un presunto intervento in area di Pizarro. L'ultimo pezzo, la sciocchezza, non trova l'attaccante (ma neanche la pel-

Torino-Sampdoria (Rosi)

Sala su Abbruscato: rigore ok

Dopo un minuto e mezzo, folle tentico di Franceschini: ci stava il giallo. Rosi fischia prima che la palla tocchi da Maggio entri, non si capisce perché. Forse ha visto un gesto dello stesso giocatore blucerchiato su Balestri entrambi salivano per colpire il pallone). Cioffi duro su Quagliarella che stava partendo da giallo. Lascia di Cioffi per Comotto, non c'era nè allo. Crescita di Oliveira su Ardito: non scatta neanche il giallo. Giusto il rigore per fallo di Sala su Abbruscato: tra Rosina che non arriva la mia azione (Berti) e se lanciato con l'arbitro, protesto (e area entrato tutti

b. Moviola by Gazzetta dello Sport



la moviola

Gazzetta dello Sport

All'Atalanta manca un rigore

Nel 7-0 della Roma un gol con **fallo** e uno in **fuorigioco**. C'era un **rigore** per il Catania

ANTONELLO CAPONE

ASCOLI-FIORENTINA 1-1

Frey ricaccia fuori dalla porta, prima che varchi totalmente la linea, un pallone passato da Potenza: l'Ascoli meriterebbe una punizione indiretta, però Mazzoleni non lo considera un passaggio volontario. Cintura di Donadel a Pecorari e poi intervento di Dainelli su Bjelanovic: dubbi di rigore. Gomitata di Nastase a Mutu che lo rincorre: l'arbitro non vede, Rubino neanche: può pensarci la prova tv.

CHIEVO-ATALANTA 2-2

Obinna devia col braccio la cross di Bombardini: dubbio di rigore. Regolare l'1-0 di Zanchetta, in fuorigioco Pellissier nel 2-0. Regolare la posizione di Ferreira Pinto che serve la palla a Zampagna per il 2-1. Dopo il 2-2 è certamente da rigore, non visto da Stefanini e dall'assistente De Santis, una parata con le braccia alte di Sammarco su tiro di Soncin. La palla andrebbe a Doni solo davanti a Scignano.

INTER-REGGINA 1-0

Attento l'assistente Carrer: regolare il gol partita, Aronica tiene in gioco Vieira e Crespo. Gomitata in elevazione di Vieira a Tognozzi: manca il giallo. Stankovic salta in maniera scomposta, con il gomito un po' largo che intercetta un cross di Leon: Rocchi decide per l'involontarietà perché Stankovic è girato, ma ci potrebbe stare anche il rigore. Contatto tra Aronica e Adriano: non pare rigore, Rocchi vede bene. Carrer fa annullare il gol di Bianchi che si trova in fuorigioco al momento del tiro di Tognozzi.

LIVORNO-PARMA 3-0

Filippini a terra ma Coly non lo tocca: Romeo fa bene a non dare rigore. Dopo l'1-0 espulso Budan: dà del matto all'arbitro che lo aveva ammonito per gioco duro. Bakayoko in fuorigioco nell'azione del 2-0: l'assistente Foschetti in ritardo.

MESSINA-LAZIO 1-4

Fischio, ma nella regola la punizione per intervento di Moreno su Makinwa che porta allo 0-1. Rigoni in fuorigioco: Masotti sbandiera, gol annullato. Spinta di Stendardo a Di Napoli: rigore dell'1-1.

ROMA-CATANIA 7-0

Nell'azione dell'1-0 Panucci un po' trattiene Stovini. Girardi espelle Mascara che dà una manata a Chivu: corretto. Dopo il 3-0 Pizarro prende Corona e non il pallone: rigore non dato. Insufficiente Ambrosino: in fuorigioco il 5-0 di Panucci, in dubbio il 6-0 di Montella. Secondo giallo a Baiocco che dice qualche parola pesante all'arbitro.

TORINO-SAMPDORIA 1-0

Cioffi stende Quagliarella per bloccare il contropiede: Banti risparmia il giallo. Maggio spinge Balestri poi segna a gioco fermo. Gomitata di Stellone a Maggio: ammonito e gli va bene. Non punita una gomitata di Quagliarella ad Ardito. Stellone a terra, ma non pare rigore. Manata di Oliveira ad Ardito: potrebbe essere da rosso, l'arbitro neanche fischia punizione. Sala trattiene da dietro Abbruscato prima fuori area, poi dentro: Banti concede giustamente il rigore e ammonisce. Esultanza eccessiva dopo il gol: giallo a Rosina.

UDINESE-SIENA 3-0

Dopo l'1-0 sbandierato un fuorigioco a Corvia lanciato: non c'è. Farina concede il rigore per uscita di Manninger che prende il pallone, ma anche Isquinta: la casistica dice che si deve fischiare e in questi casi il portiere è prigioniero. Annullato un gol a Corvia: fuorigioco.

c. Moviola by Tuttosport



Stankovic e Sammarco doppie parate in area

Inter-Reggina.

Gianluca Rocchi, 33 anni

Chievo-Atalanta. Gigantesco errore dell'arbitro Stefanini di Prato che non si avvede (e come lui i suoi assistenti Tonolini e De Santis) di un clamoroso mani in area del attaccante Sammarco su cross di Sosa. Quella del centrocampista giallobl è un'autentica parata: se non fosse intervenuto, la palla sarebbe finita sicuramente sui piedi di Dani che si trovava solo a pochi passi dalla porta. Rabbiose, reiterate ma vane le proteste dei bergamaschi. Da annullare il gol del momentaneo 2-0 siglato a inizio ripresa dal ventenne Pellissier, in posizione di fuorigioco.

