

**When does Medici hurt DaVinci?  
Mitigating the Signaling Effect of Extraneous Stakeholder  
Relationships in the Field of Cultural Production**

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# **When does Medici hurt DaVinci?**

## **Mitigating the Signaling Effect of Extraneous Stakeholder Relationships in the Field of Cultural Production**

### **ABSTRACT**

Does corporate philanthropy have an indiscriminately positive effect on recipients? Our baseline argument asserts that relationships with stakeholders outside the field, such as corporate donors, can be perceived as a deviation from the dominant logic at the industry level, and thus as a negative signal by peers. How can recipients mitigate this adverse effect on social evaluations? To answer this question we study how corporate benefaction affects the process of peer recognition in the context of Russian theaters (2004-2011). Firstly, we engage in a qualitative exploration of our setting to contextualize our hypotheses and understand how relationships with corporate donors, depending on their characteristics, affect peer recognition. We then quantitatively test our hypotheses and confirm that the salience of the relationship with extraneous stakeholders - operationalized as the number of corporate donors - has a negative effect on peer recognition. This effect however can be mitigated if theaters choose to limit the breadth, depth and negative valence of the relationship. We contribute to both the institutional logics and stakeholder literature by bringing in a signaling perspective: we show that peer recognition, upon which the maintenance of a dominant logic lies, is directly impacted by the nature of relationships with extraneous stakeholders.

### **Key Words:**

Corporate philanthropy, stakeholder relationships, institutional logics, signaling, cultural organizations.

### **INTRODUCTION**

Sociological and historical work on the evolution of creative industries reveals that the activities of cultural organizations and the private economic sector are deeply intertwined (e.g. Bourdieu, 1993; DiMaggio & Mukhtar, 2004; Durand et al., 2013). In the light of contemporary political and ideological changes, an increasing number of cultural producers have reinforced their ties with private benefactors. However, the consequences of partnerships between business and the arts have also been a topic of

ardent debate among policy makers, artistic communities and the general public (Miller & Yudice, 2002). The relevance of studying this question is even more evident today, as national governments are less able to financially support culture while encouraging corporate social responsibility as a new model for community development. While the management literature has posited the beneficial impact of philanthropy on donors (Porter & Kramer, 2002), it has also implied by extension that recipients are better off when they receive corporate money. Notwithstanding the attempts of the existing literature to identify several mechanisms by which corporate involvement may affect actors within cultural fields, it fails to provide an understanding of how it conditions *evaluation* of those actors by outside parties. This paper offers a novel and nuanced look at the impact of private firms' contributions on arts organizations, in particular by studying the effects of corporate benefaction on the perception of beneficiaries by their peers, a key group of stakeholders.

Stakeholders can affect organizations in various ways, among which the provision of resources constitutes one of their vital roles (Frooman, 1999; Mitchell, Agle & Wood, 1997). Management scholars have only begun explaining how these different influences are interrelated (Hillman, et al., 2009). Stakeholders' perception and behavior towards focal organizations are deeply intertwined (Rowley, 1997). To capture the nature of these interactions, it is important to distinguish stakeholders within and outside the social space in which recipients function (Bourdieu, 1993; Thomson, 2014). Indeed, stakeholders can be either located within an organizational field - in that they share a common meaning system and activity with the focal organization (DiMaggio & Powell, 1983; Scott, 2013) - or they can be situated outside. Both sets of stakeholders might have legitimate claims over the organization's behavior, but these claims are likely to pull the organization in two different directions. On one side, field-level stakeholders grant legitimacy and expect organizations to follow the rules of their most proximate social space (Oliver, 1991). On the other side, stakeholders outside the field are estranged from such rules and may pressure organizations to behave differently from field norms (Neville, Bell & Whitwell, 2011).

Considering the importance of field-level norms in understanding the interrelatedness of stakeholders, theorizing the effect of the multiplicity of internal and external expectations requires

blending stakeholder theory and institutional theory (Rowley, 1997; Doh & Guay, 2006). While previous work in these streams of literature has looked at how institutions affect relationships with stakeholders (Luoma & Goodstein, 1999; Doh & Guay, 2006), scholars of both traditions have accorded considerably less attention to studying the influence of stakeholder relationships as a form of adherence to – or deviance from – institutionalized norms. Such norms are derived from field-level logics that structure and guide decision making of field actors (Thornton & Ocasio, 2008; Thornton, Lounsbury & Ocasio, 2012). Adherence to an established logic ostensibly produces legitimacy; in many fields, a professional evaluation and subsequently the reputation of a field actor greatly depend on the degree of adherence to established norms and canons that constitute the dominant logic (Glynn & Lounsbury, 2005).

In this study, we focus on how connections established with stakeholders outside the field distance organizations from the dominant logic of their professional field in the eyes of proximate stakeholders, ultimately affecting peer evaluation. We investigate how the relationship with a specific stakeholder group outside the field, namely corporate donors, affects an organization's evaluation by its peers – an evaluation typically dependent upon the respect of field-level norms. One crucial type of resource provided by peers is acclaim legitimacy (Bourdieu, 1993) or peer recognition (Cattani, Ferriani & Allison, 2014). This social endorsement rewards organizations at the core of the field and grants the power “to implement [their] ideas and gain the visibility necessary for them to be recognized as valuable” (Cattani & Ferriani, 2008: 825). In cultural fields, social evaluations are only marginally based on an objective observation of quality (Salganik et al., 2006) which makes reliance on signals necessary because key attributes are unobservable (Spence, 1973). In the meantime, receivers of the signal – the evaluating peers - focus on the elements they can directly associate with the quality they are trying to assess (Sanders & Boivie, 2004).

The case of arts organizations adds an important normative dimension to this signaling phenomenon due to the unique professional ethos of the cultural field that defines and substantiates itself through an open disavowal of economic dispositions and commercial utilitarianism (Bourdieu, 1993). This “economic disinterestedness” constitutes the normative essence of cultural field's core logic

and marks the frontier that separates “art” from “entertainment” in the eyes of its professionals (Anheier, Gerhards & Romo, 1995). Bourdieu (1993) insists that “authenticity” as a marker of artistic value in the field of cultural production is strongly associated with the actor’s endorsement of its peculiar normative orientation, most vividly manifested in its conspicuous indifference to economic imperatives (what Bourdieu calls the “disavowal of the economy”). The proximity to the core of the field relies on the organization’s willingness to follow the field’s normative expectations (Lamont, 2012) and the dominant logic (Glynn & Lounsbury, 2005). Thus, displaying a relationship with corporate stakeholders is associated with commercial interests and may be perceived to be at odds with the ethos of artistic occupation (Schwartz, 1997). This, in turn, may be viewed as a sign that the organization is distancing itself from the core of the field, which will subsequently result in lower peer recognition (Cattani et al., 2014).

While the cultural organizations that reach out to corporate donors are aware of the negative consequences in terms of peer evaluation and field-level legitimacy, we argue that this negative signal can be managed and mitigated. Previous research demonstrates that organizations can actively manipulate their relationship with stakeholders to deal with the multiple pressures they face (Oliver, 1991; Rowley, 1997). When establishing ties with corporate donors, decisions need to be made with regard to the forms of association and commitment (Brammer & Millington, 2005). While some characteristics of the benefactor-beneficiary relationship may not necessarily be visible to any other members of the organizational field, the number and identity of the donors, the modes of collaboration, as well as the longevity of the ties between benefactors and recipient organizations are usually public information (Boerner & Jobst, 2011). We argue that a stakeholder relationship can be characterized by three salient features: (i) the breadth of the relationship (the pervasiveness of the association) (ii) the depth of the relationship (the longevity of the involvement) (iii) the valence of the relationship (to which extent the relationship carries positive or negative emotions). These elements convey key information with regards to the nature of relationship and can ultimately moderate the signal sent to other stakeholders. The characteristics of the relationship with corporate donors directly affect the way this cue is interpreted by other set of stakeholders. In other terms, by carefully carving the nature of their

engagement with outside stakeholders and their portfolio of relationships, cultural organizations may succeed in protecting the esteem they receive from stakeholders within their field.

In this study, we explore how sustaining relationships with corporate benefactors affect peers' evaluation of cultural organizations. Empirically we rely on a mixed-method approach to study this theory in the context of Russian theaters and the peer recognition process through the most important award in that field: the Golden Mask. Given that this setting is the one driven by a dominant logic, it is ideal for studying the mapping of organizations with regards to institutional prescription (Lounsbury, 2007). We employ a mixed-method approach as it allows us to create a theoretically robust account of "peer recognition". Because this construct, imported from sociology (Lamont, 2012; Zuckerman, 2012; Cattani et al., 2014), is novel to management literature and cannot be explained and measured outside the context that gives it the form and content, a mixed approach method is most appropriate (Edmondson & McManus, 2007; DiStefano, King & Verona, 2015). The first empirical section is explorative in nature and aims at situating our theoretical arguments and setting up our hypotheses within our context. We argue that the salience of the tie with the negatively perceived set of stakeholders, captured by the number of donors of a particular theater, directly harms peer recognition. Corporate involvement with arts organizations may follow either an institution-centric type of partnership or a project-oriented collaboration akin to sponsorship; each bestows a different influence on the peers' perception of the recipient's level of adherence to traditionally held values and goals of the theater community. Beyond the type of partnership, theaters may put more or less effort into sustaining and prolonging their ties with particular donors. Longevity of the relationships with stakeholders signals a more or less profound and determinate degree of involvement with an outside stakeholder, and may aggravate or mitigate the negative bias their ties create in the eyes of peers. Finally, the industry of the donors plays a crucial role in showing how compromised the recipient is: when corporate donors belong to tainted categories such as the gas, oil and mining industries, the organization's evaluation by peers will suffer further from this stakeholder relationship. Once formulated, we test these hypotheses on an exhaustive panel dataset that integrates two sets of variables: the detailed information on corporate partners and sponsors of each theater and the information on theater's characteristics and nominations for the award during 2004-

2011. To capture peer recognition, we look at the number of nominations that theaters obtain from participating in ‘The Golden Mask’ festival. We find multiple evidence to support our hypotheses after correcting for endogeneity and controlling for the heterogeneity of theaters’ offerings using random intercepts.

We expand the institutional logic perspective by considering an organizational field as a space within which organizations can more or less distance themselves from the core values of the dominant logic. Our study shows that peers evaluate organizations on the basis of their distance from the dominant institutional prescription of their field, and this evaluation can be negatively impacted by the relationship the organization builds with stakeholders outside its social space. While previous research has explored how the change in the institutional environment affects stakeholder relationships, we know considerably less about the consequences of stakeholder relationships that run contrary to institutional prescriptions at the field level: excessive links with the corporate world are traditionally frowned upon in cultural fields (Bourdieu, 1993), and those links negatively affect the way organizations are perceived by their peers. In addition, we contribute to stakeholder theory by fleshing out the different dimensions of stakeholder relationships and how they affect the perception of those relationships. While the conceptualization of stakeholder salience has been central in stakeholder theory (Neville, Bell & Whitwell, 2011), presenting the organization as the nexus of a stakeholder network (Rowley, 1997; Frooman, 1999) gives a renewed importance to the management of simultaneous stakeholder expectations by field agents. In addition, we theorize the importance of distinguishing stakeholders within and outside of organizational field, whereas previous dichotomies mostly focused on the boundaries of the organization itself (Kassinis & Vafeas, 2002; Freeman, 2010). Finally, our results contain important insights for cultural policy makers and put under scrutiny their willingness to transfer the economic responsibility for supporting artistic development and innovation to the private sector.

## **THE SIGNALING EFFECT OF STAKEHOLDER RELATIONSHIPS ON PEER RECOGNITION**

Although a relatively recent development, private business contributions to the fields of arts and culture represent a long historical tradition of corporate philanthropy and cross-sector collaboration (Googins & Rochlin, 2000; Brammer & Millington, 2005; Marquis et al., 2013). Cultural organizations such as museums, orchestras and theaters require both symbolic capital, derived from the legitimation processes of their field, and of economic capital, material resources which enable them to ensure discretion and autonomy in their actions (Anheier, et al. 1995). As a result, cultural organizations often find themselves torn between two imperatives: on the one hand, an expectation to produce aesthetically authentic output free from pragmatic financial considerations, as defined by the field in which they operate; and on the other hand, a necessity to build and manage their relationships with corporate donors (Townley, 2002; Glynn & Lounsbury, 2005). Actors in charge of preserving conventions within a cultural field – those who allocate symbolic capital - tend to frown upon the excessive involvement of corporate donors in their social space (Bourdieu, 1993), as corporate donors are often seen as pulling recipients away from the dominant logic of their field (Durand & Jourdan, 2012). However, within existing accounts of this predicament, there remains little exploration on how cultural organizations engaged in relationships with those extraneous stakeholders may be cast away by other members of the field and what they can do about it.

