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# Only Famous if People Know you're Name: External Audiences, Transference, and Firm Performance of Celebrity Firms and CEO's

**Alexa Perryman***

*Academy of Management, Milgard School of Business, University of Washington Tacoma, USA*

**Abstract**

In recent years the concept of celebrity has shifted from a purely entertainment-based focus into the business realm. Initial work examined celebrity CEOs and celebrity firms separately. This study examines both forms of celebrity with a preliminary measure that has two components: one that taps into the media, the other an external audience. The findings show evidence of initial, direct linkages with accounting firm performance. One measure of firm celebrity also partially mediated the relationship between CEO celebrity and firm performance.

**Keywords:** Agenda-setting; Celebrity; Firm performance; Framing; Sense-making

## Introduction

When it comes to celebrities, in US media it often is confusing as to whether the source is a conventional news outlet or an almost six year old entertainment and gossip website. A love affair with celebrities began during the golden age of cinema when social and cultural changes of the time brought movie stars to the forefront of American news [1,2] Media of all forms chronicled the comings and goings of actors and actresses with faithful diligence to the extent the press often devoted more attention to celebrities than traditional newsworthy stories. Articles explaining how films were directed, costumes designed, and stunts performed linked fans closer to the object of interest and provided them a semblance of sharing in the spotlight.

Now, the interest in the comings and goings of celebrities has spread beyond the traditional bounds of the entertainment industry to an organizational context. Originally, the most common use of celebrities in the business arena was the celebrity endorsement, where an individual provided a distinct image and personality to a product, brand, or cause [3-5] Celebrity endorsers heightened appeal, recognition, and association for the product/service and allowed them to draw attention to topics of personal importance [6]. As a result, the focus of celebrity research traditionally rested on the message rather than celebrity.

Moving away from marketing, research into celebrities in the area of management is taking root, with the focus built upon two premises journalists make attributions about CEO and firm actions that correspond to firm success, and 2) the mass media is the driving force behind celebrity [7]. As a result, initial work sought to examine the benefits and risks of attaining celebrity status. More specifically, celebrity CEOs are linked to increases in control over the organization [7] and salary increases [8]. At the firm level, celebrity helps differentiate a firm from its rivals, even if performance differences are negligible [9] which suggests that celebrity aids in the competitive positioning of a firm.

Although the media is the driver, and an inextricable part of the celebrity equation, it is only half the equation – the audience is the other half. Recent work by Kjaergaard, Morsing, and Ravasi [10] focused on how one audience, organizational members, responded to media effects in a longitudinal field study of the Danish firm Oticon and CEO Kolind. Using a sense-making approach, increases in media coverage were found to influence organizational identity in terms of both how members understand their organization and satisfaction derived from that association [10].

In order to add to the emerging discussion on celebrity, this paper seeks to tap into a different audience, the general business public, and, in turn, extend the discussion in two ways. First, by suggesting a link between the concept of CEO celebrity and firm celebrity. Examining which level of focus is likely to occur first in the media allows research to begin to piece apart which level of attention, CEO or firm, has the greatest impact and effect on organizational outcomes. Second, I seek to include the role of firm performance at both levels of analysis. Thus far, only CEO celebrity was examined with regards firm performance Wade et al. [8]. Found that positive abnormal stock returns occurred after the initial announcement of winning Financial World's former "CEO of the Year" contest. However, subsequently, performance effects faded and become negative. Unfortunately, whether performance decline was due to investor misinterpretations of CEO behaviors, unspecified factors beyond the control of CEOs, or CEO hubris was indeterminable. To meet these two goals, I draw from the mass communications literature's theories of agenda-setting and framing to strengthen a cognitive sense-making approach to explaining how celebrities become salient in the public's recognition, transfer focus, and influence performance.