Udinese-Siena. L'intervento di Manninger su Iaquinta è paragonabile, per certi versi, a quello di Buffon su Gattini anche se l'attaccante azzurro è in posizione nettamente più defilata e il portiere austriaco dà l'impressione di toccare prima il pallone del giocatore. Partita comunque il penalty non regalo - giustamente - ai bianconeri.

Roma-Catania.

Livorno-Parma. Da annullare il 3-0 dei labronici. L'arbitro Romeo (assistito da Puschetta) non vede un doppio fuorigioco, prima di Rakocevic e poi di Lucarelli.

Torino-Sampdoria. Nel primo tempo l'arbitro livornese Banti interrompe un'offensiva della Samp per un presunto fallo di Bovo (non c'era). Lo Quagliarella realizza un 2-0 che era già fermo. Le immagini non mostrano invece alcuna scorrettezza, in fase di elevazione, di Bonazzoli. Nella ripresa manata volontaria di Oliveira ad Ardito: neppure giallo. Comunque fuori area il fallo di Sala su Abbruscato sanzionato col penalty.

ACKNOWLEDGMENT

Someone has already mentioned that the dissertation is a "solitary journey that is done with many people". I will follow this reflection.

Few days ago I saw a video. The woman speaking noticed that people do praise and forgive others. However, they seldom take the time to praise and forgive themselves. She suggested that everyone should learn how to do this. I stopped the video, I thought about the "solitary journey" and started writing this acknowledgement. I realized that the first person I should thank was, indeed, myself. I usually take things for granted and I think that everything I achieve is normal. This time I want to praise myself who has had the courage to leave his career and jump in the unknown world of the PhD. I want to praise myself for resisting through very difficult moments. And I want to forgive myself for the moments when I felt lost and I could have achieved more than what I did. In this solitary journey I think I was quite effective (finished a dissertation), relatively efficient (did it in almost 4 years), though I could not have been more efficacious. For efficacious I mean that I have understood myself much more and I have finally known what my passion is. This was the main motive that pushed me to leave P&G and start a PhD. Most people who know me often told me that "it was always clear that I would have become a professor"; it has taken me a bit more time.

Any person comes down to a system of values, norms and beliefs. The people we meet help us frame, challenge, build and sustain our systems of values, norms and beliefs. There were many people who, consciously or not, have helped me in this journey. I am sure I am forgetting some of them here. However, if you feel that you should be here and you are not mentioned, it is likely that you are right and I just forgot to include you, as I am writing this acknowledgement in the very last minute. Please do let me know and I will mention you in the acknowledgment of my next PhD :).

First of all, I want to thank my family. My parents have worked all their lives and have made enormous sacrifices in order to help my sisters and me find our own paths in life. Not all parents do that. Without the emotional and financial security they have provided me, I am not sure I would have been here, writing this acknowledgment now. My sisters, have been always there for me and are always in my heart. It is reassuring to know that, wherever I am, I can count on four solid pillars.

Secondly, I want to thank my Academic family. Rodolphe, has helped me understand what an "academic father" means. Even if we have not yet succeeded to make him win the Best Educator Award at AOM, there is a reason why his PhD and Master students respect him so much. When meeting other PhD students in the past years, I usually mentioned that I felt lucky to not only have a supervisor, but also a mentor. He was the first person I talked to from HEC, during my admission interview; he was able to bear with me and support me all these years, particularly when I felt lost. There is a saying: "when the student is ready the master comes". I am not sure whether I was ready, but the master did come. I left P&G because I had been looking at my manager and the manager of my manager, and I had realized that I did not want to be like them. Rodolphe has been a continuous source of inspiration and a role model I hope to follow in my future profession. The social value of a positive role model is that he inspires others to be like him. I am trying to be as good with the students I supervise as he has been with me. During these years he has been creating many virtuous circles he may not even be aware of. I hope he will keep on doing that, even when it is challenging.

If there is an "academic father", there are also academic uncles, cousins, brothers and sisters. I am lucky to have many uncles and aunts, professors who have helped and have inspired me during these years. Gino, Jamal and Joe deserve a special mention. Gino enabled me to spend one year and half at

NYU, an experience that profoundly enriched me both personally and professionally. However, above all, he has been a constant point of reference throughout my visiting period, an inspiring person and, above alla friend, who supported me through difficult moments. It took me some time to understand why he works so hard. I discovered that he has an incredible passion for what he does and an endless curiosity. I will try to remember that in the future. More importantly, he is an incredible human being. I have rarely met people who always try to do the right thing, even when they risk to be penalized. Then, Jamal. I met Jamal by chance. He became a friend that helped and supported me during the last three years. I have met him in seven different cities so far and I am looking forward meeting him in the next ones. His constant will to help and mentor students makes him very special. He has helped me to better understand this profession; our endless discussions about life and academia, always sitting on a table with good food, were priceless (or actually very expensive for him!). Finally, Joe is also an incredible model I am trying to follow. A well-recognized scholar who has the desire of knowledge, the curiosity and the learning attitude of a PhD student. His capacity to be both a high-status scholar and having a so humble personality makes him a unique person and a role model for me. I feel lucky to have had the chance of working with him and to have been continuously learning from interacting with him.

Still, many other Professors have helped and inspired me. From HEC, I remember the very first course of Romain Laufer just after I left P&G. The courses of Thomas Astebro, Pierre Dussauge, Bernard Garrette, Bertrand Quelin and Eve Chiapello and the discussion with them left also a significant imprint on me. A particular thank you to Kristina, who was my co-tutor on my first year and with whom I had endless discussions that helped me in moving from a practitioner to a researcher. She has helped me a lot and I would not thank her enough. Needless to say, the whole department of Strategy at HEC is made of excellent people from both a human and a professional point of view. Nils, Corey, Dahlia, Goncalo, Tomasz, Denisa, Pierre-Antoine, and Giada were, among others, people from whom I have constantly tried to learn something. Also, I need to mention Eric and Mathis from the HR department, who made me realize that it can be fun to have an (endless) side project if you like your co-authors. Finally, a sincere thank you to Bernard Leca who, during the pre-defense, provided me with insightful comments that helped me a lot in developing the final version of the thesis, and to the other members of the jury, Géraldine Schmidt, Pierre Francois and Eero Vaara, for having accepted to dedicate time to read, comment and give feedback to my dissertation. Their comments will be very useful to further improve the three essays.