### **Cultural Organizations' Key Stakeholders within and outside Organizational Fields**

While early developments in stakeholder theory adopted a focus on dyadic relationship between the stakeholder and the focal organization (Margolis & Walsh, 2003), network approaches to stakeholder relationships have enriched our understanding of stakeholder management (Rowley, 1997). The primary premise of these confluent approaches is that the influences of different groups of stakeholders on the focal organizations are intertwined (Frooman, 1999). Similarly, institutional theory scholars acknowledge that the interests and demands of different stakeholders may clash (Oliver, 1991; Greenwood et al., 2011). The way organizations manage the relationships with one set of stakeholders directly affects the nature of other relationships (Rowley, 1997), especially the judgments and



evaluations other stakeholders pass on those organizations (Bridoux & Stoelhorst, 2016). In turn, these evaluations are directly related to the ability of organizations to abide by the expectations of the judging stakeholders. The failure to meet these expectations may be attributed to the establishment of bonds with outside parties whose institutional stance can be at odds with the views and normative orientations of the judging stakeholders. While earlier literature at the intersection of institutional and stakeholder theories focused on how norms influenced stakeholder relationships (Luoma & Goodstein, 1999; Doh & Guay, 2006), considerably less attention was given to examining the type of stakeholder relationships that might potentially constitute a form of deviance from a dominant institutional prescription.

The social reality of organizations ostensibly reveals the existence of rivalry between different sets of stakeholders. Such tensions can arise due to the proximity each stakeholder has with the organization in terms of activity, objectives or values. In fact, understanding the influences of various stakeholders on the organization requires looking at the respective positions of these stakeholders in the social space of an organization (Rowley, 1997). One way to take into account this aspect is to make a distinction between stakeholders outside and inside the organizational field, as they control access to different forms of capital that might be more or less crucial to cultural organizations (Anheier, et al. 1995). DiMaggio and Powell's (1983) concept of "organizational field" is based on Bourdieu's (1977; 1993) notion of field: an organizational field relies on a common value system and unites organizations sharing in the same activity. More specifically, in the field of cultural production, key resources consist of symbolic capital provided by other actors within the field and economic capital provided by outsiders (Bourdieu, 1993; Thomson, 2014). On the one hand, the providers of symbolic capital are a key audience (Cattani et al., 2014) that hold the power to grant artistic recognition (Hsieh, 2010; Boerner & Jobst, 2011) and field-level legitimacy (Zuckerman, 1999). On the other hand, the considerations of economic survival push cultural organizations to build ties with benefactors outside of their field (Moir & Taffler, 2004). In cultural fields, this dual reliance on symbolic and economic capital is embodied by relationships with two major sets of stakeholders: audience members and corporate donors.

In the presence of rivalry and power struggles amongst stakeholder groups, once an organization strengthens its ties with one group of stakeholders, another group can respond by

penalizing the focal organization (Frooman, 1999). Incumbents and entrenched stakeholders within an organizational field may perceive the growing power of external stakeholders over other field members as a threat to their position and control. In the field of cultural production, insiders try to fortify their positions by imposing judgments of what should be aesthetically appreciated (DiMaggio, 2011). Such norms include a dislike of corporate benefactors, as business sponsorship is seen as tainting the practice of aesthetic production maintained by incumbents (Bourdieu, 1993); this occurs despite an almost chronic condition of scarce and unstable funding in cultural fields. Symbolic capital providers within the field, charged with a mission of preserving existing conventions, tend to disapprove of economically driven entanglements because of their suspected influence over the nature of aesthetic activity (Anheier et al., 1995). For example, previous research on corporate philanthropy reveals that art museums in need of contributions appear acutely responsive to corporate preferences for representational art, as opposed to abstract art that caters to smaller segments of the population (Useem & Kutner, 1986).

### **Peer Recognition in Cultural Fields**

In cultural fields, social judgments are only marginally a function of the quality of a cultural product: in an experiment, Salganik et al. (2006) created an artificial cultural market in which evaluation of products appeared to depend only negligibly on objective acumen. Zuckerman (2012) adds that social evaluation mostly relies on signals rather than on concrete cues. In particular, evaluation in cultural fields predominantly depends on connoisseurship because of the incommensurable nature of the goods at stake and the numerous social intermediaries whose guidance individuals take into account before consuming these goods (Lamont, 2012). The understanding of evaluative practices themselves considerably owes to Bourdieu's (1993) framework which theorizes the process of legitimacy attribution by gatekeepers (Schwartz, 1997). Cattani et al (2014) develop this idea by looking at peers as "agents of consecration" (ibid: 258). Due to the ambiguity in the judgment that can be formed about an aesthetic offering, popularity among peers is associated with positive quality judgments (Zuckerman, 2012) and thus peer recognition is a key resource for cultural organizations (Hirsch, 1972). Peer evaluators are picked from the elite of the field, and thus have the authority to provide a legitimate judgment regarding the arts organizations operating in the field (Bourdieu, 1993).

Evaluative practices are aimed at capturing the ability of actors to comply with normative expectations (Lamont, 2012); such norms are developed at an institutional level. For example, Glynn & Lounsbury (2005) investigated how alterations in the evaluations of a symphony orchestra were triggered by a shift in the field's institutional logic. In a similar way, Allen & Parsons (2006) studied the institutionalization of systemic evaluation in the field of baseball. These studies shed light on the institutional mechanisms underlying the phenomenon of social evaluation and bridge the gap between processes and practices (Lamont, 2012). One way to understand the mechanisms of professional evaluation is to look at organizational fields guided by an unequivocally present dominant logic (Lounsbury, 2007). The field of cultural production is a notorious example of such a context, where the evaluation of creative offerings follows the dictates "associated with the existing canon, genres and the dominant logic" (Glynn & Lounsbury, 2005: 1036). In this setting, symbolic capital is a crucial resource rewarded to the actors who remain sensitive to the prevailing norms of social and aesthetic behavior in a given cultural field (Bourdieu, 1993). Peers consecrate actors who are the most similar to the majority of organizational actors within the field and who deviate the least from normative expectations (Lamont, 2009; Cattani et al., 2014; Clemente & Roulet, 2015).

Cultural consecration depends on instruments that progressively acquire legitimacy (Allen & Parsons, 2006). Among the multitude of devices that support social structures in cultural fields, professional awards like 'The Guild of Actors' award, the 'Grammy' award or the 'National Critics' Book' award epitomize the idea of peer recognition and offer symbolic capital to those who build upon orthodox rules of production (Kremp, 2010). By granting peer recognition, "incumbents work to defend and reproduce their views and impose consensus" (Cattani et al., 2014: 258). Therefore, within a field, peer recognition is a direct indicator of an actor's legitimacy (Cattani & Ferriani, 2008) and embeddedness (Lamont, 2012). Building upon institutional logics, Glynn & Lounsbury (2005) show how peer recognition reflects adherence to the dominant logic of the cultural field. More specifically, peers are positively biased towards organizations that situate themselves at the core of the field (Cattani et al., 2014) as they have an interest in reproducing the existing aesthetic and social norms in order to maintain their dominant position.

## **The Signaling Effect of Relationships with Donors**

The opposition between the field of cultural production and the world of commerce, between artistic authenticity and economic success is the “generative principle of most of the judgments which [...] claim to establish the frontier between what is and what is not art” (Bourdieu, 1993: 82). This is the main reason why economic orientation (an inclination towards materialistic success) and symbolic capital (legitimacy within the field) are usually at odds with one another in cultural fields (Anheier, et al. 1995). Beyond the actual impact of the private donor on cultural organization’s behaviour, Bourdieu (1993) points out consequences for *external perception* of those who rely on donors. Cultural organizations with private donors risk losing peer recognition not because of any aesthetic reorientation, but because they may be symbolically penalized for violating the normative imperative of deprecating money or commercial endeavours, a norm that defines and distinguishes the field of cultural production from other domains of social activities. Thus, reliance on corporate donors may ultimately have a negative effect on the peers’ perception of the aesthetic authenticity of work produced with the involvement of private money. Glynn & Lounsbury (2005) offer an empirical examination of this predicament: they demonstrate how market-oriented symphony orchestras were consistently receiving less favorable reviews from professional critics. The more corporate partners a cultural organization has, the more it is seen as having to compromise and abide by the commercial codes of an even larger pool of extraneous stakeholders. In other words, the necessity of cultural organizations to establish relationships with corporate donors to maintain discretion over their cultural production may paradoxically jeopardize the professional judgment of their work.

Stakeholders heavily rely on signals to formulate evaluation (Gomulya & Mishina, Forthcoming) and peer recognition is no exception. Reliance on signals is necessary when some attributes are unobservable (Spence, 1973). This is particularly the case of cultural fields in which there is no objective measure of performance (Lamont, 2012; Zuckerman, 2012). Organizations thus need to communicate their worth to their audience (Gomulya & Mishina, 2016), and one way to do that is to signal their proximity to the most relevant institutional logic (Kodeih & Greenwood, 2014). An organization signaling its respect for convention and canons of the field helps other actors evaluate its

proximity to the dominant logic (Glynn & Lounsbury, 2005). Organizations that are “more strongly associated with the dominant canons” of their field are more likely to receive peer recognition (Cattani et al., 2014: 262). While most of the signaling literature focuses on how organizations associate themselves with specific third parties to receive a more positive evaluation (Reuer, Tong & Wu, 2012), we argue that some association with third parties can have an opposite effect and result in a negative evaluation.

According to signaling theory, peers as the “receivers” would focus on what they think is correlated with quality (Sanders & Boivie, 2004) when they evaluate cultural organizations’ offerings. Excessive ties with corporate donors - “extraneous” stakeholders because of their commercial orientation (Schwartz, 1997) – are directly interpreted as a violation of peers’ expectations. The perceived violation of stakeholder expectations triggers negative stakeholder evaluation (Gomulya & Mishina, 2016). The active pursuit of corporate benefaction by cultural organizations violates the norms of their field and distances them from its dominant logic. While signaling is often considered an active organizational strategy (Connelly et al., 2011), it can also occur passively: bonds with donors inherently come with the negative signaling effect. Despite this signal being unwanted by the signaling organization, a number of strategies can still be put in place to manipulate the information portrayed in that signal, which can mitigate negative organizational outcomes (Hochwarter, et al 2007).

### **Mitigating the Negative Signal of being associated with Extraneous Stakeholders**

Considering the negative signal associated with the relationship with extraneous stakeholders, altering this relationship can help result in less detrimental information being conveyed to peers. Under the rationale of strategic agility, organizations actively manage their stakeholder relationships (Oliver, 1991; Rowley, 1997). Organizations can become “actors in their own destinies” (Durand & Jourdan, 2012: 1299) by being aware of the multiple institutional pressures and balancing them. The modalities of collaboration with corporate donors can be used to minimize the organization’s relationship with this donor in the eyes of other key stakeholders. Various strategies can be employed by cultural organizations to show that they are not compromised by their relationship with extraneous stakeholders and that they are protecting their artistic autonomy and organizational discretion.

What characteristics of the relationship with corporate donors can be adjusted to limit the adverse nature of the signal sent to peers? Stakeholder relationships differ in many aspects (Donaldson & Preston, 1995) and organizations have a degree of discretion in the way they manage and structure inter-organizational relationships (Freeman, 2010). Breadth and depth are often used in the management literature to capture magnitude (e.g. Jourdan & Kivleniece, Forthcoming) and the nature of bonds with external sets of actors (Oliver & Horzinger, 2008). In a similar way, we consider here the breadth, depth and valence of the stakeholder relationship as moderation mechanisms for the signaling process associated with the negatively perceived ties. First, an organization can decide to which extent the stakeholder is involved in its decision making and functioning: the influence of the stakeholder can pervade a larger share of the organization's activity (Frooman, 1999). This is what we call "the breadth of the relationship": it represents the scope of activities in which the donor can be involved. Second, while the stakeholder can be involved in a broader scope of activities (breadth), it can also have more influence in each of the activities with which it is associated. Granovetter (1973: 1361) has acknowledged that a key determinant of the strength of an inter-organizational tie is intimacy and its "mutual[ly] confiding" nature. There can indeed be more or less proximity between an organization and its stakeholder (Driscoll & Starik, 2004). This is the depth of the relationship: it captures how much the organization is accustomed to the stakeholder's influence. Finally, within the domain of cultural organizations in which commercial and artistic orientations are antagonized (Bourdieu, 1993), there can be a varying degree of hostility towards extraneous stakeholders. We define it as valence of the relationship or the degree of taint of the relationship in the eyes of another key stakeholder group. Hereafter we discuss how these different dimensions can be captured in the context of corporate benefaction in cultural fields.