## Theoretical Background

### Mass communication theories: Agenda-setting and framing

Agenda-setting research spans over four decades, and since that time, hundreds of studies examined the role the news media plays in influencing audience perceptions of issue importance [11]. Support exists for the theory's early tenant that a link exists between the amount of coverage an issue receives and the public's perception of its importance. The origins of agenda-setting resides in the notion that the media is the primary means for learning about important issues of the

***Corresponding author:** Alexa Perryman, Academy of Management, Milgard School of Business, University of Washington Tacoma, 1900 Commerce Street, Tacoma WA, 98402-3100, Dougan 401, USA, Tel: 253-692-5630; E-mail: aap13@uw.edu

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day, many of which audiences never directly experience [12,13]. The primary hypothesis proposed by this theory is that the media influences social cognition [12,13]. The theory of agenda-setting argues that the more media coverage an issue receives, the more likely audiences are to be mindful of that issue, and, in turn, the more salient that issue will be [14,15]. The more easily an issue is recalled (or salient), the more likely it is for use in decision-making [14,15]. A complement to agenda-setting is priming, defined as changes in the standards people use to make evaluations [16]. Priming occurs when media content, specifically news stories, suggests to audiences that specific issues serve as benchmarks for evaluating the overall performance of leaders [17]. Given this view, priming is an outcome of agenda-setting, in that once an issue is salient, it can play a larger role in evaluations [16-18].

In turn, framing involves defining problems, identifying the forces creating the problem, making moral judgments, and suggesting remedies [19]. Framing theory suggests perceptions vary based on how stories are framed, even when the information is identical [20]. Framing differs from agenda-setting (and priming) in that the focus is on the content that is incorporated into news stories to make them salient. Framing directly explores message content, whereas agenda-setting and priming focus on message volume and importance [21].

Media frames represent the "central organizing idea or story line that provides meaning to an unfolding strip of events [22]. Frames help the media (i.e., journalists) quickly package information to relay to audiences [23] and serve as "mentally stored clusters of ideas" that audiences use to process information and form impressions [19] Thus, framing influences how audiences think about issues by influencing interpretation rather than making aspects more salient.

Knowledge about business, current, and/or global events that engage the public's attention often are not ones with which the public has direct personal experience. Regardless of the media outlet, the news is still a second-hand reality shaped and structured by journalists' reports. The news thus has a signaling function [24] Despite a lack of widespread use in organizational contexts mass media theories are applicable in the context of the business press [25,26].

### Sense-making: Variation dependent on audience

Sense-making theory helps us understand competitive actions and responses. In management, the focus is on understanding senior executives or organizational employees [27] and linked to hierarchical or holistic renewal [28] Hierarchical suggests firms are driven by reflecting aspirations or strategic intent of top managers and the process is proactive and top-down driven. Whereas, holistic suggests a collective, co-evolution approach of scanning and interpretation anchored in a socially constructed reality of organizational participants [28]. For external audiences, in this case the general business public, the process may be less complex. Arguably, the business public is interested in understanding the business environment around them. However, they are not a direct organizational participant and do not have as vested an interest in the success or failure of most firms and their leaders. As a group, this audience develops preferences for certain responses, behaviors, and variations/deviations from norms that allow them to use prior knowledge to understand events, given time and resource constraints [29] Given these constraints, celebrities must maintain a consistent media presence for an extended duration for this audience to remember their name and place in the broader picture of the business landscape. Thus, I suggest that this audience is not passive, but instead limited or constrained when compared to other organizational audiences.

## Proposed Hypotheses

### Direct relationships

From a sense-making perspective, information is used to understand how effective a firm or CEO has been in its environment. Attributions play a role in sense-making as individuals are motivated to understand and predict occurrences in their respective environments [30]. In the context of celebrity, agenda-setting and framing combined with sense-making aids individuals in making both interpretations of firm performance and attributions about the causes behind performance successes and shortcomings [27]. Celebrity brings about attributions by which external parties readily believe, accept, and attribute positive firm performance solely to the focal actor in question [7,9] Thus, the media is more likely to frame stories in a way that supports the belief that the CEO is the key to successful firm performance. This belief increases perceptions of the celebrity's ability to obtain resources, formulate and implement effective strategies, undertake strategic partnerships and opportunities, and positively impact firm performance. Attributing success to CEOs also supports the concept of celebrity CEOs receiving greater compensation [8] and enhancing the potential for improved firm performance.