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Then, I want to thank my academic brothers, sisters and cousins. I am certain I will forget someone as there are so many, but I will do my best. Let's start with my cohort: Martin, a constant reference point for everyone, a hardworking and integrious person; Thomas, my friend, co-author and mate in NYC from whom I admire the ability to be able to be always central in any network he is part of; Moumita, Shiva and Panikos: what to say, even if sometimes we would have not have met for few months, I know I could always count on you and you will always be available for a relaxing chat. Jonathan, with whom any interaction is so interesting and so much fun. From the other cohorts I

have to mention at least Navid (Navid), Ali, Asli, Joao, Cedric, Yi and of course Rita who was visiting HEC for a while. With each of them I spent unique moments and have nice memories I will bring always with me. Sami and Anisa need a particular mention; the fact that they speak Italian helped establishing a closer relationship, but in a way or another they have been a constant point of reference for me during these years. Finally, my academic brothers, with whom I share the luck to have the same supervisor: J-P, Julien, Lionel, Anne among others; they were always available when I asked for help.

Thirdly, this dissertation would not exist if I did not have the luck to meet innumerable people who decided to dedicate time and energy to help a complete stranger asking for help. For some of them I became a friend, for others a good acquaintance; to all, my deepest gratitude. It is literally true that this thesis won't exist without the help of Irina and Oliver of EASA, Tony and Guy of ASA. Irina and Tony were of constant help and advice throughout this year. Guy has always been able to provide me with great insight and interesting discussions. Chapter 2 and Chapter 3 won't exist without them. Chapter 4 also has a long story. I started to collect the data for my master thesis in 2005. Many people helped me on that, but above all I have to mention Aldo and Leonardo of Digital Soccer Panini. It is incredible to see how some people love so much their work and are so willing to help others when they can. Also, in developing Chapter 4, I met Luciano Lupi of the "Osservatorio degli Errori Arbitrali", who helped me in collecting some Moviola. Then, Edmondo Pinna of Corriere dello Sport was very helpful in discussing with me and providing me with hard copies of the Moviola of the Corriere (which made me save so much precious time!). Alberto Dionisi is another friend I met when developing this Chapter. He is one of the most knowledgeable people on referees and soccer. Without him I would have had much more difficulties in understanding the right way to code the data and create the relevant variables. He is also a co-author on another project and an inspiring person. Finally, a special thank you to Josephine D'Emilliano who had always been available to tutor me in English, even when I needed it last minute!

Fourthly, I want to thank my friends; the close ones and the ones that I have met for a few minutes during these years. Friends provide a constant support through laugh, talks, funny moments and memories you come back to in difficult days. It is impossible to cite all the friends I have met during these years moving around 6 cities. However, there are some friends who have been more constant. Alessio, Giulio, Cristiano, Valentina, Irena, Silvia and Annarita, among others, have always made me feel like I have never left Rome. From P&G, Samuel, Emiliana, Giovanna and Claudia are the ones closer to my heart. I could not have "survived" New York without Esther and Max (+4), truly my new yorker family, but also Elad, Jeff, Mariano, Nicolas, Chiara, Alessandro, Deborah, Flavia who provide interesting discussions, melancholic moments and support before, during and after the hurricane! In Paris, a special thank you to Vessela, Eliane and Debora who helped me go through the last and intense months of my PhD; thanks to their chat, laughs and pasta! Finally, thank you to Simone, Roberto and Lodo with whom I have chatted, laughed and worked during these years!

While family and friends provide constant support, love creates moments of high intensity, which are crucial in a person's life. During my PhD I lost a love, find many *small* loves, but I have not found *the* love yet. However, I have realized that I needed to find myself before. Now I know what I am looking for. I have known many PhD students who found true love and published an alfa within one year from their graduation. I hope there is not a trade off between the two, but in case I need to choose, I will go for the first one.

A particular mention to HEC and its people. First, to the people of la Fondation HEC for having provided the financial support of my PhD. While it is admirable to help the people we know, it is more admirable to provide financial resources to the people we do not know. Then, to the Society

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This dissertation is about values and norms. People come down to values and norms, but also (many) organizations come down to values and norms. We could not live in a world without organizations and this thesis owns much to some of them. First of all, P&G that taught me the importance of following principles and values ("touching and improving people lives"), but above all it was an incredible source of knowledge for business and managerial practices. Also, P&G allowed me to know exceptional people, even after I left, through P&G alumni. Among others, I want to thank Lucio and Cinzia for their constant presence, friendship and voluntary work for the association. Secondly, I want to thank Starbucks, for providing a nice and friendly office to PhD students around the world. In the third position I would probably put M&M's and other junk food or energy drinks; they are not always healthy, but they provide an intimate shelter to recover when needed. Finally, I want to thank Bikram yoga and other yoga studios for helping me understand how important it is to work not only on the mental intelligence, but also on the other ones (physical, emotional and spiritual). These are all global brands. I changed many cities in the last years and these and other brands provided me constant reference points. Other people probably feel the same. This is one of the reason why I like studying organizations; it is a way to keep on touching and improving people lives.