What captures the pervasiveness of a stakeholder relationship or the extent to which the stakeholder is involved in organizational life? The mode of corporate support that arts organizations choose to accept is one way to set up the boundaries of the relationships with corporate supporters. Previous research documents the existence of two types of corporate involvement with arts organizations: project-centric (also called "sponsorship") and institution-centric (also referred to as

“philanthropy”) (Bourdieu, 1993; Bargenda, 2004). Project-centric collaboration implies that arts organizations seek to acquire corporate sponsorship for concrete creative projects under strictly defined agreements which outline specific contractual obligations of each party. It is in line with the broader definition of organizational sponsorship which is based on the idea of providing organizations with supplemental resources which will increase survival rate (Amezcuca et al., 2013). In the context of corporate donation in the field of cultural production, the benefits for both parties are more limited in scope. It also curtails the pervasiveness of the relationship with the donor. Building up project-centric partnerships is a “structural differentiation” (Greenwood et al. 2011) in the sense that only a sub-unit of the organization is associated with the outsider, and this sub-unit carries out “compartmentalized” interactions (Anand, Gardner & Morris, 2007). This way, cultural organizations can reveal that merely a part of their activity can be disavowed for its market orientation (Bourdieu, 1993) while the essence of organizational ethos is still faithful to the ideal of providing artistically unrestrained cultural output. Consequently, we would expect this type of relationship with a corporate donor to mitigate the negative signal sent to the peers: the distancing from the core values of the field implied in the relationship with extraneous stakeholders is attenuated because the bond is only limited to a controlled portion of the organizational activity. By contrast, because institution-centric relationships are binding and pervasive (Glynn, 2000), they can be seen as a full embrace of the outsider, which can be seen as coming at a price of aesthetic authenticity and professional integrity.

The longevity of the relationship with an extraneous stakeholder, because it determines the durability of implication and the intimacy built up between the stakeholder and the organization, can capture the depth of the relationship. Mutual commitment between the organization and its stakeholders increases with time (Weiss & Kurland, 1997), with longer relationships becoming more informal and personal (Ring & Van de Ven, 1994). Expectedly, a stakeholder with a longer history of relations with the organization signals a higher degree of proximity and intimacy (Korschun, 2015), ultimately aggravating the negative signal triggered by the ties with extraneous stakeholders.

While ties with corporate donors signal distance from the dominant logic of the cultural field, we argue that there is a variance in the negative perception of those donors. Some characteristics of the donors aggregate at the relationship level, making the relationship with the extraneous stakeholder

group more or less adversely perceived. This encapsulates the negative valence associated with the stakeholder relationship, which also moderates the negative bias against cultural organizations connected to corporate donors. Considering the variance in the perception of stigmatized stakeholder groups (Durand & Vergne, 2015; Piazza & Perretti, 2015), we argue that there are variations in the way extraneous stakeholders are perceived by stakeholders within the field. Bourdieu (1993) draws qualitative distinctions between commercially oriented actors and acknowledges the multiplicity of their objectives. In a similar vein, some corporate donors will appear as more tainted in the eyes of peers. Looking at the industry membership of benefactors thus enables us to distinguish more or less tainted categories of corporate donors (Galvin et al., 2004). Consequently, the split in the industry membership of donors will provide a variance in the perception of the ties cultural organizations form with them as a group of stakeholders.

To explore how ties with adversely perceived stakeholders outside the field negatively bias peer recognition of an organization's proximity to a dominant logic, and how this effect can be mitigated by shaping the breadth, depth and valence of the stakeholder relationship, we empirically focus on a particular field of cultural production: music and drama theaters. In this setting, we face differentiated breadth of relationships with corporate donors (project vs institution centric), depth (longevity of the relationship with a donor) and valence (donor's industry). In the next section, we offer an in-depth qualitative exploration of our setting and a contextualization of our hypotheses. This mixed method approach is justified by the mixing of existing framework with more nascent concepts and theoretical ideas (Edmondson & McManus, 2007).

### **EXPLORATORY QUALITATIVE STUDY: THE BIASES OF PEER RECOGNITION IN THE RUSSIAN THEATER INDUSTRY**

Our qualitative exploration has several objectives. Firstly, we intend to explain our choice of studying theatrical production in the Russian Federation and its positioning in a larger institutional environment. We highlight this setting as ideal for the exploration of the mechanisms of peer recognition and how social evaluations are affected by the relationship with stakeholders outside the field. Secondly, this introductory qualitative section provides crucial elements of context such as the understanding of the



dominant logic of the field and how it informs the internal legitimation of field actors. We also reveal the processes through which corporate benefaction can be perceived as a threat to authenticity in the field of cultural production. Finally, we use the insights to better identify and define appropriate constructs and measurements for the quantitative part of the study. In the following, we combine empirical evidence inductively to formulate hypotheses regarding the effect of extraneous stakeholder relationships on peer recognition.

### **The Theater Industry in Russia as a Setting to Understand the Mechanisms of Peer Recognition**

We selected an industry with a number of distinctive figures to explore the biases affecting peer recognition. A distinguishing feature of the field of cultural production is its close relation to a national cultural identity that guides, sanctions, and appraises creative efforts of field actors (Boerner & Jobst, 2011; Voss et al., 2008). Some creative industries may have international audiences, but the survival and development of their constitutive professional organizations – e.g. museums (Alexander, 1996), theaters (Voss & Voss, 2000), and philharmonic orchestras (Durand & Kremp, 2015) – remain highly dependent on and constrained by national socio-political and economic arrangements. To conduct our research, we needed a creative industry with many comparable actors, with well-established, salient and sedimentary professional norms and with a high degree of exposure to a national cultural policy. The theater industry met all the criteria. The last step was to find a country with a strong and well-developed theater industry which had recently gone through a considerable change in its national cultural policy resulting in a direct impact on theaters. The Russian Federation proved to be an ideal example for our purposes.

Theater has always occupied an exceptionally high position in the political and social life of Russian citizens (Leach & Borovsky, 2008). In 2004 there were around 715 theaters, including children's theaters in Russia; according to some current estimates, this number is now approaching 800. A very large majority of theaters in Russia are characterized by state control, in which actors and management are civil servants. However, they still retain a high degree of self-governance in issues such as funding, financial management and artistic repertoire. Internationally, Russian theatrical tradition has exerted a tremendous influence on contemporary world theater practice in the twentieth

century, with contributions ranging from mainstream acting – where the influence of Konstantin Stanislavsky and Vsevolod Meyerhold is highly regarded worldwide – to twentieth-century ballet – largely the creation of Russian dancers and choreographers such as Piotr Chaikovsky and Sergei Diaghilev (Leach & Borovsky, 2008). In Russia, major theater practitioners are widely known and admired, their ideas are pored over and discussed, and their productions are often the subject of popular debates in vast numbers of newspapers, magazine articles, and social media.

### **Methodology for the Exploratory Qualitative Study**

To better understand the professional logic of the chosen industry and particularly “its rules of consecration” (Bourdieu, 1993), we engaged in a qualitative study of Russian theater professionals and organizations. Our qualitative assessment is based on three main data sources, which are summarized in Table 1. First, through direct observation as cultural consumers we familiarized ourselves with the industry, its historical development, and its players, industry-related publications (including books on the history of Russian theater), critical essays on contemporary Russian theater, articles published in the specialized and popular national press, and official press-releases of the Ministry of Culture of Russian Federation. We conducted seven in-depth semi-structured interviews with theater professionals willing to talk to us under conditions of anonymity, supplemented with a number of follow-up conversations at different stages of the research process. Given the difficulty in obtaining primary source data, we also relied on rich archival data and publicly available sources that publish opinions of leading field actors such as artistic theater directors, actors, choreographers, independent theater critics and festival directors on the state of the field.

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Insert Table 1 About Here  
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### **The Golden Mask Nomination**

With the demise of communism in the 1990s, Russian theaters found themselves largely unprepared for economic and political liberalization. New social realities no longer required the theater “*to function simultaneously as a wise teacher and the allegorical voice of thoughts, aspirations and feelings*”

*forbidden by the political regime.*” (Leach & Borovsky, 2008:10) and the pressure for economic survival often came at odds with what many considered to be the core values of the field. Despite the fact that one quarter of the adult Russian population claims to go to the theater at least four times a year (the Russian language even has a designated term for this – “театрал” -teatral)<sup>1</sup>, some professionals in the field and our informants felt that the former role of the Russian theater in its ceaseless effort to enlighten and cultivate its audience gave way to conformity and popular taste that mostly seeks entertainment and “lavish spectacle”. In an attempt to preserve the original tradition of Russian theater and safeguard its core values, starting from the mid-90s, prominent field actors began to create different institutions of professional recognition that in most cases took the form of national annual festivals. The largest and most prestigious festival of Russian theater professionals is the Golden Mask festival. Keeping alive the field’s spirit of political dissent, the festival often found itself in the midst of controversy by nominating or rewarding productions that provoked and openly criticized the authorities. These antagonistic relationships have grown stronger in recent years when nationalistic rhetoric started dominating the Russian political scene. In his response to the recent accusations made by the Ministry of Culture for “*not respecting the popular demand for more patriotic theater*”, the General Director of the Festival, Gennadiy Taratorkin said the following:

*“I think they accuse us, not understanding what we stand for. From the dawn of its foundation in 1993 by Theater Union of the Russian Federation, the Festival has been representing a purely professional contest: the evaluation of theater professionals by their peers. The Golden Mask documents in the most objective and impartial way the reality of this country and its people. Theater critically examines and reflects on all aspects of social and political life, sometimes even being able to foresee and anticipate our upcoming future”*<sup>2</sup>

In an open letter to the Minister of Culture earlier this year the organizers highlighted the guiding ideals of the festival:

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<sup>1</sup> “Market of theater performances in Russian Federation 2004-2010: review and forecast” based on the data from Russian Public Opinion Research Center

<sup>2</sup> <http://www.kommersant.ru/doc/2733942>

*“The Golden Mask was created and has been developing as an independent professional award assigned for the service to the theatrical art or what we call “an award from peers to peers”<sup>3</sup>.*

The Golden Mask nomination is clearly a marker of field-level legitimacy which is embodied in Bourdieu’s (1993) symbolic capital and more specifically in the concept of peer recognition developed by Cattani, et al. (2014). The Golden Mask favors theaters that embrace the tradition of Russian theater and combine an open critical stance on the country’s social reality and resistance to the commodification of cultural production. The nomination is a form of peer recognition that contributes to the reproduction of existing canons and the reinforcement of the dominant logic of the field.

### **How did Societal Change Reinforce the Dominant Logic of the Russian Theater Field?**

Despite rapid market liberalization and privatization in the 1990s, the Russian government has sought ways to retain control over the extensive structure of national theaters that constitute an important part of national identity and cultural legitimation of Russia in the West (Leach & Borovsky, 2008). Facing a gradual drop in popular demand for theatrical performances in the early 2000s, especially in provincial areas, and struggling with a severe economic crisis, but still being reluctant to privatize or close state owned theaters, the Russian authorities decided to turn to a communitarian model of arts support and place theaters in the domain of corporation social action.

As a result of a new turn in the national cultural policy, over the last ten years the Russian government has been steadily decreasing funding for cultural production in order to promote a transition towards a diversified model of financing, supporting and promoting culture<sup>4</sup>. The introduction of the new legal form of “autonomous organization” in 2003 also targeted the cultural sector supporting its “destatization” and encouraging theaters to rely on a broader set of stakeholders. The new arrangement limits the responsibilities of the state and forces theaters to build new ties. In 2003 the Russian government introduced legislation on public-private sponsorship that supported the establishment of the boards of trustees and societies. In 2004 the Russian President fostered a public discussion on the

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<sup>3</sup> <http://www.interfax.ru/culture/443546>

<sup>4</sup> Compendium Cultural Policies and Trends in Europe, Council of Europe official report, 2011

social responsibility of business. All these conjoint measures have resulted in the growing role of corporate support for culture and more active engagement of arts organizations in the search of collaboration opportunities with the private sector. Consequently, most Russian theaters found themselves in the situation, where on the one hand, they were encouraged to establish ties with economic actors, but on the other hand, they were still expected to maintain their authenticity and professional standards of “great theatrical tradition”. Many professionals felt that the new arrangements would be humiliating and detrimental to the artistic integrity of the field as they would put theaters in the position of “asking for alms” (as pointed out in *Teatral*, leading journal of the industry, in an article from 2012 entitled “With a stretched out hand”) and incentivize them to make an improper use of their cultural capital. A theater producer recalled a story when a well-known artistic director of a famous Moscow theater decided to look for corporate benefactors:

*“When you think about it, who would say “no” to such a figure as Alexander Kalyagin<sup>5</sup>? He started meeting all potential donors, but it ended in nothing. Each one of them was willing to help but only in exchange for some preferential treatment. To be clear – we are not talking about the tickets in the first row. The wealthiest businessman was the most outspoken. He demanded help in meeting one of top government officials. The theater decided to move ahead with the production without any private donors.”*

Several artistic directors we interviewed confess that they have been put in the situation where managing the relationship with donors takes priority over artistic endeavors. Yury Lyubimov, the legendary artistic director of Taganka theater, publicly resigned from his position in 2012 stating that “the state has turned me into a gold digger who is pushed to constantly look for money and do favors”.