I do acknowledge that celebrity has the potential to cause a decrease in firm performance based on hubris. I concede, similar to [8] findings that celebrity CEOs are vulnerable to initially making some strategic moves that may backfire (for a variety of reasons, hubris being one) that can cause a short-term dip in firm performance. However, hubris does not occur overnight. Thus I suggest that CEOs will either learn from these mistakes or be removed by the board for a failure to perform as expected. This suggestion is in line with [27] findings that boards' attributions of CEOs affect their dismissal. Thus, it is suggested that: H1: Greater CEO celebrity positively influences firm performance.

For firms with greater degrees of celebrity, more options should be available to them than non-celebrity firms, or firms with lesser degrees of celebrity. This increase in options is suggested to arise from increases in firms' access to resources and information, which can take the form of increased access to resources, channels of communication, and/or strategic partnerships. Here, firms viewed as celebrities are more likely to be firm-movers or trendsetters who legitimize strategic moves into new markets [31]. This suggests that firm celebrity should positively influence firm performance by granting firms greater external options, which can correspond to greater flexibility to meet environmental demands. Thus, it is suggested that: H2: Greater firm celebrity positively influences firm performance.

### Transference of celebrity from CEOs to firms

Organizations are reflections of top managers [32]. Based on external perceptions of their leaders. Although individuals are components in establishing firm celebrity, they alone are not sufficient to create celebrity firms [9]. In order for firms to be viewed as celebrities in their own right, audiences must see them as the focus of media stories. However, because celebrity is a media-driven process, firms with celebrity CEOs are likely to aid in garnering media attention for the firms.

Celebrity CEOs seek to associate themselves with their firms, and in turn, their firm's success (and vice versa) [33] this view is extended via the selection of particular aspects of perceived reality and making them salient (i.e., framing) [19]. Over the course of a news event's lifetime, that event tends to be reframed to maintain interest in the story. The journalistic practice of (re)framing is a continuous, dynamic process.

Once an object of media attention is salient and well known by media audiences, specific attributes of that object may garner subsequent attention [34]. As a result, one way in which the transference of celebrity from the CEO to the firm may occur is based on how media stories are reframed over time.

News events, and subsequent articles, can be viewed as grounded in two dimensions: time and space [35]. Whereas conventional wisdom suggests that the news deals only in the present, new stories can focus on the past, by providing background or tracing related events, or the future, by suggesting actions, making predictions, and/or evaluating the impact of an event [35] As time corresponds to the question of when, space corresponds to the question of where and sometimes who, what, and even why. Space presents from the individual to national levels, with the ultimate framing of a widespread social issue [34].

Examining (re)framing as a process over time, news events often began in the present at the individual level before moving outward in both space and time [34] This is particularly true regarding the business press' focus on leadership [35,36]. In the case of celebrity, media coverage typically begins with CEOs, and specific attributes of their personality, behaviors, or actions, and shifts to a focus on firm-level actions and events. Complementing this change is the role of agenda-setting, which focuses on the volume of media coverage [21]. The more news articles present a reoccurring theme, the more likely they are to become salient to audiences [37]. In an organizational context, some examples of agenda-setting occurring are the public being made aware of a company's new CEO or associating a firm as being important, such as being viewed as an industry leader or establishing a position as a major competitor in their industry. What becomes salient to audiences varies based on the emphasis placed in the article's theme. To maintain reader loyalty, stories must be kept fresh and interesting for public consumption. Here, media attention is likely to begin with a focus on an individual actor (i.e., a CEO), and, with time, progress to a more macro focus (i.e., a firm). Thus, it is hypothesized that:

H3: Greater CEO celebrity is positively associated with greater firm celebrity.

Framing suggests that as media attention turns away from the CEO and towards the firm, individual-level opportunities decrease as firm-level opportunities increase. If so, framing and agenda-setting will shift from the CEO to the firm. Once importance has been assigned through agenda-setting, priming effects occur, which influence how audiences view leaders. Regardless of whether articles about firms mention CEOs, the overall frame of the article can influence audience perceptions about firm leadership, and/or lead to leaders and firm perceptions viewed synonymously.