Four pages of acknowledgement. Is this reasonable for a dissertation? Youcould find it too much and inopportune. However, based on what I have learnt from my dissertation ("social norms are about triads"), if I tell you why I think that 4 pages is reasonable, it is likely that you will change your opinion. I spent 5 hours to write and correct this acknowledgment because I think that each of the person I mentioned deserves to be part of it; for me it was a (small) way to pay them back for the time and energy they have dedicated to me. If this has not made you change your perception, you have just found a boundary condition to my dissertation!

When I was thinking what to write on this acknowledgement, I asked myself: "What would I like to read on these pages 10 or 20 years from now?" The answer was that I would have liked this acknowledgment to be a constant reminder of the motive and passion that I found during these four years: my mission in life. Here it is:

To create emotional value in the world, through teaching (as a professor), studying (as a researcher), mentoring (as a father and member of the community), practicing (as a manager and entrepreneur) how individuals, organizations and countries can build a sustainable competitive advantage while respecting the values and norms of the social environment.

I do not know if I will succeed in this, but at least I know the target I can point my arrow to.

Dot.

It is like this, you think you submit a dissertation, but in reality you submit emotions, people and thoughts A piece of your life.

Résumé général en français

Revue la littérature et les lacunes de la littérature

Cette thèse est développée à l'intersection entre la théorie de l'organisation et de la recherche stratégique (Oliver, 1991, 1997; Ingram et Silverman, 2002; Durand, 2012). Le cadre théorique est principalement enracinée dans la nouvelle théorie institutionnelle en sociologie (Meyer et Rowan, 1977; DiMaggio et Powell, 1983) et des hypothèses et des résultats ont des implications importantes pour les entreprises. La littérature sur la théorie institutionnelle a eu comme cible principalement le évaluations sociales, qui sont des caracteristiques que les acteurs sociaux donnent aux organismes, tels que le statut, la réputation et la légitimité (Deephouse et Suchman, 2008; Bitektine, 2011), célébrité (. Pfarrer et al, 2012) , la stigmatisation (Devers et al., 2012). Des évaluations sociales influencent sur la façon dont les acteurs sociaux se comportent envers la société (Bitektine, 2011) et, finalement, la survie et la performance des entreprises (Meyer et Rowan, 1977; Deephouse et Heugens, 2009;. Pollock et Rindova 2003, Durand et al, 2007). Par conséquent, alors que la littérature institutionnelle a examiné longtemps les processus sociologiques qui sous-entendent les évaluations sociales (par exemple, Merton, 1968 pour le statut; Weber, 1978 de légitimité), dans les deux dernières décennies, la littérature de stratégie a de plus en plus visée sur la compréhension des implications stratégiques que les évaluations sociales ont pour les entreprises (Pollock et Rindova, 2003; Deephouse, 1996, 1999; Zuckerman, 1999;. Cattani et al, 2008; Durand, 2012). En conséquence, la littérature sur les évaluations sociales a prospéré ces dernières années. (Deephouse et Suchman, 2008; Bitektine, 2012; Pfarrer et al, 2010;. Rindova et al, 2008;. Rao, et al 2005;.. Graffin et al, 2013). Cependant, il ya encore des défis actuels dans la littérature, qui conduisent à mon écart global de la littérature.

1. Des évaluations sociales sont multidimensionnelles, pas monolithiques.La littérature a souvent traité des évaluations sociales d'une manière monolithique (Philippe et Durand, 2011): la bonne reputation versus la mauvais, le haut statut contre le bas, ou les organisations légitimes versus les illégitimes. La recherche a récemment reconnu que les évaluations sociales ont de nombreuses dimensions qui peuvent ou ne peuvent pas produire les mêmes effets.

2. Les évaluations sociales ne sont pas indépendantes; ils se chevauchent et interagissent.
Le fait que les chercheurs ont parfois utilisé la même mise à mesurer l'état, la réputation, la légitimité, ou autres constructions, ouvre la question évidente de savoir si ces distinctions sont pratiques ou purement théoriques. Par conséquent, les chercheurs sont en train de comparer deux ou plusieurs évaluations sociales dans la même étude pour comprendre chaque mécanisme unique (Deephouse et Carter, 2005;. Pfarrer et al 2010).

3. La littérature a mis l'accent sur quelques audiences (homogènes). Alors que un public nombreux est important pour les organisations, la littérature actuelle a mis l'accent sur un public relativement peu nombreux, tels que les médias (Deephouse, 1996;. Zavyalova et al, 2012), les analystes financiers (Zuckerman, 1999), les critiques (. Durand et al, 2007) ... en outre, ces organisations ont été traités comme si elles avaient un public homogène, tandis que chacun de leurs membres peut avoir des motivations individuelles spécifiques (Westphal et al., 2008).

4. Le ”candidat - (single) public" cadre: Qu'est-ce qui se passe dans un contexte disomogène?
Depuis la publication de (1999) l'article de Zuckerman, l'analyse des évaluations sociales sont habituellement menées, explicitement ou implicitement, dans un cadre candidat-public: le candidat, généralement un organisme, prend des mesures qui affectent le jugement, l'évaluation ou le

comportement d'un public (Bitektine, 2011). La plupart des recherches ont la tendance à se concentrer sur un public, généralement le plus important dans un contexte donné: par exemple, les médias dans le marché du capital de risque (Pollock et Rindova 2003), le guide Michelin dans le monde de la cuisine française (Durand et al ., 2007) et les distributeurs dans l'industrie du cinéma (Cattani et al., 2008). Néanmoins, dans de nombreux contextes, les organisations sont soumises aux pressions simultanées d'un numbreux public (Lamin et Zaheer, 2012), qui peuvent avoir des orientations différentes et des critères d'évaluation. En effet, un courant récent de la littérature a mis l'accent sur la compréhension de comment des publics multiples réagissent différemment aux mêmes actions (Lamin et Zaheer, 2012; Pontikes, 2012), cependant, ces études traitent les évaluations de ces audiences comme orthogonales et indépendantes en négligeant d'enquêter directement comment et pourquoi l'évaluation d'une audience influence l'évaluation de l'autre. Cette nouvelle adress de la littérature exacerbe les trois défis évoqués précédemment: la compréhension des différentes dimensions des évaluations sociales, la manière dont les évaluations sociales se chevauchent ou interagissent, et l'élargissement de l'éventail de publics étudiés sont encore plus intéressants problèmes dans un contexte multi-public.