### **The Perception of Corporate Benefactors in the Theater Industry**

Despite active and occasionally coercive promotion of corporate support of arts institutions, until 2015 there were no laws in Russia regulating or incentivizing philanthropic activities in the cultural sphere. Nevertheless, in the last 15 years a growing number of firms have been involved in the economic

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<sup>5</sup> Alexander Kalyagin is one of the most popular and recognizable Russian film and theater actor.

support of cultural organizations, theaters in particular. Several reasons explain these semi-institutionalized practices of philanthropy. On the one hand, corporations employ philanthropy as a part of their non-market strategy to gain legitimacy in post-Soviet Russia. In the institutional context that combines fierce economic rivalry and strong government centralization, firms tend to favor symbolic actions (Roulet & Touboul, 2015). Expectedly, Russian firms try to link their corporate brand names with the brand names of big federal theaters which hold great symbolic importance. Some of our informants reveal that companies operating in certain regions make contributions to local cultural organizations as a way to access or engage with local political elites. This is especially true for companies in the mining and extraction sector, as these industries can be extremely lucrative, but require good relations with local regulating bodies. Sometimes the initiative for such engagement comes from the local authorities themselves: local government officials offer their help to firms on the condition that they support theaters in the region.

Our informants converge to suggest there is very limited variance in the amount of money given by donors due to the willingness of both to avoid any extra attention of the state control organs. Our informants also affirm that there is limited competition among donors because donations to theaters do not rank high on the list of preferred CSR projects.<sup>6</sup> A multiplicity of donors hence clearly signifies a larger pool of resources rather than a fragmentation of the pool of resource providers.

As stressed by Valery Yakov, the chief editor of “Teatral’”, ties with sponsors are visible to other actors in the field, and signal involvement of a group of stakeholder that is extraneous to the field. In 2012 he wrote:

*“For us, the organizers of theater award ceremonies, a line with the name of a general sponsor on theater’s poster says a lot of things – about its projects, the management of the theater and the talent of the cast. But what it exposes most explicitly is the taste of the sponsor.”*

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<sup>6</sup> To empirically validate this assumption, we ran an ANOVA on 86 % (theaters in St Petersburg & Moscow) of our sub-sample of theaters with donors to check whether there was a significant difference in the productive output of theaters with the same number of donors (in terms of new premieres and number of performances). Theaters with the same number of donors have a similar productive output (keeping other factors constant), which suggests little variance in the amount of resources provided by individual donors.

The personal connections with the private sector are rare and some theaters may prefer to “solicit” corporate support in an indirect way. In an environment almost entirely controlled by the state, public theaters may use their social capital (ties with government officials) to push for donations from private firms. Theaters with corporate ties are thus seen as not only making a pact with an extraneous stakeholder with negatively perceived commercial orientation, but also more generally as compromising the principles of their field. As explained by a theater director in one of our interviews:

*“Businesses have very few incentives for voluntary acts of charity. They usually do it after “a ring”. A high-level state official gives a call and says: “You have to help this theater”. And then everything starts moving. It is a reptile type of sponsorship.”*

In her interview, Milena Avimskaya, the artistic director of the theater “OnTeart”, points out at the imperishable antagonisms of market pragmatism and core values of the field that coincides with Bourdieu’s analysis of the field’s distinctiveness:

*“A theater director and a businessman speak two different languages. A businessman is primarily interested in a theater that is a modern brand. Theater is an art form that feeds itself on past and tradition. When everything started, I sent out 76 letters to big companies who I thought would be willing to help us because they prioritized cultural support in their CSR [corporate social responsibility] programs. We received one reply asking to provide the details of the project. I was also not surprised to learn that many companies where the state is one of the shareholders just follow a command from the top to support ideologically appropriate productions and organizations.”*

Unsurprisingly, many of our respondents recoiled over what they perceived as utilitarian manipulation of cultural legacy. Actors within the field felt that corporate donations had pushed theaters to compromise their artistic independence. According to Michail Uliyanov, a renowned actor and artistic director of Vakhtangov theater in Moscow,

*“If before theater was strangled by the ideology of communism, nowadays it is strangled by the ideology of money. We are caught in the trap: on the one hand, we are told we can produce whatever we want if it does not offend the law, but on the other hand, we find ourselves at the mercy of money*

*holders willing or unwilling to help us. And this situation is more hopeless. Will we face the situation when the lack of funding will push us to do mediocre work and indulge bad taste?"*

This perception of the influence of corporate donors inevitably affects the way actors perceive each other within the field. The information regarding the number of corporate donors is public and visible for the peers (it is displayed on theatre's official website and in social media), but it never reveals the actual magnitude of corporate monetary benefaction.

In the specific context of the Russian theater industry, there are several reasons why – despite being crucially needed – corporate donors are negatively perceived. Firstly, theaters relying on corporate philanthropy are seen as being mainly driven by economic rationale rather than their cultural and aesthetic mission. As predicted by Bourdieu (1993), relying on external material resources is seen as embracing a “commercial” approach, and thus is at odds with the vocation of theaters. This approach is seen as pushing theaters away from established values by peers (Kremp, 2010). Secondly, having corporate donors suggests the existence of commercialization of the cultural organizations' ties with government officials and the increasing commodification of the arts in a post-communist Russia. This impression reinforces the belief that corporate donors are alien to the field, and representative of a utilitarian vision of cultural production (Glynn & Lounsbury, 2005). Thus, we hypothesize that the salience of the relationship with corporate donors – i.e. the number of corporate donors – will negatively affect the judgment of the Golden Mask jury, everything else being equal.

**Hypothesis 1:** *The number of corporate donors a theatre relies on (the salience of the ties with the extraneous stakeholder group) will decrease its odds of obtaining peers' recognition*

### **Playing with the Characteristics of the Relationship as a Mitigation Strategy**

All private donations to theaters fall under either the legal category of “sponsorship agreement” (what we defined as project-centric support) or the category of “donation agreement” (institution-centric support). Donation agreement neither imposes any obligations on a beneficiary nor links a benefactor to a specific project of a supported institution. Sponsorship agreements with cultural institutions allow



companies, legally restrained in their choice of traditional advertising channels such as radio and TV, to reach out to their target audiences. Donation agreements, on the other hand, permit companies to spend up to 25% of their EBIT on charitable contributions to the institutions of their choice<sup>7</sup>. Our informants suggest that in the process of seeking and selecting corporate donors, theaters also have the opportunity to decide on the mode of corporate support, its format and boundaries. While these external relationships are crucial, theater directors and executives are also clearly aware of the fact that such ties may be negatively perceived by their peers.

Theaters have the opportunity to select a mode of corporate support that constrains the influence exerted by donors over the organization. They can approach their potential donors with either specific projects they would like to be funded or with a general proposition of overall institutional support for a certain period of time. An initial proposition to a potential donor and its format always come from a theater. Its strategic discretion consists in choosing “what to sell” – an original project with a celebrity cast or an entire institution with its past and present cultural allure. Project-centric proposition enables theaters to collaborate with donors under a defined agreement and within the context of a clearly identified project. The name of a corporate donor is then only associated with the specific project at stake. Such circumscription of the donor’s influence signals to peers the ability and willingness to preserve professional integrity. By contrast, the benefits of institution-centric collaboration can be spread over different productions (Henderson, 2003) but also extend to various support functions on which theaters rely (Glynn, 2000). Corporate involvement is integrated into a range of activities and the influence of corporate partners is seen as more pervasive. This mode of support is perceived as more compromising and binding, thus accentuating the negative effect on peer recognition. Thus the choice between institution- and project-centric collaboration captures the breadth of the relationship with corporate donors: the broader is the relationship, the more negatively it is perceived by peers.

***Hypothesis 2:** Institution rather than project centric-collaboration with corporate donors (a more extensive breadth of the relationship with the extraneous stakeholder*

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<sup>7</sup> Donations to cultural organizations cannot exceed 2% of EBIT

*group) will accentuate the negative signaling effect of relationships with corporate benefactors on peer recognition.*

The longevity of ties with a corporate donor is public information that conveys the depth of the relationship: the longer the same corporate donor is involved with the theater, the more profound and intimate is their influence on theater's decisions. Leonid Osharin, the director of Mayakovsky theater in Moscow, explained in one of the interviews that sustaining relations comes at a price as many sponsors often use the longevity of their involvement as a mandate to influence theater's policies in multiple domains<sup>8</sup>, especially when finding another benefactor is extremely difficult:

*“A sponsor may say: I want to increase salaries for particular actors – and all his money is used for a few pay checks. Then he may decide to support just one new premier or re-decorate the building. Such “target-oriented” engagement develops over time [...] and we have to adjust.”*

From the peers' perspective, durable relationships with the same donor generate more sensitivity to its demands. Peers ultimately fear that longer relationships lead to a sponsor's imposition of choices and preferences regardless of the will of theater's director and cast. This is especially relevant in the case of experimental theaters that often look for iconoclastic interpretations of classical plays and the work of nationally cherished authors.

The commitment to a relationship with a donor as it grows over time “not only transforms an economic exchange into a socially embedded relationship, but also forecloses opportunities of cultivating alternative personal relationships” (Ring and Van de Ven, 1994: 107). The longevity of a tie with a corporate donor reflects the depth of the relationship, as in the eyes of peers, this visible information captures the extent to which recipients are accustomed to the donor's claims.

***Hypothesis 3:*** *The longevity of involvement with the same corporate donor (the depth of the relationship with the extraneous stakeholder group) will accentuate the negative signaling effect of relationships with corporate benefactors on peer recognition.*

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<sup>8</sup> <http://o-culture.com/teatralnye-postanovki/item/290-leonid-oscharin-najti-sejchas-novogo-sponsora-prakticheski-nerealno>

Finally, how do some relationships with donors carry more negative valence? In our context, we argue that the valence of extraneous stakeholder relationships is associated with the variance in the perception of corporate donors. More negatively perceived donors make the stakeholder relationship between donors as a group and theaters carry a more adverse valence. To contextualize our theoretical proposition, we explore which industries are considered as most at odds with the dominant logic of the industry and thus signal the highest level of compromise.

In 2008 and 2009 the group of renowned Russian artists and public intellectuals organized a collective protest against Gazprom and its plans to construct the skyscraper “Gazprom Tower” in the historical center of Saint Petersburg, considered by many to be the cultural capital of the Russian Federation. More than 50 theater professionals wrote an open letter to the Russian President Dmitri Medvedev expressing their disdain over the corruptive practices of mining and extraction industries (tightly controlled by the state) and of Gazprom being the most representative of them:

*“The allocation of 60 billion RUB obtained from the sales of our commonly shared natural resources in the situation of economic crisis and the failure of the state to sustain decent living conditions of its people is immoral. Moreover, such actions are not only immoral and destructive, they are also illegal. By succumbing to the commercial interests of Gazprom and similar corporations, the authorities create a dangerous precedent of neglecting and surpassing legally set restrictions on what companies can do in publicly protected cultural space. We consider it to be a clear case of legal nihilism and corruption.”<sup>9</sup>*

Mining and extraction companies in Russia consistently find themselves involved in notorious corruption scandals which include bribery, expropriation and abuse of minority shareholders, illicit constructions, violation of safety and ecological standards. Many of these malpractices have been documented and made public by a minority shareholder rights activist William Browder<sup>10</sup>, the founder of “Hermitage Capital” investment fund and the lobbyist for the famous “Magnitsky Act” passed

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<sup>9</sup> <http://www.gazeta.spb.ru/198278-0/>

<sup>10</sup> <https://snob.ru/magazine/entry/44795>

by the US Senate Foreign Relations Committee.<sup>11</sup> Considering this wide scope of qualitative evidence of theatre professionals' sensitivity towards behavior and reputation of the companies coming from particular industries<sup>12</sup>, we predict that

***Hypothesis 4:** The number of corporate donors from tainted industries such as mining and extraction (the adverse valence of the relationship with the extraneous stakeholder group) accentuates the negative signaling effect of relationships with corporate benefactors on peer recognition.*

## QUANTITATIVE HYPOTHESIS TESTING

### Methods and Measures

**Sample and Data:** To test our hypotheses we have constructed a panel dataset for theaters, which represents almost 80% of the whole population of drama and music Russian theaters, spread over a period from 2004 to 2011. The panel incorporates the set of variables with the details of corporate support for each theater from 2004 to 2011: the number of corporate donors, national origin, the type of involvement (project-centric and institution-centric), the duration of support, their industry type and the presence of a board of trustees. The data collection method included the usage of the official database of Russian theaters provided by the Ministry of Culture, the aggregation of information from official theater websites on which they are obliged by law to provide the information relating to their corporate partners, the members of the board and the type of support they receive. As highlighted in the qualitative exploration, the amount of resources provided by each corporate donor is neither accessible nor visible to peers, and both insights from the field study and the analysis of variance in the productive output (see footnote 7) suggest there is little variance between the donations made by the different donors. To ensure chronological consistency we looked for the information on the duration and the

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<sup>11</sup> <http://www.newyorker.com/news/daily-comment/the-magnitsky-case>

<sup>12</sup> More than 75 classical musicians from the UK published an open letter in 2015 asking the Royal Opera House to cut its ties with British Petroleum and cease the partnership that started in 1988  
<http://www.theguardian.com/culture/2015/jul/02/cut-ties-with-bp-composers-and-music-researchers-tell-royal-opera-house>

beginning of support for each specific corporate partner by studying their annual CSR reports, or in the case of their absence – contacting a theater directly and asking for additional information.