An additional factor for consideration is the longevity (or lack thereof) of CEOs. CEO turnover (often involuntary) is not an uncommon phenomenon [27] and although whether celebrity extends or shortens a CEO's career is beyond the scope of the paper, it does suggest that the celebrity of the firm is likely to have a longer lifespan. Celebrity CEOs may be more susceptible to self-serving attributions, but the actions of a CEO will be put into the larger attribution context of the firm, its history, and its status as a celebrity. Firm celebrity can serve as one means to augment or buffer the likelihood of linking success to the CEOs actions alone. Thus, it follows that:

H4: Firm celebrity will partially mediate the relationship between CEO celebrity and firm performance.

## Method

### Sample and survey sizes

Firms, and corresponding CEOs, were based on a random sample of 150 Fortune 500. A lagged, cross-sectional design was used. CEOs were chosen during 2003 and firms in 2004. Given incomplete data on the dependent variable, 4 firms and corresponding CEOs were removed from the final sample, resulting in a final sample size of 146 firms and their corresponding CEOs. The survey data were collected from Masters of Business Administration (MBA) students at four universities, two public and private schools, across the Southeastern US. The total sample of survey responses was initially comprised of 112 respondents, 20 of which were not included in the final sample due to acquiescence in response style, resulting in a final survey sample size of 92.

### Measures

Firm performance was operationalized as return on assets (ROA), which was averaged over a 3-year period (2004-2006). Each measure of celebrity was assessed via two measures: 1) 5 survey questions and 2) article frequency counts during 2004 in the Wall Street Journal, the New York Times, Fortune magazine, Forbes magazine, and Business Week magazine. The 5 survey questions were measured on a 7-point Likert-type scale, which ranged from "1"=strongly disagree to "7"=strongly agree. The survey included the following statements: 1) This CEO/firm is well-known; 2) This CEO/firm is often in the press; 3) This CEO/firm is powerful; 4) This CEO/firm is prestigious; and 5) This CEO/firm is admired. Lastly, firm size (natural log of assets); prior growth (percentage change in sales three years prior); strategy, (the number of mergers and acquisitions [M&A] three years prior); CEO compensation (total compensation including salary, bonus, options, and grants); CEO tenure (total years as CEO at the sample firm); and CEO successor (dummy variable) were controlled for in the regression.

## Results

Table 1 shows the correlations between the variables. Table 2 shows the results of Hypothesis #1. There was a direct, positive relationship between the CEO celebrity survey measure and ROA ($\beta$=0.56, $p$<0.001). For CEO 0article count and ROA there is a direct relationship ($\beta$=-0.18, $p$<0.05). However, the relationship was found to be negative rather than positive. As a result, Hypothesis #1 was fully supported based on the survey and not supported based on the article count.

Table 2 also shows the results of Hypothesis #2. A direct, positive relationship for firm celebrity survey ($\beta$=0.70, $p$<0.001) was found. For firm article count, a direct relationship ($\beta$=-0.37, $p$<0.001) also was found. However, the relationship was found to be negative rather than positive. As a result, Hypothesis #2 was fully supported based on the survey and not supported based on the article count.

Table 3 shows the results for Hypothesis #3. Model 2 shows direct, positive relationships between CEO celebrity survey and firm celebrity survey ($\beta$=0.65, $p$<0.001), and CEO article count and firm celebrity survey ($\beta$=0.31, $p$<0.001). Using the firm article count measure as the dependent variable, Model 2 shows a direct, positive relationships between CEO celebrity survey and firm article count ($\beta$=0.23, $p$<0.001), and CEO article count and firm article count ($\beta$=0.53, $p$<0.001). Thus, Hypothesis #3 was fully supported using both measures of firm celebrity.