Cette discussion cherche a combler la lacune de la littérature actuelle.

Lacune de la littérature

La littérature précédente a analysé les évaluations sociales dans un contexte mono-public. Dans le cas d'un contexte multi-public l'évaluation d'un audience a étè considerè indipendent par rapport a l'evaluation de l'autre. Cela laisse inexplorée la question de savoir comment et pourquoi l'évaluation d'un public particulier influe sur l'évaluation d'un autre public.

Cette thèse veut combler cette large lacune de la littérature en se concentrant sur un type spécifique de l'évaluation sociale – faute d'organisation sociale - qui est définie à l'intersection entre la littérature

sur la légitimité et la mauvaise conduite de l'organisation. Je soutiens que les deux concepts - légitimité et faute organisationnelle - ont une faiblesse spécifique et que la mavaise conduite sociale peu etre responsable de cette faiblesse. La litterature prècedente a utilisé l'idée de légitimité en différents niveaux d'analyse. (organisation et action). Elle n'a pas été clair sur le rôle e sur l'idéntité de l'audience evaluant e sur le group di référance. La littérature sur l'inconduite d'entreprise (Greve et al 2010) a résolu certains de ces problèmes. Cette littérature a défini une faute au niveau de l'action (et non de l'organisation) et a clarifié que la mauvaise conduite est une évaluation faite par un organisme public spécifique, appelé « agent de contrôle social »(Becker, 1963). Toutefois, cette littérature a d'autres problèmes. Cette littérature n'a pas fait de distinction entre les actions qui violent la loi (actions illégales) et ceux qui violent les normes sociales. Cette distinction est au contraire l'intuition la plus importante dans la littérature sur la légitimité (Webb et al., 2009). Dans ma thèse j'analyse ces deux aspects de la littérature et je définis formellement la notion de «mauvais conduite sociale» comme suit:

La mauvaise conduite sociale d'une organisation est une évaluation faite par un agent de contrôle social qui définit le comportement de l'organisation, par opposition au système de valeurs et normes de la société.

Conformément à la documentation de la littérature sur la mauvaise conduite organisée, le niveau d'analyse dans ce cas est l'action. En outre, la mauvaise conduite sociale ce n'est pas juste un comportement, mais c' est une évaluation faite par un agent de contrôle social, sous la forme d'une déclaration ou d'un acte formel. Au lieu de cela, en accord avec la littérature sur la légitimité, la mauvaise conduite sociale d'une organisation ne concerne que la violation des normes sociales, pas nécessairement de la loi. A partir de ces considérations j'arrivé à la question de la recherche de ma thèse :

Pourquoi un public change son évaluation après une mauvaise conduit sociale d'une organization?

Lacunes de la recherche

Pour répondre à cette question, je pense à trois groupes distincts qui affectent directement ou indirectement la survie d'une organisation ou ses performances: les personnes (citoyens), les investisseurs et les médias.

1. **L'impact d'une mauvaise conduite sociale sur les personnes.** Les gens, dans le rôle de consommateurs, d'employés et de citoyens, représente un publique cruciale pour les entreprises. Cependant, l'opinion du peuple a été largement négligée dans la littérature sur la légitimité et sur la mauvais organisation sociale ou a été assimilée à l'opinion des médias ou d'autres organisations (Deephouse, 1996; Pollock et Rindova, 2003). Bien qu'il soit probable que les gens réagissent à une mauvais organisation sociale, il n' est pas immédiatement clair ce qui déclenche cette réaction:

Lacune de la recherche 1: Pourquoi les gens réagissent à une mauvais organisation sociale dans une façon plus ou moins importante?

2. **L'impact d'une mauvaise conduite sociale sur les investisseurs.**

Il est différent pour une personne de faire une réclamation relativement sans cout ou prendre une décision qui affecte de manière significative ses finances, comme la vente ou l'achat d'actions. Il y a une vaste littérature qui a analysé la réaction des investisseurs aux nouvelles d'une mauvaise conduite ; des études antérieures se sont focalisé principalement sur les actions illégales (Greve et al., 2010). Bien au contraire, les coûts d'une mauvaise conduite sociale sont intrinsèquement différentes

de ceux des actions illégales (Ingram et Silverman, 2002), donc ils nécessitent une attention particulière:

Lacune de la recherche 2: Pourquoi les entreprises sont financièrement pénalisées différemment pour leur mauvais conduite sociale?

3. L'effet des scandales - cas de mauvaise conduite sociale - sur les médias.

Les médias sont un public important pour les organisations, car ils sont en mesure d'influencer de nombreuses ressources dont les entreprises ont besoin. La littérature antérieure a généralement considérés uniformément les médias (Greve et al. 2010, Pollock et Rindova, 2003). Bien que cette hypothèse présente des avantages évidents, néglige le fait que les médias se composent de plusieurs membres, qui peuvent avoir des motivations hétérogènes. Dans ma thèse j'étudie comment les évaluations des journaux avec des orientations différentes changent après un scandale, un événement public qui suit a un sérieuse et mauvaise conduite sociale.

Lacune de recherche 3: Pourquoi les évaluations de medias changent après un scandale?