The total population of Russian theaters includes 711 organizations across 71 regions. Most theaters are concentrated in six major cities: Moscow, Saint Petersburg, Samara, Ekaterinburg, Chelyabinsk and Perm. We have excluded the children theaters (213 in total) from our sample as it is reasonable to conclude that they belong to a distinct organizational field and that their corporate support relies on a different set of criteria than the ones discussed in this paper. After also excluding organizations with ambiguous or missing information that could not be verified, we ended up with 449 theaters and 3,573 theater-year observations<sup>13</sup>. We have chosen 2004 as the starting point for the panel construction to gauge the effect of official state endorsement and promotion of corporate social action initiated in 2003. Additionally, the Ministry of Culture started systematizing and providing the information on arts organizations, their status and rules of funding through its press-releases and later through its website only in late 2003.

We have merged this database with another set of variables on peer recognition of theaters from 2004 to 2011 that includes an acknowledgement of professional nomination in the Golden Mask festival, the number of obtained nominations, categories of nominations and the number of received awards. Our Table 2 summarizes the construction of our variables.

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Insert Table 2 About Here  
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**Dependent Variable:** Consistent with previous research on creative industries, we measure “peer recognition” in two ways: as a count of annual nominations that an arts organization obtains in the most prestigious contest of the cultural area it represents (Kremp, 2010; Cattani et al., 2014) and as a binary outcome – a probability of getting a nomination. The binary operationalization signals the willingness of the peers to consider a theater as a recipient of symbolic capital. The number of nominations indicates the extent of theater’s recognition by the peers, or in other words – the amount of symbolic capital they

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<sup>13</sup> The difference with the number of observations reported in the regression is due to the lagging of independent variables.

are willing to grant. As demonstrated in the qualitative stage of the study, in Russia, the most renowned contest in the area of drama and music theater arts is the National Theater Award, also known as the Golden Mask.

The main festival program includes productions selected by two Boards of experts (one for drama and one for musical theater) as nominations for the Golden Mask Award. During the Festival the two juries composed of actors, directors, conductors, choreographers and theater make decisions about the winners of the Golden Mask Award. The jury changes every year and the jury members are not paid for their services. The Festival of performances, nominated for the Golden Mask Award, is a major forum, representing a full and objective picture of Russian theatrical life to professionals and public at large. As outlined in our qualitative section, the Golden Mask award is perceived as a judgment formulated by peers although some of the jury members might be critics. Critics in the field of theaters are usually former theater professionals. An important aspect of nomination process is that each jury member votes anonymously although the deliberations over what theaters are worthy of recognition are open.

**Independent variables and moderators:** Our variable of interest for Hypothesis 1 is defined as the number of corporate donors to measure the salience of the relationships with negatively perceived stakeholders outside the field. Salience is operationalized as the number of corporate donors that a theater has in a given year, considering that this is the most noticeable feature of the ties with this group of stakeholders.

We rely on a two-stage estimation procedure (because of endogeneity concerns explained below), which uses the variable of regional economic development (the percentage of profitable enterprises) and the variable of theaters' density in a region as two instruments to predict the number of corporate donors in the first estimation step.

To test our moderation hypotheses, we restrict the sample to the theaters that receive donorship and apply a two-stage estimation procedure following Wooldridge (2010). For Hypothesis 2 we construct an independent dichotomous variable to capture the breadth of the stakeholder relationship manifested in a type of pursued collaboration: project-centric collaboration (depicted as 0) and institution-centric collaboration (depicted as 1). Theaters strategically build their relationships with the

corporate sector and therefore make discrete choices over the type of collaboration they seek to pursue. Most theaters take “either or” type of decisions when choosing a pattern of collaboration to save on possible transaction and legal costs they may incur in case of adopting a hybrid strategy. To test how the type of involvement (breadth of the relationship) moderates the relations between salience of the ties with corporate donors and peer recognition we interact our dichotomous variable with the number of donors a theater has in a given year.

To test the moderation effect of the depth of involvement with the outside stakeholders, we look at the longest tie with a corporate donor in theater’s portfolio. Most durable corporate donors usually obtain the status of “general partners” or “general donors”, and their relationship with a theater is publicized more persistently creating lasting associations in public and among the peers. Therefore, we believe that this operationalization accurately captures the depth aspect of theater’s involvement with the corporate world. Finally, to test our moderation hypothesis of valence, we note the industry memberships of the donors and indicate the number of donors a theater had from mining and extraction (predominantly oil and gas) industries in a given period. This operationalization facilitates further visual depiction and interpretation of the results. We interact this count variable with the number of corporate donors.

**Control variables:** We use an exhaustive list of theaters’ characteristics as control variables. It includes the theater’s age (in years), size (number of seats), category (music or drama), celebrity status of artistic cast (obtainment of major awards by the actors in the past: 1-Yes or 0-No), ownership (public or private), past performance (a past nomination for the Golden Mask award), and governance structure (the presence or absence of the board of trustees). We detail below how our model controls for non-observable factors at the theater level such as the actual quality of the aesthetic production that forms the basis of the aesthetic judgment formulated by peers. We add a control variable of institutional status of a theater that indicates the type of state subsidies given to a specific theater. The Russian government classifies all state owned theaters as either municipal, regional, federal or ministerial. Federal theaters are financed from the federal budget and are most heavily subsidized. Theaters with regional status directly rely on the regional budget, municipal and ministerial theaters receive the smallest fraction of public subsidies which are directly linked to their municipalities and ministries that own them (e.g. there

are several theaters that are on a balance sheet of the Ministry of Defense). Our random intercept specification controls for the heterogeneity in peers' perceptions of theaters' aesthetic offerings. In reality, under the present empirical setting it is impossible to disentangle peers' general perception of a theater from their evaluation of its aesthetic offering<sup>14</sup>. This would require an experimental setting that would seriously compromise the external validity of the study. By also including into our regression model an exhaustive list of theater-level characteristics that may affect peers' perception we make sure that random-intercept specification properly controls for aesthetic offering-level heterogeneity.

Finally, we control for unobserved factors across and within years, as well as region and city specific factors that may affect peer recognition. To consider changes in cultural climate, political fluctuations, and regional idiosyncrasies we include seven year dummies (from 2004 to 2011) and 70 region dummies. We lag all time variant independent variables by one year.

**Method:** To address the problem of overdispersion in our dependent variable, we use negative binomial specification of Poisson regression to test the presented hypotheses (Cameron & Trivedi, 2005). The dependent variable, the number of nominations in the national theater festival, is a count variable, which takes only discrete non-negative integer values and has a large number of zero values. To test our predictions about peer recognition and the interaction effects we use generalized estimating equations procedure for Poisson processes in a panel data setting. Here, we assume that the number of nominations a theater obtains per year obeys a Poisson distribution with a parameter specific to each theater (Baum, 2006). Specifically,  $N_{i,t}$  is assumed to be Poisson distributed with mean  $\theta_i \lambda_{i,t}$ ,  $i = 1, \dots, N$ ,  $t = 1, \dots, T$ . The expected annual nominations' frequency is a product  $\theta_i \lambda_{i,t}$  of a static factor  $\theta_i$  times a dynamic factor  $\lambda_{i,t}$ .

The former accounts for the dependence between observations relating to the same theater, while the latter introduces the observable characteristics (that are allowed to vary in time). In general,  $\ln \lambda_{i,t}$  is expressed as a linear combination of the observable characteristics, that is:

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<sup>14</sup> We thank one of the reviewers for this important observation



$$\lambda_{i,t} = \exp(\beta_0 + \beta' x_{i,t}),$$

where  $\beta_0$  is the intercept,  $\beta' = (\beta_1, \dots, \beta_p)$  is a vector of regression parameters for explanatory variables  $X_{i,t} = (X_{i,t,1}, \dots, X_{i,t,p})'$ .

In addition to Poisson specification, we also rely on Generalized Methods of Moments (GMM) procedures to obtain first-stage estimates for our endogenous regressors as recommended by Wooldridge (2012) for multiplicative models with endogeneity issues. Furthermore, the advantage of this method over the control function method is established for count models with endogeneity as the former has less restrictive conditions on strict exogeneity of instruments.

In the first and the second steps we use the full set of time period dummies. The application of generalized method of moments is also recommended for over-identified models with a large number of observations (Stock & Yogo, 2005). In our tables, we report the results for the first and the second stage models.

Finally, we restrain ourselves to mixed-effects model that account for random intercepts in theater's peer recognition. This specification allows us to control for the unobservable heterogeneity in peers' aesthetic evaluation of theatrical performances seeking nomination (Rabe-Hesketh & Skrondal, 2013). As the aesthetic judgment constitutes an important part of overall peer recognition, we assume that the mean level of peers' recognition will be systematically lower or higher for some theaters due to the observed differences in their aesthetic performances. This way our model controls for the quality of a theater offering and focuses on capturing the bias component in peer recognition rather than the whole peer recognition.

**Model specification, Estimation, and Robustness Checks:** There are reasons to believe that the independent variable under study is endogenous: corporate donors do not support arts organizations at random, but make decisions of involvement based on factors that also relate to the likelihood of being nominated for awards. To confirm our suspicion of endogeneity of the independent variable we run a GMM regression that enables us to obtain the results of the Durbin-Wu-Hausman test (Baum, 2006):

the null hypothesis that an ordinary least square method would yield consistent estimates is rejected at .05 level of significance in all instrumented models (see the first column of Table 4 for GMM 1<sup>st</sup> stage, in particular the bottom section). We perform the Wald test of exogeneity in logit models to back up the results from GMM endogeneity tests.

To test the interaction effects we use the same two-stage specification with instrumental variables as recommended by Wooldridge (2010). First, we estimate a probit model for the selection indicator, where we include all exogenous variables including the variable determining selection. We use the density of theaters in a region as an exogenous variable that determines selection (the probability of getting a donor) and the ratio of profitable firms as the main instrumental variable. We then obtain the inverse Mills ratios and include them in the structural equation which we estimate following GMM procedure.

To test our hypotheses, we rely on two instruments: ratio of profitable firms in the region to total number of firms and the density of theaters in a region. To ensure validity, our instruments have to meet two conditions: relevancy condition and exclusion restriction.

The first condition for the percentage of profitable firms and the density of theaters to be valid instruments is that they significantly predict the number of corporate benefactors. There are economic reasons to expect such relations. The first instrument is the percentage of profitable firms in a region. We believe that in the context of our study, this variable most accurately captures regional economic development. First, it is highly correlated with regional GDP per capita, the variable conventionally used to assess regional economic development. Second, in the context where philanthropic action is predominantly carried out by organizational and not individual donors, it has a more predictive power for an estimation of a number of donors. Moreover, previous research on corporate philanthropy and CSR in emerging markets demonstrates that economic performance of companies is a basic determinant of their willingness to support and engage in social initiatives (e.g. Blagov et al., 2008). The intensity and the proliferation of CSR practices are directly linked to regional economic growth. The density of theaters in a region is our second instrument. The intensity of competition for corporate donors will be higher in the regions with high density of theaters population. The fewer theaters a region has, the better

is the visibility of existing theaters and consequently, the higher are their chances to be considered for and obtain corporate support. The density also determines the amount of bargaining power theaters may enjoy in dealing with potential donors.

It is important to estimate regressions of the number of donors on our two instruments with theater- and region-level controls to rule out the possibility that our instruments are correlated with some theater-level determinants of corporate donorship. It appears to be very unlikely - all theater characteristics are generic (and are thus not predictors of those two instrumental variables) and the density of theaters has a historical heritage determined long before the starting point of our analysis (the average age of a theater is 50 years).

The second condition for our instruments validity (or exclusion condition) is that they affect the dependent variable only through their effect on the endogenous variable. There can be no correlation between the instruments and the second stage error. Density of theaters represents the intensity of competition for private economic resources available in the region and significantly predicts the likelihood of obtaining a donor. The effect on this variable on peer recognition is fully mediated by our endogenous variable; therefore there is no reason to suspect the violation of exclusion condition.

Regarding our second instrumental variable of the ratio of profitable firms: the more firms are profitable the more likely they are to use this slack to engage in sponsorship and philanthropic activities, and thus they only affect peer recognition through our independent variable of number of donors. Therefore, this instrumental variable also meets the exclusion condition.

All relevant post-estimation statistics are reported in the bottom panel of Table 4 and Table 5.

## **Results**

*Direct effect of salience of ties with extraneous stakeholders on peer recognition (Hypothesis1):*

Table 3 provides summary statistics and pairwise correlation coefficients for all variables in the models. We have carried out a number of multicollinearity tests for each combination of variables in our models. In all of them, VIF did not exceed the acceptable limit of 5 recommended in the literature (e.g. Rogerson, 2001).