Tables 4 and 5 (and the final model in Table 2) show the results of Hypothesis #4, which predicted that firm celebrity mediates the

| Variable | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Firm Size | 9.15 | 1.47 | | | | | | | | | | |
| Strategy | 9.55 | 19.36 | 0.51** | | | | | | | | | |
| Prior Growth | 25.96 | 34.90 | -0.05 | 0.08 | | | | | | | | |
| CEO Tenure | 7.34 | 7.48 | 0.05 | -0.04 | 0.00 | | | | | | | |
| Total Compensation | 8.18 | 8.49 | .39** | 0.13 | 0.12 | 0.06 | | | | | | |
| CEO Successor• | 0.41 | 0.49 | -0.03 | -0.07 | -0.11 | 0.04 | -0.04 | | | | | |
| CEO Celebrity Survey | 3.94 | 1.27 | 0.26** | 0.23** | 0.21** | -0.04 | 0.36** | -0.16 | | | | |
| CEO Article count | 3.94 | 1.27 | 0.49** | 0.51** | 0.02 | 0.08 | 0.27** | -0.03 | 0.38** | | | |
| Firm Celebrity Survey | 4.41 | 1.35 | 0.24** | 0.21* | 0.15 | -0.01 | 0.30** | -0.10 | 0.78** | 0.44** | | |
| Firm Article Count | 53.01 | 90.35 | 0.50** | 0.33** | 0.06 | -0.01 | 0.26** | -0.08 | 0.46** | 0.72** | 0.55** | |
| ROA | 6.61 | 5.98 | -0.07 | -0.04 | 0.29** | 0.01 | 0.19 | -0.07 | 0.52** | -0.03 | 0.51** | 12 |

Note: Total Compensation (100,000).

•CEO Successor: 0=No, 1=Yes

**$p$<0.01, *$p$<0.05, (2-tailed).

**Table 1:** Means, standard deviations, and Intercorrelations variables.

| | CEO Celebrity to ROA | | Firm Celebrity to ROA | | Celebrity (both levels) to ROA | |
|---|---|---|---|---|---|---|
| **Predictors** | **Model 1** | **Model 2** | **Model 1** | **Model 2** | **Model 1** | **Model 2** |
| Firm Size | -0.19† | -0.19* | -0.19† | -0.12 | -0.19† | -0.10 |
| Strategy | -0.05 | 0.00 | -0.05 | 0.02 | -0.05 | 0.05 |
| Prior Growth | 0.26* | 0.16* | 0.26* | 0.19** | 0.26* | 0.16* |
| CEO Tenure | -0.01 | 0.03 | -0.01 | 0.04 | -0.01 | 0.05 |
| Total Compensation | 0.33*** | 0.17* | 0.33*** | 0.18* | 0.33*** | 0.14† |
| CEO Successor• | -0.05 | 0.02 | -0.05 | -0.01 | -0.05 | 0.01 |
| CEO Celebrity Survey | | 0.56*** | | | | 0.26* |
| CEO Article Count | | -0.18* | | | | -0.21* |
| Firm Celebrity Survey | | | | 0.70*** | | 0.54*** |
| Firm Article Count | | | | -0.37*** | | -0.25* |
| $F$ | 4.75 | 10.59 | 4.75 | 12.61 | 4.75 | 11.80 |
| Total $R^2$ | 0.17*** | 0.38*** | 0.17*** | 0.42*** | 0.17*** | 0.47*** |
| $\Delta R^2$ | | 0.21*** | | 0.25*** | | 0.30*** |
| Adj $R^2$ | 0.13*** | 0.35*** | 0.13*** | 0.39*** | 0.13*** | 0.43*** |

*Note:* $N$=146. Table values are standardized regression weights.

•Dichotomous variables: CEO successor: 0=No, 1=Yes

† $p$<0.1; * $p$<0.05; ** $p$<0.01; ***$p$<0.001

**Table 2:** Results of Regression Analysis: Direct Relationships to ROA.

| | Firm Celebrity Survey | Firm Celebrity Survey | Firm Article Count | Firm Article Count |
|---|---|---|---|---|
| Predictors | Model 1 | Model 2 | Model 1 | Model 2 |
| Firm Size | 0.15 | 0.07 | 0.46*** | 0.21** |
| Strategy | -0.04 | -0.08 | 0.10 | 0.01 |
| Prior Growth | 14† | 0.02 | 0.08 | 0.04 |
| CEO Tenure | -0.09 | -0.04 | -0.05 | -0.02 |
| Total Compensation | 26** | 0.06 | 0.09 | 0.01 |
| CEO Successor• | -0.07 | 01 | -0.04 | -0.00 |
| CEO Celebrity Survey | | 0.65*** | | 23*** |
| CEO Article Count | | 0.31*** | | 0.53*** |
| $F$ | 4.00 | 34.50 | 11.73 | 31.76 |
| Total $R2$ | 0.15*** | 0.67*** | 0.34*** | 0.65*** |
| $\Delta R2$ | | 0.52*** | | 0.31*** |
| Adj $R2$ | 0.11*** | 0.65*** | 0.31*** | 63*** |

*Note:* $N$=146. Table values are standardized regression weights0.