Ma thèse se compose de cinq chapitres: le chapitre 1 contient la lacune dans la littérature, les domaines de la recherche et les principaux concepts. Les chapitres 2, 3 et 4 contiennent un essai qui traite de chacune de trois lacunes de la recherche décrites ci-dessus. Le chapitre 5 décrit les conclusions et discute de la contribution générale de ma thèse.

Contexte de la recherche

Pour mon analyse empirique, j'ai utilisé deux contextes innovants et uniques. J'ai codé manuellement les deux bases de données. Le premier et le deuxième essai ont comme focus l' auto-réglementation

de la publicité dans le Royaume-Uni. Les consommateurs britanniques peuvent envoyer des plaintes sur la publicité qui sont considérées trompeuses, offensives et dangereuses pour un organisme d'autoréglementation de la publicité - l'Advertising Standards Authority (ASA). L'ASA examine la plainte et décide si le "consommateur moyen" au Royaume-Uni (code PAC 2010: 113) peut être induit en erreur, endommagé ou offensé par la publicité. Si c'est comme ça, l'ASA interdit la publicité, autrement l'approuve. Dans ma thèse, les décisions de l'ASA visant à interdire la publicité sont considérés comme des cas de mauvaise conduite sociale (une évaluation faite par un agent de contrôle social qui analyse le comportement d'une organisation en opposition au système de valeurs et de normes de la société).

Ces décisions n' entraînent pas de sanctions financières, mais elles peuvent encore influencer l'attitude d'autres personnes à faire plus de plaintes (essai 1 / Chapitre 2) et peuvent déclencher des réactions des investisseurs (essai 2 / Chapitre 3). Cette base de données se compose de toutes les plaintes quotidiennes que les consommateurs britanniques ont apportées à l'ASA entre 2007-2010 (environ 75 000 demandes) et l'ensemble médiatique mondiale que l'ASA a reçu (environ 19 000 articles au total). Le troisième essai concerne un scandale impliquant la Serie A italienne en 2006, un événement connu sous le nom de Calciopoli. Ce scandale est utilisé comme une "expérience presque naturelle" pour analyser la façon avec laquelle les journaux vont changer leur évaluation après Calciopoli.

Après chaque match, les journaux rapportent les épisodes cruciaux du jeu et ils évaluent les décisions des arbitres. Certaines décisions sont contestées et considérées comme des erreurs d'arbitrage; d'autres décisions ne sont pas contestées. En Italie, il ya trois quotidiens sportifs nationaux qui sont différenciés selon les équipes de Serie A. Par conséquent, ce cadre permet de mesurer un sectarisme

potentiel dans l'évaluation des journaux. La base de données se compose d'environ 12 000 épisodes sur quatre saisons de football. Les épisodes ont été codées manuellement an analysant presque 5000 articles des media. En outre, la base de données contient également 20 variables pour chacun des 1500 matchs joués. Chacune de ces variables montre une décision particulière de l'arbitre (par exemple, le nombre de penalty infligées dans un match.

Essai 1: Vox Populi Vox Dei? Les plaintes des personnes sur la publicité inappropriée

Le premier essai vise à combler la lacune de la recherche. Le contexte est le Royaume-Uni. Le nombre de plaintes de la population est un moyen d'analyser la réaction directe des personnes. En fait, toute personne de le Royaume-Uni peut faire une réclamation. Dans nos données, le 90% des plaintes provient de personnes différentes. Le premier essai étude comme les décisions de l'Asa affectent les plaintes futures des personnes. Cet article propose deux mécanismes: la couverture médiatique de la décision et l'ambiguïté de la norme traitée. Le retentissement médiatique des décisions de l'ASA devrait avoir un effet positif sur le nombre de plaintes futures: plus de articles rapportent les décisions de l'ASA, et plus est la probabilité que d'autres personnes connaissent le travail de l'ASA et sont donc enclins à faire d'autres plaintes. Au contraire, l'ambiguïté de la norme a un effet différent. Nous nous attendons à ce que l'ambiguïté de la norme modère la façon avec laquelle les gens réagissent à la décision de l'ASA. Lorsque l'ASA décide d'interdire une publicité , nous nous attendons que le nombre de plaintes augmente plus lorsque les règles sont moins ambiguës (cas trompeuses), par rapport à quand les règles sont plus ambiguës (cas offensives ou nuisibles). Au contraire, lorsque la publicité est acquittée, nous nous attendons que le nombre de plaintes devrait augmenter moins quand les règles sont moins ambiguës (cas trompeurs),, par rapport à quand les règles sont plus ambiguës (cas offensives ou nuisibles). Les résultats confirment nos prédictions.

Essai 2: Quel est le prix de l'action à la réaction sociale de mauvaise organisation sociale ?

Le deuxième essai utilise le même contexte du premier essai, mais se concentre sur la réaction des investisseurs. Dans cet essai, j' analyse l'effet des décisions de l'ASA sur les prix des actions des sociétés visées. Dans la littérature, cet effet est connu comme Cumulative Abnormal Return (CAR). Comme l'ASA ne donne pas de sanctions pécuniaires, tout impact sur le prix des actions sera en raison de sanctions informelles. Ces sanctions sont hétérogènes entre les entreprises. Le deuxième essai contribue à combler la deuxième lacune de recherche essayant de comprendre les conditions qui augmentent ou diminuent le degré dans lequel les entreprises sont pénalisée pour mauvaise conduite sociale (pas nécessairement illégale). L'essai propose trois mécanismes qui devraient augmenter les sanctions: (1) le retentissement médiatique de la décision; (2) l'ambiguïté des règles: alors que la norme est moins ambigüe, le prix des actions devrait être plus pas rapport à quand la norme est plus ambigüe (3) la localisation géographique de l'entreprise: les investisseurs devraient pénaliser les entreprises du Royaume-Uni dans une plus grande mesure par rapport aux entreprises étrangères. Les résultats ne confirment pas l'une de ces hypothèses. Ne pas obtenir de résultats statistiquement significatifs est tout aussi intéressant, surtout si on les compare avec les résultats du première essai. Cet essai laisse ouverte la question suivante: les investisseurs seraient plus enclins de vendre leurs actions si ils savaient que le peuple du Royaume-Uni augmente le nombre de plaintes après les nouvelles des décisions de l'ASA?