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Insert Table 3 About Here  
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Table 4 presents the results of regression equations for the two-step method of random intercept negative binomial model for 2,987 theater-year observations for Hypotheses 1, as well as for the sample of 1,105 theater-year observations (restricted to theaters with corporate donors) we use to test three moderation effects in Hypotheses 2, 3 and 4. Model 1 is a baseline model with control variables, year and region dummies. We use panel specification for mixed effect Poisson regression with robust standard errors and control for over-dispersion. As expected, size, category, celebrity status of the cast and institutional status are all crucial predictors of theater's peer recognition. Corporate benefactors are more likely to target theaters that are located in big cities which are publicly known and have a celebrity cast. As demonstrated earlier, genre or category (1- music theaters, 0 - drama theaters) also plays an important role in attracting corporate donors. Music theaters are more likely to be interested in and targeted for sponsorship purposes, whereas drama theaters tend to pursue an institution-centric type of relation. Finally, music theaters (opera and ballet) have more categories in which they can be nominated and less competition than drama theaters, thus they have better odds of receiving a nomination. Model 2 tests the direct effect of the salience of the ties with corporate donors on peer recognition, where salience is a continuous endogenous variable measured as the total number of corporate benefactors. Models 3, 4, and 5 examine the moderating effects of breadth, depth and valence of the relationship with corporate donors. Model 6 tests the specification with full interaction effects to check the robustness of our findings.

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Insert Table 4 About Here  
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Hypothesis 1 predicts that theaters with more salient ties with corporate benefactors as a stakeholder group will have lower levels of peer recognition (Model 2). The coefficient estimate of the variable of interest is negative, as predicted, and highly significant (p-value < .001). Theaters with a more salient tie with corporate benefactors will receive lower peer recognition if other predictors are kept constant.

The results of post-estimation tests available for GMM model confirm the endogeneity of our variable of interest (the p-value of Durbin-Wu-Hausman component is .054). To facilitate the interpretation of the results, we obtain the exponentiated regression coefficient (or incidence rate ratio) for our variable of interest ( $\exp(-0.149)$ ). The estimates suggest that the acquisition of one additional corporate donor decreases the incidence rate of obtaining peer recognition by more than 10% in a time period.

Moderating effects of breadth, depth and valence: Hypothesis 2 disaggregates the effect of corporate involvement based on its type. Model 3 (Table 4) contains the results of coefficient estimations that measure the accentuating effect of breadth of the relationship on peer recognition. We use project-centric support as the baseline model and the interaction term measures the effect of institution-centric support or the breadth of involvement. We find support for the hypothesis 2, the interaction term is negative and highly significant (p-value  $<.001$ ). The breadth of involvement with extraneous stakeholders, engendered in institution-centric collaboration with corporate donors, aggravates the negative perception of field's internal stakeholders and reduces theater's peer recognition. Figures 1a and 1b provide some interesting insights: the breadth of involvement most strongly accentuates the negative effect of salience on peer recognition for theaters with a smaller number of donors.

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Insert Figures 1a and 1b About Here  
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Figure 1b contains the exponentiated marginal effects, where higher positive values within the range from 0 to 1 are associated with smaller negative effects and vice versa (Figure 1a facilitates the interpretation). It demonstrates that the breadth of involvement is the most problematic for theaters with 1 to 3 donors and that the accentuation of the negative effect reaches plateau when a theatre obtains more than three donors. These results make intuitive sense: one or two donors with a lot of influence may be perceived as having oligopolistic power, whereas the qualitative difference between four or five donors with partnership rights stops being such a nuance as to further aggravate peers' judgment. We can call this phenomenon "a trend of diminishing negativity" or "entropy of negativity".

In a similar fashion, model 4 shows support for hypothesis 3, as the interaction term between the number of donors and the longest tie is negative and significant at the  $p < 0.01$  level. This result suggests that combining pervasive and long-term relationships is most harmful for theaters, and focusing on shorter length of relationship (more limited depth) attenuates the negative effect of the salience of the relationship with donors. To visually interpret these results, we categorize our variable to contain three levels of depth - low (the duration of the longest tie with a corporate donor is from 0 to 4 years); moderate (from 4 to 8 years) and high (longer than 8 years). Figures 2a and 2b reveal the trend similar to the case of breadth: the magnitude of accentuation of the negative effect of salience by depth of the relationship with extraneous stakeholders is the highest for theaters with fewer donors.

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Insert Figures 2a and 2b About Here  
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Model 5 tests for the interaction between the negative valence of the ties, captured as the number of donors from tainted industries, and the salience of the ties. We find that here as well, the number of donors from tainted industries accentuates the negative effect of the ties with donors on peer recognition as the interaction term is negative and significant ( $p < 0.05$ ). Figures 3a and 3b demonstrate that valence intensifies the negative effect of salience at all levels gradually decreasing for theaters with a larger number of donors.

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Insert Figures 3a and 3b About Here  
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Model 6 includes all our variables and interactions. The interaction term between breadth and salience is still negative and significant ( $p < 0.001$ ), and same goes for the interaction between depth and salience ( $p < 0.05$ ).

Finally, to ensure the robustness of our results we test our hypotheses on a different dependent variable – the likelihood of obtaining a nomination for the Golden Mask award. Table 5 provides the results of two-stage logit regressions with a random intercept. As can be observed, the results of Poisson and logit models generally converge although the latter exhibit lower levels of significance.

## DISCUSSION

In contrast to prior management research on corporate philanthropy – which has focused on the benefits that private firms may derive from participating in social initiatives – this study examines how recipient organizations can actually manage the social consequences of their ties with corporate donors. In this study, we explore how cultural organizations that have ties with private corporations suffer from not adhering to the “disavowal of the economy” (Bourdieu, 1993) that characterizes the cultural field; as such, these organizations are penalized by peers for ostensibly distancing themselves from established norms.

Furthermore, we look at how the negative signal of sustaining relationships with adversely perceived stakeholders can be mitigated. Cultural organizations that pursue an institution-centric collaboration exhibit a greater allegiance with their corporate benefactors, which accentuates the negative bias affecting peer recognition for a large number of benefactors. Cultural organizations that build more fragmented relationships, i.e. project-centric forms of collaboration, are engaged in less pervasive relationships and thus preserve their image of authenticity. We also discuss the aggravating role of the longevity of the relationship with corporate donors as it suggests an even stronger attachment to outside agents. Finally, we show that organizations with donors from tainted industries suffer further from an adverse bias.

### Contributions

Our work makes three main contributions: Firstly, we enrich not only existing theoretical frameworks of stakeholder theory and institutional logics, but also the emerging intersection and cross-fertilization between the two (Luoma & Goodstein, 1999; Doh & Guay, 2006). Secondly, our work contributes to the growing body of work on social evaluations in management by focusing on peer recognition, a concept imported from sociology and offering additional opportunities to capture field-specific institutional mechanisms (Cattani et al., 2014). Thirdly, this study supplements the understanding of the phenomenon of corporate philanthropy both from a theoretical and a practical perspective.

**Contributions to stakeholder theory:** The seminal work of Donaldson & Preston (1995) called for more empirical work on stakeholder relationships. Our work explores how a multiplicity of stakeholders creates a multitude of potentially conflicting pressures (Frooman, 1999), especially as we distinguish stakeholders within and outside an organizational field. As their demands may conflict, their influence strategies on the focal organizations become antagonizing. Because the diverse influences of stakeholders might be a reaction to each other, it is impossible to study them in isolation (Rowley, 1997). This is particularly true in the field of cultural production as the collective nature of cultural goods places their producers “at the intersection of a fragmented web of interests” (Pache & Santos, 2010: 472). We follow the suggestion of Hillman et al. (2009: 1417) to combine the “recognition of the multiplexity of dependencies with the insights from theory regarding stakeholder importance”.

The boundaries of the organizational field can be a crucial determinant to explain the antagonisms between groups of stakeholders, considering that legitimacy is field based (Cattani & Feriani, 2008) and constitutes a fundamental resource (Drees & Heugens, 2013). In the case of corporate philanthropy in the arts sector, peers (within the field) and benefactors (outside the field) are the two sets of “salient” stakeholders (Mitchell, et al. 1997; Neville, et al. 2011): peers hold the legitimacy to consecrate and thus the power to delegitimize the cultural production of some organizations, while corporate benefactors represent the urgency of obtaining resources that are essential for sustaining the organization’s productive activities. This gives rise to a rope-pulling phenomenon with cultural organizations torn between two antagonistic sets of stakeholders: benefactors who control resources and peers who want to keep actors of the field immune from “corruptive” external influences – a struggle rooted in the opposition between economic and symbolic capital documented by Bourdieu (1993). The more polarized normative orientations are of external and internal orders, the more likely we are to observe tensions in organization’s quest for self-preservation (Bell, 2008). Our work shows that one solution for the recipient organizations is to pay lip service to the field by circumscribing their links with extraneous stakeholders. In this sense, our work contributes to the understanding of stakeholder relationships by conceptualizing three dimensions that moderate the effect of salience: breadth, depth and valence. For example, we show that theaters can favor a project-centric collaboration



which suggests limited breadth of the relationship with the corporate donor. On the contrary, longer-lasting ties hint at a more profound relationship with the negatively perceived group of stakeholders. This is exactly the opposite of co-optation (Pache & Santos, 2010): cultural organizations can override the ruling attempts of stakeholders outside their fields to preserve their relationship with peers. Finally, we show that there is a variance within the group of negatively perceived stakeholders: some industries are more tainted than others and this fact accentuates the negative perception of the organizations exhibiting a link with them. These findings indicate that stakeholder theory will benefit from further integrating the concept of organizational stigma (Piazza & Perretti, 2015; Roulet, 2015) and stakeholders' "mental representations" (Bridoux & Stoelhorst, 2016).

**Contributions to the social evaluation literature:** In the context of cultural fields, the attribution of positive social evaluation relies on the ability of social actors to comply with the normative expectations of their field (Bourdieu, 1993; Lamont, 2012). Thus, understanding the mechanisms through which social evaluations are formed requires an institutional approach. In the meantime, the sociology of evaluation can offer a broader framework to articulate key concepts used in the management literature such as categorization or legitimization processes (Lamont, 2012). Peer recognition is a directly "consumed" social evaluation and in this way it differs from traditionally studied concepts such as status or reputation. However, the concept of peer recognition relies on field-specific mechanisms of consecration (Cattani, et al. 2014) and thus gives a more crucial importance to institutional prescriptions in the formation of the evaluation. The process of peer recognition is self-reinforcing because it relies on the institutionalization of tools such as awards or rankings (Allen & Parson, 2006), and is hence more likely to lead to what Zuckerman (2012) calls "socially endogenous inference" – a self-reinforcing and path-dependent evaluation.

In addition, our work also responds to Lamont's (2012) call for more research on the treatment of information in evaluative practices, considering the key role it plays in the creation, formation and consumption of social evaluations. In our case, stakeholder relationships can only affect the expert judgment because they form a part of the information directly available to an expert. By isolating the

piece of information on which social evaluations are based, further research could facilitate our understanding of how this information can be manipulated or distorted.

**Contribution to institutional theory:** Proximity to a dominant logic is crucial for organizations (Glynn & Lounsbury, 2005) enabling them to obtain what Bourdieu called “symbolic capital” (Bourdieu, 1993) and what we conceptualize as peer recognition (Cattani et al., 2014). Organizations that are seen as closer to the dominant logic receive more positive evaluations, which are of primary importance to the field of cultural production where ambiguity reigns over the evaluation of organizational performance (Hirsch, 1972).

Building on these elements, our work contributes in two ways to the literature on institutional theory, and more specifically, to the concept of institutional logics. Firstly, we bridge the gap between the concept of organizational field and institutional logics by arguing that organizations can be situated depending on their proximity to the dominant logic of the field, or in other words, on the degree to which they relate to core values and norms of the field. Organizations that pledge allegiance to adversely perceived stakeholders outside the field distance themselves from their peers and are seen as less likely to abide by the institutional prescriptions of the field. Secondly, we develop the importance of signaling and provide a broader sociological account of evaluation to understand the institutional dynamics within fields. We argue that there are signaling mechanisms through which actors interpret organizations’ proximity with an institutional prescription. Organizations are evaluated for their proximity to norms which conditions their access to resources inside and outside the field. Our work demonstrates how organizations can deviate from an institutional ideal while controlling the signal to attenuate the negative evaluative consequences. Further research in institutional theory would benefit from a greater focus on the circulation of information and signaling.

**Contributions to the literature on philanthropy, CSR and implications for practice:** Our work also contributes to the broader understanding of corporate philanthropy as a phenomenon (Wang & Qian, 2011). We investigate recipients – a hitherto unexamined group – as well as the organizational fields in which they operate, in the lineage of Bourdieu (1977; 1993). Extensive corporate donorship can have a negative impact on the perception of recipient cultural organizations by their peers. Cultural

organizations may be discouraged to rely on corporate donors. In turn, potential corporate donors may start looking at other opportunities of corporate social action, as there is usually no shortage of such opportunities. This can create a vicious circle in which particularly closed off fields may progressively lose any access to external resources.