•Dichotomous variables: CEO successor: 0=No, 1=Yes

•Firm age: 0=Young, 1=Old

† $p$ <0.1, * $p$ <0.05, **$p$<0.01, ***$p$<0.001

**Table 3:** Results of regression analyses for CEO Celebrity to Firm Celebrity.

relationship between CEO celebrity and firm performance. Each celebrity variable was comprised of two factors. Each factor was assessed individually, resulting in four possible combinations for mediating effects: 1) CEO celebrity survey and firm celebrity survey, 2)

| | | Model 3 | | | | Model 4 | |
|---|---|---|---|---|---|---|---|
| | ROA | Firm Celebrity Survey | ROA | ROA | ROA | Firm Article | ROA |
| Predictors | Step1 | Step2 | Step3 | Step4 | Step1 | Step2 | Step3 |
| Firm Size | -0.21† | -0.09 | -0.26 | -0.15 | -0.21† | 0.20** | -0.25* |
| Strategy | -0.05 | -0.14† | -0.03 | 0.04 | -0.05 | -0.01 | -0.06 |
| Prior Growth | 0.26** | 0.13† | 0.19** | 0.17* | 0.26** | 0.08 | 0.25** |
| CEO Tenure | -0.01 | -0.08 | 0.04 | 0.05 | -0.01 | -0.03 | 0.00 |
| Total Compensation | 0.33*** | 0.25** | 0.20* | 0.17* | 0.33*** | 0.08 | 0.32*** |
| CEO Successor• | -0.05 | -0.07 | -0.01 | -0.01 | -0.05 | -0.03 | -0.04 |
| Count Firm | 0.05 | 0.57*** | | -0.32*** | 0.05 | 0.63*** | 0.07 |
| Firm Celebrity Survey | | | 49*** | 0.63*** | | | |
| Firm Article Count | | | | | | | 0.14[a] |
| *F* | 11.22 | 31.13 | 11.61 | 11.24 | 11.22<br>0.36***<br>0.33*** | 31.11 | 4.40 |
| Total $R^2$ | 0.36*** | 0.61*** | 0.37*** | 0.40*** | | 0.61*** | 0.18*** |
| Adj $R^2$ | 0.33*** | 0.59*** | 0.34*** | 0.36 *** | | 0.59*** | 0.14*** |

**Table 4:** Results of regression analyses for mediation between CEO Celebrity (survey) and Firm Celebrity: ROA Models.

| | | Model 3 | | | | Model 4 | |
|---|---|---|---|---|---|---|---|
| | ROA | *Firm Celebrity Survey* | ROA | ROA | ROA | *Firm Article* | ROA |
| **Predictors** | **Step 1** | **Step 2** | **Step 3** | **Step 4** | **Step 1** | **Step 2** | **Step 3** |
| Firm Size | -0.21† | 0.04<br>0. | -0.26 | -0.15 | -0.21† | 0.20** | -0.25* |
| Strategy | -0.05 | 0.00 | -0.03 | 0.04 | -0.05 | -0.01 | -0.06 |
| Prior Growth | 0.26** | -0.02 | 0.19** | 0.17* | -0.01 | 0.08 | 0.25** |
| CEO Tenure | -0.01 | -0.04 | 0.04 | 0.05 | 0.26** | -0.03 | 0.00 |
| Total Compensation | 0.33*** | 0.04 | 0.20* | 0.17* | 0.33*** | 0.08 | 0.32*** |
| CEO Successor | -0.05 | 0.02 | -0.01 | -0.01 | 0.05 | -0.03 | -0.04 |
| CEO Article Count | 0.05 | 0.76*** | | -0.32*** | -0.05 | 0.63*** | -0.07 |
| Firm Celebrity Survey | | | 0.49*** | 0.63*** | | | |
| Firm Article Count | | | | | | | 0.14[a] |
| *F* | 4.08 | 11.86 | 11.61 | 12.52 | 4.08 | 31.11 | 4.40 |
| Total $R^2$ | 0.17*** | 0.38*** | 0.37*** | 0.42*** | 0.17*** | 0.61*** | 0.18*** |
| Adj $R^2$ | 0.13*** | 0.34*** | 0.34*** | 0.39*** | 0.13*** | 0.59*** | 0.14*** |