Essai 3: Les scandales comme épisodes de désordre social et d'opportunité stratégique: comme les évaluations des journaux ont changé après Calciopoli

La publicité suspendu est un exemple de mauvaise conduite légère: les conséquences peuvent être importantes, mais elles sont généralement limitée dans le temps et dans le lieu où l'action est

effectuée. Au contraire, les scandales sont des exemples de faute grave sociale qui obtient un grande retentissement médiatique. On s'agit des événements dramatiques qui peuvent avoir un plus profonde effect sur la société et son évolution (Adut, 2005, 2008). Le troisième essai traite ce thème. En particulier, il examine comment les évaluations de journaux changent après un scandale. Les évaluations concernent les comportements des arbitres. Les décisions des arbitres peuvent être controversées et sont souvent signalées et contestées par les journaux. Le troisième essai suppose que l'évaluation d'un journal dépend de trois facteurs: les caractéristiques sociales de l'arbitre (le status de l'arbitre et son expérience), l'ambiguïté de la législation actuelle, et l'identité de l'équipe (à savoir si elle est local ou non). Il propose une théorie des scandales comme troubles sociaux, qui ouvrent des opportunités stratégiques. On suppose que les scandales produisent un désavantage pour les arbitres d'un statut élevé et une avantage pour les nouveaux arbitres. En outre, on suppose que un scandale augmente le désaccord entre les journaux et exacerbe leur sectarisme envers les équipes locales. Les résultats prouvent ces hypothèses: le scandale de Calciopoli a punis les arbitres qui avaient un status plus élevé et ont aidé à stratifier le public (les évaluations des journaux sont devenus plus en désaccord).

Principaux résultats et contribution

Ma thèse examine comment l'évaluation d'un public influe sur l'évaluation d'un autre public. En particulier, il se concentre sur la relation entre l'évaluation d'un "agent de contrôle social" et comment cela affecte un autre public: les gens dans le premier essai, les investisseurs dans la second et les moyens de communication dans la troisième. Au cours des trois essais, trois mécanismes émergent: l'ambiguïté des règles, le retentissement médiatique et la proximité géographique. Les effets directs sont déjà très intéressantes: le retentissement médiatique augmente le nombre de plaintes, mais il n'a pas d'effet statistique sur l'évaluation des investisseurs (bien que la théorie

développée fournit un effet négatif). Enfin, les scandales affectent négativement les évaluations des journaux, augmentant le nombre d'incidents allégués aux arbitres. Bien que les effets directs sont intéressants, en effet sont les trois modérateurs qui développent des théories les plus existants. Tout d'abord, l'ambiguïté des règles influence négativement l'effet direct. Lorsque les règles sont plus ambigües, la mauvaise conduite sociale est plus contestable; pour cela, l'effet négatif d'une mauvaise conduite sociale est plus doux. Deuxièmement, le retentissement médiatique augmente l'effet d'une mauvaise conduite sociale. Lorsque la faute sociale a plus de résonance, plus de gens sont conscients et peuvent potentiellement la sanctionner. La troisième et dernière variable est de caractère local. Les normes sociales sont spécifiques à un contexte donné; par conséquent, l'endroit où elles sont violés et ceux qui les violent sont importants. La théorie développée dans le troisième chapitre prévoit que les sociétés cotées des actions en bourse au Royaume-Uni devraient être pénalisées pour mauvaise conduite sociale au Royaume-Uni plus que les sociétés étrangères. C'est parce que une entreprise locale peut être considéré comme plus responsable et plus acteurs sociaux peuvent réagir. En effet, les seuls effets statistiques au chapitre 3 sont compatibles avec cette hypothèse. Toutefois, le chapitre 4 présente un point de vue opposé: les journaux deviennent plus fidèles à leurs équipes locales après des exemples de mauvais conduite. Le modèle de Adut (2005, 2008) apporte une solution à ce cadre apparemment contrasté. Les médias n' ont pas été impliqués dans le scandale, mais ils étaient encore «contaminés» par le scandale en quelque façon. Pour cela, les journaux deviennent encore plus fidèles à leurs équipes locales et essayaient de les présenter sur une bonne lumière. Ces mécanismes nous aident à comprendre la manière dont les normes sociales influencent les organisations et la société. Basée sur ces résultats, ma thèse a proposé que les normes sociales sont mieux comprises quand considérées comme une triade: le candidat - l'agent de contrôle social - un autre public. Bien que l'évaluation de l'agent de contrôle social affecte les évaluations d'un autre

public, cette influence n' est pas decisive et doit être étudiée. La figure 1 représente le structure globale de ma thèse.

Figure 1 – Structure de la thése

CHAPTER 1: INTRODUCTION

RESEARCH GAP

La littérature sur les évaluations sociales a surtout analysé un group candidat de public, laissant peu exploré que la voie de l'évaluation d'un public plus qualifié (par exemple au social-agent de contrôle) influe sur l'évaluation d'un autre public.

La littérature sur la légitimité et sur la mauvaise conduite a étudié comportements qui contrevient aux valeurs et aux normes de la société, mais chaque approche présente des inconvénients. Par conséquent, les effets d'une mauvaise organisation sociale ne sont pas claires dans la littérature actuelle.

RECHERCHE QUESTION PRINCIPALE

Pourquoi le public change son évaluation suivant un Organizational Social Misconduct?