Our research also questions the relationship between philanthropy and corporate performance: corporate social responsibility is usually assumed to be creating value for the stakeholders targeted by the firm (Wang & Qian, 2011). This process ultimately generates a higher performance for both parties as stakeholders tend to “reward” the responsible firm (Margolis & Walsh, 2003). Our findings show that stakeholder responses to corporate social responsibility (in our case the responses of the recipients), and consequently, the generation of stakeholder value, may not always be as straightforward as assumed in the management literature (Godfrey, 2005). The context of our study reveals that corporate support destroys value for the recipient stakeholder by harming its chances to get peer recognition. In this sense, our work informs the broader literature on the relationship between corporate social responsibility (CSR) and performance and the inconclusive results regarding this relationship (Margolis & Walsh, 2003): being socially responsible does not necessarily generate value for the firm’s stakeholders (and thus firm performance), especially when commercial interests enter an arena in which they are negatively perceived. To understand the link between CSR and firm performance, rather than assuming that CSR indiscriminately generates stakeholder value, it is crucial to critically examine under which conditions this process of value creation takes place. Finally, our work distinguishes two forms of relationships with corporate benefactors and points out the advantages of a project-based approach to corporate philanthropy.

### **Generalizability, Limitations and Future Research**

Our work is not free from limitations. In particular, the external validity of our findings deserves to be discussed, considering we look at the specific national context of Russia. Our rich empirical context clearly exhibits the antagonisms between stakeholders within and outside the organizational field. This friction is fueled by the fact corporate interests are traditionally despised by the intellectual and cultural elite of Russia. Only a limited amount of management research has looked at the theater industry outside

the empirical work by Glenn and Zannie Voss (among which Voss & Voss, 2000 or Voss et al., 2008): our study however takes a more macro approach to this field, which makes our peculiar national context an asset.

Typical studies on logics focus on fields with one dominant logic (Lounsbury, 2007) and our study does fit this criteria. In this sense, our context offered a clean empirical setting to explore the impact of external resources on intra-field evaluations. What would happen however if several logics were fighting for dominance over the organizational field? We could expect some logics to be more sympathetic to external resource providers generating additional complexity for the strategic management of stakeholder relationships (Greenwood et al., 2011; Durand & Jourdan, 2012).

We did not theorize the impact of corporate benefactors on the activity of theaters and how it affects the content of their artistic production, although we empirically isolate that effect by using a random intercept specification. Theoretically, we preferred to focus on the biases affecting the judgments of peers, thus drawing closer attention to the subjective nature of social evaluations. The reliance on corporate funding causes several changes in organizational structure and behavior of non-profit organizations: it can shift board composition and increase complexity, formalization, professionalization and bureaucratization (Stone, 1996; Froelich, 1999). These changes occur as non-profit organizations “reorient themselves toward their corporate funders, creating and developing the expertise and administrative infrastructure necessary to secure, manage and sustain that funding...” (Chaves et al., 2004:296). In a similar manner, Jourdan & Kivleniece (Forthcoming) show that state sponsorship directly affects the performance of cultural organizations because it modifies their resource allocation. In our case, it could be argued that theaters change the nature of their production by either lowering or increasing the aesthetic quality of their plays to make them more attuned to the tastes of existing or potential corporate donors. Empirically, we believe our set of instrumental variables, our econometric model with random intercepts, and the performed robustness checks rule out any endogeneity concerns. Our findings might capture some strategies of self-selection by theaters: some cultural organizations may have opted for a purely commercial strategy, focusing on the acquisition of corporate donors while ignoring peers’ evaluation. While the random intercepts and the control variables at the theater level do capture the heterogeneity in the theaters’ strategy, it would be interesting

to look at the effect of corporate donorship on the aesthetic quality of the production at the field level. If theaters decide to lower the aesthetic quality of their output to acquire donors, our findings suggest that this will deprive them of symbolic capital. Will theaters be able to survive without symbolic capital? This might actually deter corporate donors, and be impractical in the long-term. In a self-perpetuating cycle, the subjective biases against privately supported theaters can end up depriving theaters from corporate resources, and ultimately harming the quality of their output. Considering how strongly intertwined are subjective and objective evaluations of cultural products, future research could look at further disentangling them. Such endeavor, however, would require a setting in which objective and subjective judgements can be clearly distinguished, and there is a variance in the balance between those two components. In the context of Olympic games, Waguespack & Salomon (2015) have found that evaluators tend to rely more on past appraisal when judgment has a stronger subjective component. They also suggest that subjectivity triggers identity-related mechanisms. Subjective and objective judgments thus rely on and trigger different mechanisms, that remain to be fully understood.

Despite our apparently narrow empirical context, we believe our theoretical framework can be applied to other industries outside the cultural field and also in other countries. In short, the boundary conditions for the applicability of our theory are the existence of a dominant logic and the relative isolation of the field from external actors. Contested industries and stigmatized fields could be good candidates for further exploration of those questions in other contexts (Helms & Patterson, 2014; Piazza & Perretti, 2015; Roulet, 2015). It would also be interesting for future research to test our theory in other national contexts and domains that do not fit those boundary conditions. Finally, future studies could examine more closely other aspects of corporate support and other outcomes for cultural organizations such as innovation (Godart et al., 2015).

## **CONCLUSION**

Our work unveils the negative side of corporate philanthropy: unless cultural organizations mitigate the negative signal by manipulating the characteristics of their relationship with donors, they suffer from a negative bias and are less likely to receive peer recognition. While cultural organizations can engage in mitigating strategies to display a less pervasive affiliation with corporate donors, they will still be

penalized in the eyes of their peers. This study reveals an important paradox for cultural organizations: they require corporate donors to enhance the quality of their aesthetic offering, but this enhancement might be offset by the loss of field-level legitimacy. This research also confirms that the disengagement of the state, such as in the example of the Russian Federation, can trigger a risk for cultural deterioration as innovative productions can be silenced by the field, when they are ostensibly supported by private interests.

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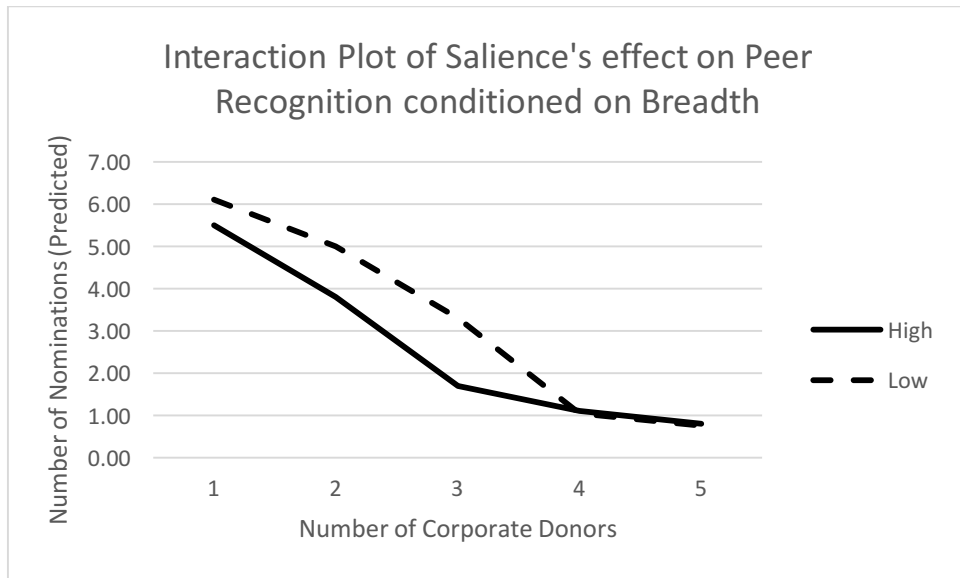
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## TABLES AND FIGURES

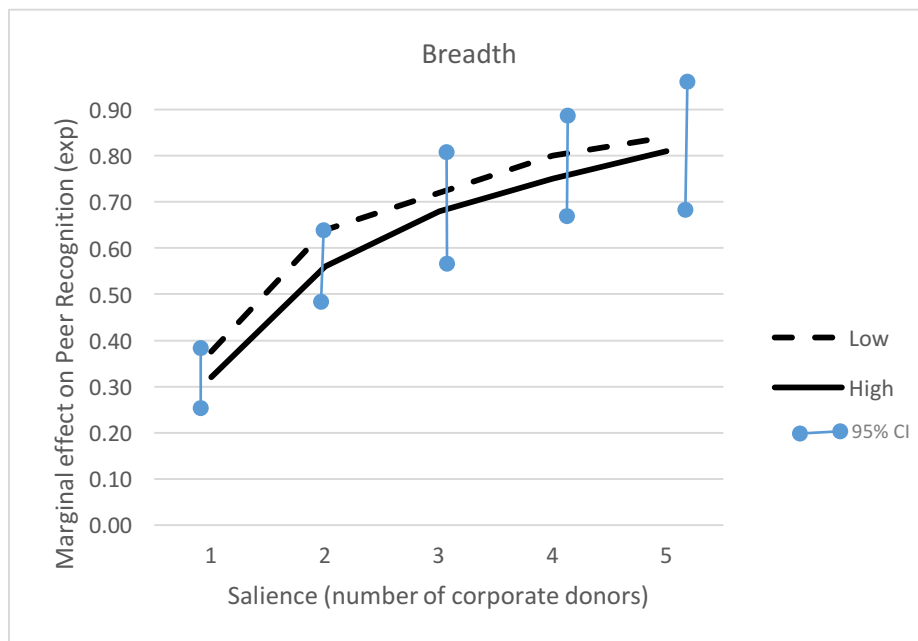
**FIGURE 1a**

Interaction Plot of Salience and Peer Recognition conditional on two levels of Breadth of relationship



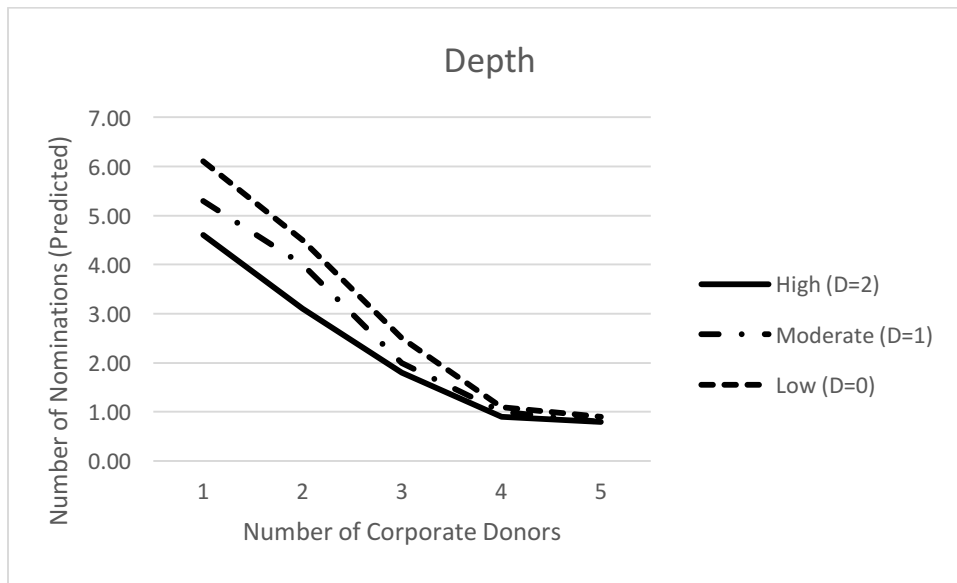
**FIGURE 1b**

Predicted marginal effect of salience (number of corporate donors) on peer recognition conditional on two levels of Breadth of relationship



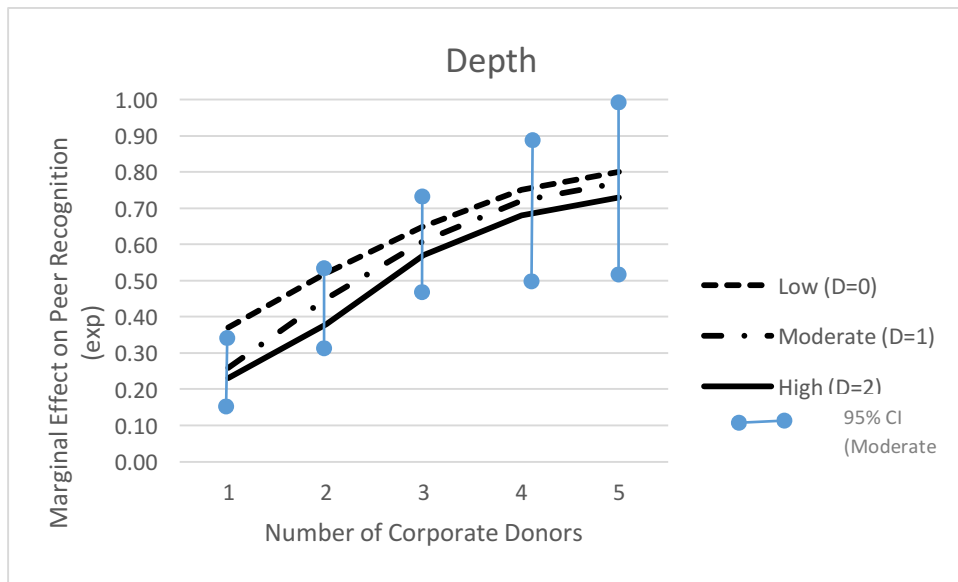
**FIGURE 2a**

Interaction Plot of Salience and Peer Recognition conditional on three levels of depth of relationship