*Note:* $N$=146. Table values are standardized regression weights.

•Dichotomous variables: CEO successor: 0=No, 1=Yes

[a] Step 4 not conducted due to non-significant beta

† *p*<0.1, * *p<0.05,* ** *p<0.01,* *** *p<0.001*

**Table 5:** Results of Regression Analyses for Mediation between CEO Celebrity (articles) and Firm Celebrity: ROA Models.

CEO celebrity survey and firm article count, 3) CEO article count and firm celebrity survey, and 4) CEO article count and firm article count.

Although the necessity of testing the association between the independent variable and the dependent variable (step 1) has been questioned [38,39] step 1 was conducted for all models. Beginning with Model 1 (Table 4), for step 1 CEO celebrity survey was positively and significantly associated with firm performance (β=0.49, $p$<0.001). For step 2, CEO celebrity survey was found to be positively and significantly associated with firm celebrity survey (β=0.76, $p$<0.001). For step 3, firm celebrity survey was found to be positively and significantly associated with ROA (β=0.49, $p$<0.001). For step 4, both CEO celebrity survey and firm celebrity were included in the regression equation. In this model, CEO celebrity survey deceased in significance (β=0.27, $p$<0.05), whereas firm celebrity survey also decreased in significance, but to a lesser degree (β=0.23, $p$<0.001). In order to test whether this reduction was significant, a Sobel test was conducted. The results of this test ($Z$=2.70, $p$<0.01) supported mediation effects. Thus, for Model 1, these findings suggest partial mediation for CEO celebrity survey based on firm celebrity survey.

Model 2 (Table 4) differs from Model 1 in that firm article count rather than firm celebrity survey is the potential mediator. Step 1 is identical to what is presented in the discussion of Model 1. For step 2, CEO celebrity survey was found to be positively and significant associated with firm article count (β=0.42, $p$<0.001). For step 3, a relationship was not found between firm article count and ROA (β=0.14, *n.s.*). Given a lack of significance in step 3, step 4 was not conducted. As a result, Model 2 does not suggest mediation for CEO celebrity survey based on firm article count.

Models 3 and 4 (Table 5), the combinations of CEO article count and firm celebrity survey and CEO article count and firm article count are examined. Beginning with Model 3, for step 1 a relationship was not found between CEO article count and ROA (β=0.05, *n.s.*). However, given that the first step is not critical for the existence of mediation, the subsequent steps in the analysis were conducted. For step 2, CEO article count was found to be positively and significantly associated with firm celebrity survey (β=0.57, $p<0.001$). For step 3, firm celebrity survey was found to be positively and significantly associated with ROA (β=0.49, $p<0.001$). For step 4, both CEO article count and firm celebrity survey were included in the regression equation. In this model CEO article count remained significant (β=-0.32, $p<0.001$) while firm celebrity survey also remained significant (β=0.30, $p<0.001$). The results of the Sobel test (Z=5.22, $p<0.001$) supported mediation effects. Thus, for Model 3, the findings suggest partial mediation for CEO article count based on firm celebrity survey.

ROA Model 4 differs from Model 3 in that firm article count rather than firm celebrity survey is the potential mediator. Step 1 is identical to what is presented in Model 3. For step 2, CEO article count was found to be positively and significant associated with firm article count (β=0.63, $p<0.001$). For step 3, a relationship was not found between firm article count and ROA (β=0.14, *n.s.*). Given a lack of significance in step 3, step 4 was not conducted. As a result, Model 4 does not suggest mediation for CEO article count based on firm article count.