CHAPTER 2: ESSAY 1	CHAPTER 3: ESSAY 2	CHAPTER 4: ESSAY 3
AUDIENCE (EVALUATION)	**AUDIENCE (EVALUATION)**	**AUDIENCE (EVALUATION)**
Peuple (Plaints du peuple)	Investisseurs (Cotation de la bourse)	Medias (les évaluation des journaux)
RESEARCH QUESTION	**RESEARCH QUESTION**	**RESEARCH QUESTION**
Pourquoi les gens réagissent à une mauvaise organisation sociale, à un plus ou moins degré?	Pourquoi il y a des entreprises pénalisées financièrement à un plus ou moins degré pour leur inconduite sociale?	Pourquoi les medias changent les évaluations après un scandale?
MAIN MECHANISMS	**MAIN MECHANISMS**	**MAIN MECHANISMS**
1. L'ambiguité de la norme 2. Saillance	1. L'ambiguïté de la norme 2. Saillance 3. Le caractère local de la société	1. L'ambiguïté de la norme 2. Le caractère local 3. Status des acteurs
MAIN FINDINGS	**MAIN FINDINGS**	**MAIN FINDINGS**
Les gens augmentent plaintes sur les comportements des organisations: 1. Lorsque la faute sociale est plus saillant. 2. Lorsque la violation de la norme est moins ambigüe.	Les investisseurs semblent ne pas pénaliser financièrement les entreprises qui font une faute sociale, laquelle ne concernent pas les amendes directs.	Les scandales créent des perturbations sociales et opportunité stratégique: a. cela crée une responsabilité de l'état pour les acteurs ; b. augmente le désaccord entre les journaux.

CHAPTER 5: CONCLUSION

En cas de mauvaise organisation sociale, l'évaluation d'un agent de contrôle social influence l'évaluation d'un autre public ; cependant, cet effet ne est pas mécanique. Les trois modérateurs primaires émergent des trois essais: ambiguïté de la norme, saillance de l'événement et le caractère local des transgresseur. L'ambiguïté de la norme atténue l'effet négatif d'une mauvaise conduite sociale, tandis que la saillie il augmente.
En revanche, le caractère local est ambivalente: elle peut augmenter ou atténuer.

En résumé, cette thèse montre que les normes sociales sont mieux compris dans un cadre triadique: candidat - agent de contrôle social - un autre public. Les normes sociales ne sont pas définies de manière exogène, mais sont créés de façon endogène par les actions des candidats et les évaluations du (au moins) public.

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Social Evaluations in a Multiple-Audience Context:
The Impact of Social Misconduct on People's Complaints, Share Price and Media Evaluation

Abstract. Literature on social evaluations has mainly analyzed the "audience-candidate" dyad, leaving underexplored the way the evaluation of a main audience (e.g. a social-control agent) influences the evaluation of another audience. This dissertation looks at social evaluations in a multiple-audience context. It focuses on organizational social misconduct - an important, yet understudied social evaluation - and it investigates "Why does an audience change its evaluation following organizational social misconduct?". Each of the three essays focuses on a different audience (evaluation): people (people's complaints), investors (share price) and the media (newspapers' evaluation). Two novel settings and unique databases were used: advertising self-regulation in the UK and Calciopoli, the scandal that affected the Italian Serie A in 2006. Results show that in case of organizational social misconduct, the evaluation of a social control agent does influence the evaluation of another audience, however this effect is not mechanical. Three primary moderators emerge from the three essays: the ambiguity of the norm, the saliency of the event, and localness of the transgressors. In summary, this dissertation shows that social norms are better understood in a triadic framework: "candidate – social-control agent – another audience". Social norms are not set exogenously, but are endogenously created by the actions of the candidates and the evaluations of (at least) two audiences.

Keywords. Misconduct, legitimacy, norms, saliency, scandal

Evaluations Sociales dans un Contexte d'Audiences Multiples:
L'Impact de Comportements Condamnables sur les Plaintes, le Prix de l'Action et la Perception des Medias

Résumé. Littérature sur l'évaluation sociale a principalement analysé la dyade "audience-candidat", laissant La recherche sur les évaluations sociales s'est principalement focalisé sur la dyade "audience-candidat", sans s'intéresser à la façon dont l'audience principale (par exemple un agent exerçant un contrôle social) influence l'évaluation d'une autre audience. Cette thèse explore la question des évaluations sociales dans un contexte d'audiences multiples. Elle se focalise sur les comportements organisationnels condamnables – une important forme d'évaluation sociale, pourtant en partie ignorée par la recherche – et pose la question suivante : "Pourquoi une audience change-t-elle son évaluation après un comportement organisationnel condamnable?". Les trois essais s'intéressent à une différente forme d'audience (ou d'évaluation) : les individus (plaintes), les investisseurs (prix de l'action) et les médias (évaluation de la presse écrite). Deux contextes novateurs et données uniques ont été utilisés : l'auto régulation du secteur de la publicité en Grande-Bretagne, et Calciopoli, le scandale qui a affecté la Série A en Italie en 2006. Les résultats montrent qu'en cas de comportement organisationnel condamnable, l'évaluation des agents de contrôle social influence l'évaluation d'autre audience, mais cet effet n'est pas mécanique. Trois modérateurs sont identifiés : l'ambiguïté de la norme, la proéminence de l'évènement, et à quel point les transgresseurs sont des acteurs locaux. En résumé, cette thèse montre que les normes sociales sont mieux comprises dans un cadre triadique : "candidat – agent de contrôle social – autre audience". Les normes sociales ne sont pas exogènes, mais sont crées de manière endogène par les actions des candidats et les évaluations de deux audiences au moins.

Mots clés. Comportement condamnable, la légitimité, les normes, la proéminence, scandale