## Discussion and Implications

At both levels, a positive relationship was found between celebrity and firm performance for the survey measure of celebrity, whereas a negative relationship was found for the article counts measure. This finding may be the result of the types of stories that capture the attention of both journalists and audiences. It is noteworthy that the tone for more articles was neutral, in that the stories were informative in nature rather than overly critical or praiseworthy. Perhaps discussing events and challenges with the potential to effect long-term firm performance, such as missing sales targets, falling stock prices, or the replacement of a favorable CEO may have carried a greater weight for this audience [40] Negative stimuli [41] tends to attract more attention, carry greater weight, and demonstrate greater recall than positive stimuli and this salience effect may affect future actions with firms for this group. Additionally, the framing process may be competitive, in that one frame affects another [18]. Thus general news or world events might influence audience perceptions.

In addition to the direct relationships, in all combinations of CEO and firm celebrity (i.e., survey to survey, article to survey, etc.), CEO celebrity was positively associated with firm celebrity. When the mediator of firm celebrity was the survey, partial mediation effects were found. The evidence of partial mediation, based on firm celebrity survey, suggests that although increases in viewing CEOs as celebrities can be beneficial, increases in viewing firms as celebrities has the potential to be more memorable for the general business public and, in turn, more beneficial to firms and firm performance as a whole. This is in line with [9] finding that celebrity CEOs were not sufficient to ensure firm celebrities.

The findings suggest celebrity is a socially constructed strategic resource beneficial to accounting-based firm performance. For CEOs who can avoid the risks of over-confidence and over-commitment, celebrity can the firm and the individual. For firms, celebrity can be a tool for distinguishing one firm from its competitors, which may be of even greater value when actual performance differences are subtle or difficult for external parties, such as the general business public, to accurately evaluate given information asymmetries.

Although the measure used in this study is only an initial step towards refining the conceptualization and operationalization of celebrity, this measure exceeds acceptable levels of reliability and suggests that celebrity is a multidimensional construct. The first dimension represents a "push" from the media, which relates to what journalists feel are important, news worthy stories that will capture their audiences' attention. The second dimension represents media audiences' response to this push (i.e., salience), as well as a "pull" representing interest in those articles and, in turn, a demand for similarly based content.

This study provides a first attempt at measuring celebrity directly rather than published "best" lists case studies. As a result, the measure of celebrity is preliminary and should be interpreted with some caution. Although the lagged, cross-sectional design suggests a positive association between celebrities at the individual- and firm-levels, this finding may not be truly indicative of a causal relationship. A longitudinal design would shed light on the stability of celebrity once it has been obtained. Additionally, the paper only explores one interpretation of the general business public, MBA students. Although 84% of the sample consisted of experienced, working professionals from 13 industries, the audience may have a bias based on nature of being both students and employees.

Although the media is an outlet for establishing legitimacy, it also is a resource for achieving outcomes, in this case increased attention, recognition, and positive audience responses for celebrities. In particular, how audiences respond to celebrities are of critical importance. The media not only is a primary driver in deciding which stories will be featured, but also how the stories will be framed and what information will be made salient, which aids in how audiences respond to celebrities. Practically, this suggests that celebrities need to form strong ties to media outlets in order to help shape journalists' perceptions and attributions of events. Indeed, such efforts may be seen via intermediate mechanisms of image or media consultants, who working on behalf of CEOs to promote their images and popularity.

The present study suggests that, in general, firms are far more salient and memorable to media audiences than individuals. Moreover, such salient and memorable qualities of firms suggest that organizations have been anthropomorphized into Western culture to a degree to which audiences associate them as entities with personalities and characteristics similar to any other living being. History has shown a consistency of attraction towards celebrities in other contexts. As such, celebrity in an organizational context may well be an attempt to preserve Western culture's notion of leadership, even it if means expanding who, or, in this case, what constitutes a leader. Hopefully, the results of this study will stimulate further scientific inquiry into the concepts of celebrity CEOs and firms, and their relationship to the performance and effectiveness of leaders and organizations.

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