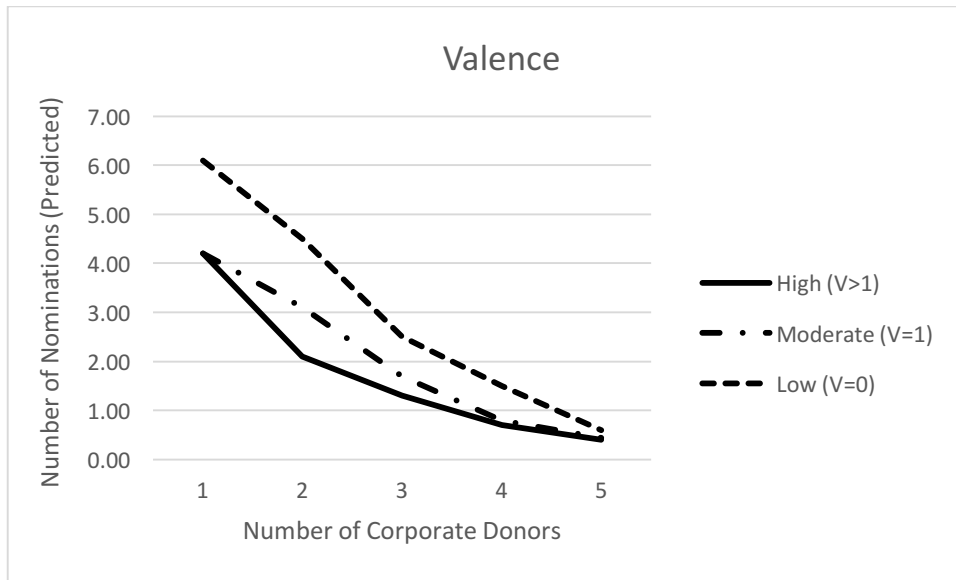
**FIGURE 2b**

Predicted marginal effect of salience (number of corporate donors) on peer recognition conditional on three levels of depth of relationship



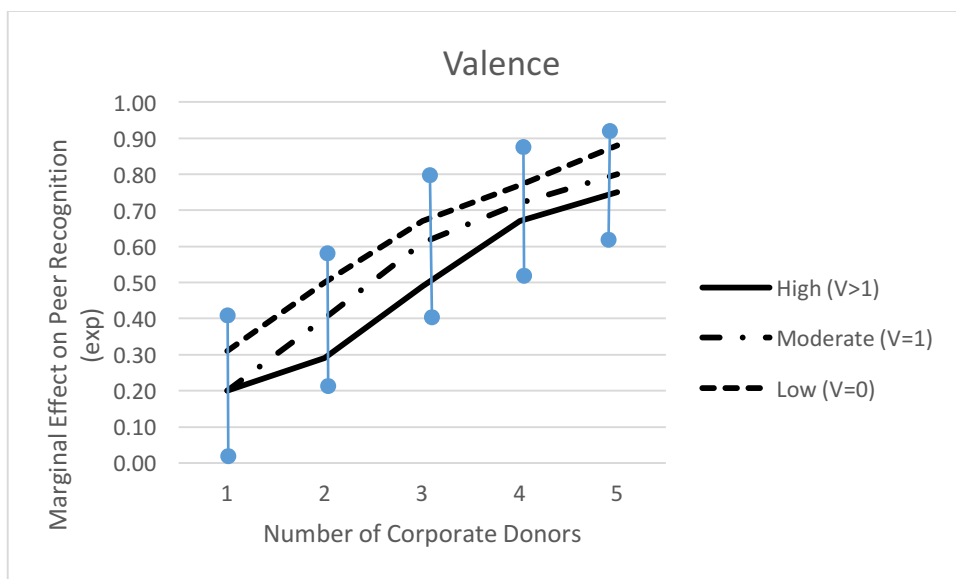
**FIGURE 3a**

Interaction Plot of Salience and Peer Recognition conditional on three levels of negative valence of relationship



**FIGURE 3b**

Predicted marginal effect of salience (number of corporate donors) on peer recognition conditional on three levels of negative valence of relationship



**TABLE 1**  
Qualitative Data Collection

| <b>Data Sources</b>               | <b>Type of Data</b>   | <b>Use in the Analysis</b>   |
|-----------------------------------|---|--|
| <b>Field related publications</b> | <ul style="list-style-type: none"> <li>- Two books types: a) books on the history of Russian theater in the 20<sup>th</sup> century (n=2); b) books by top artistic directors (n=3);</li> <li>- Articles in national and international press;</li> <li>- including interviews of relevant personalities</li> <li>- Academic literature on national cultural policies and corporate philanthropy;</li> </ul> | <ul style="list-style-type: none"> <li>- Understand the formation of social norms and professional standards of the field;</li> <li>- Understand the impact of a change in the national cultural policy on field actors;</li> <li>- Understand the constitution of symbolic capital and peer recognition</li> <li>- Understand the specificity of philanthropy in the context of Russian Federation</li> </ul> |
| <b>Interviews</b>                 | First round with primary data collection: 7 interviews of key informants in theater industry, with follow up sessions. Spring-Summer 2012; Second Round – Spring 2013   | <ul style="list-style-type: none"> <li>- Investigate functioning and enforcement of field norms and professional standards</li> <li>- Comprehend the construct and measurement of peer recognition</li> </ul>  |
| <b>Archival sources</b>           | <ul style="list-style-type: none"> <li>- Records of nominations and nominees;</li> <li>- Records of awards;</li> <li>- Records of the Golden Mask jury composition</li> </ul>   | <ul style="list-style-type: none"> <li>- Triangulate interview data</li> <li>- Understand the constitutive norms and processes of peer recognition</li> </ul>  |

**TABLE 2**

**Details on the construction of the variables**

|                                  | <b>Variable</b>                                  | <b>Description</b>  | <b>Measure</b>   |
|----------------------------------|--|---|--|
| <b>Dependent variables</b>       | Total Nominations                                | The total number of nominations obtained in the annual Golden Mask Festival           | Count  |
|                                  | Nomination                                       | The fact of being nominated for an award in the annual Golden Mask Festival           | Categorical (yes/no)   |
| <b>Control variables</b>         | Age  | Number of years since the theater's foundation  | Continuous   |
|                                  | Size   | Number of seats   | Continuous variable  |
|                                  | Past performance                                 | Previous nominations in the Golden Mask Festival                                      | Categorical (yes/no)   |
|                                  | Presence of celebrity cast in theatre's offering | TV and film stars with previous awards in the field of visual arts                    | Categorical (yes/no)   |
|                                  | State owned                                      | Type of ownership   | Categorical (1- state owned; 0 - private)  |
|                                  | Category   | Music or Drama Genre  | Categorical (1- Music; 0- Drama)   |
|                                  | Board of Trustees                                | Governance structure  | Categorical (1- Presence of the board; 0 – absence)  |
|                                  | Federal  | Highest institutional status of a state theaters, a proxy for the amount of subsidies | Categorical (1- Yes; 0- no)  |
|                                  | Regional   | Second highest  | Categorical  |
| Municipal                        | Third highest                                    | Categorical   |  |
| <b>Main independent variable</b> | Saliency of the Stakeholder Relationship         | Total number of corporate donors  | Instrumented in two stage procedure with two instruments: density of theaters in a region and the number of profitable firms in a region |
| <b>Moderating variables</b>      | Breadth of the Relationship                      | The type of collaboration with a corporate donor: sponsorship or partnership          | Categorical (1- partnership; 0- sponsorship)   |
|                                  | Depth of the Relationship                        | The longest tie with a corporate donor  | Years of collaboration   |
|                                  | Valence of the Relationship                      | Number of corporate donors from mining and extraction industries                      | Count  |



**TABLE 3**

**Descriptive statistics and pairwise correlations**

|                               | mean | s.d.  | 1      | 2      | 3      | 4     | 5      | 6      | 7      | 8      | 9      | 10     | 11     | 12    | 13    | 14    | 15     |
|-------------------------------|------|-------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|--------|
| 1 Total nominations           | 0.26 | 1.34  |        |        |        |       |        |        |        |        |        |        |        |       |       |       |        |
| 2 Nomination                  | 0.05 | 0.21  | 0.79*  |        |        |       |        |        |        |        |        |        |        |       |       |       |        |
| 3 Age                         | 49.1 | 50.21 | 0.17*  | 0.1*   |        |       |        |        |        |        |        |        |        |       |       |       |        |
| 4 Category                    | 0.12 | 0.42  | 0.15*  | 0.12*  | -0.1*  |       |        |        |        |        |        |        |        |       |       |       |        |
| 5 Size                        | 337  | 5.76  | 0.18*  | 0.14*  | 0.48*  | 0.19* |        |        |        |        |        |        |        |       |       |       |        |
| 6 State owned                 | 0.87 | 0.34  | 0.05*  | 0.11   | 0.31*  | 0.11* | 0.31*  |        |        |        |        |        |        |       |       |       |        |
| 7 Federal                     | 0.04 | 0.21  | 0.38*  | 0.29*  | 0.01   | 0.02  | 0.32*  | 0.79*  |        |        |        |        |        |       |       |       |        |
| 8 Celebrity cast              | 0.35 | 0.48  | 0.19*  | 0.21*  | 0.06*  | 0.1   | 0.16*  | 0.32*  | 0.24*  |        |        |        |        |       |       |       |        |
| 9 Board of trustees           | 0.06 | 0.24  | -0.13* | -0.09* | -0.16* | -0.04 | -0.1   | -0.11* | 0.12*  | 0.05*  |        |        |        |       |       |       |        |
| 10 Saliency (No of crp dns)** | 0.91 | 1.51  | 0.13*  | 0.13*  | 0.08*  | 0.06  | 0.21*  | 0.08   | 0.09*  | 0.16*  | 0.6*   |        |        |       |       |       |        |
| 11 Breadth**                  | 0.6  | 0.4   | -0.02  | 0.06*  | -0.05  | 0.11* | 0.12*  | 0.34*  | 0.04   | 0.12*  | -0.08* | 0.28*  |        |       |       |       |        |
| 12 Depth**                    | 5.4  | 3.8   | -0.04  | -0.03  | -0.03  | -0.02 | -0.02  | 0.14*  | -0.09* | -0.04  | -0.02  | 0.11*  | -0.07* |       |       |       |        |
| 13 Valence**                  | 0.43 | 0.66  | -0.07* | -0.07* | 0.08*  | -0.04 | 0.06*  | 0.1*   | -0.01  | -0.13* | 0.21*  | 0.31*  | -0.08* | 0.1*  |       |       |        |
| 14 Municipal                  | 0.17 | 0.37  | -0.07* | -0.05* | -0.06* | -0.02 | -0.03* | 0.02   | -0.17* | -0.07  | -0.01  | -0.11* | -0.14* | 0.01  | 0.1*  |       |        |
| 15 Regional                   | 0.52 | 0.49  | -0.03* | 0.02   | 0.07*  | 0.06  | 0.26*  | 0.11*  | -0.23* | 0.11*  | 0.04*  | 0.14*  | 0.12*  | 0.15* | -0.06 | -0.5* |        |
| 16 Past performance           | 0.05 | 0.21  | 0.4*   | 0.35*  | 0.1*   | 0.07* | 0.14*  | 0.34*  | 0.27*  | 0.19*  | 0.1*   | 0.14*  | 0.05   | 0.03  | -0.05 | -0.05 | -0.11* |

\*statistically significant at 0.05 level and below

\*\* pairwise correlations and statistics are presented for the restricted sample of theaters

**TABLE 4 - Two stage mixed effects Poisson estimation of the Effect of Relationships with Corporate Donors on Peer Recognition (number of nominations)**

|   | <b>GMM</b><br><i>1st stage</i> | <b>Poisson</b><br><i>Baseline</i> | <b>Poisson</b><br><i>Hyp 1</i>     | <b>Poisson</b><br><i>Hyp 2</i>     | <b>Poisson</b><br><i>Hyp 3</i>   | <b>Poisson</b><br><i>Hyp 4</i>    | <b>Poisson</b><br><i>Full</i>     |
|---|--------------------------------|-----------------------------------|------------------------------------|------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| VARIABLES                                 | <i>Number of donors</i>        | <i>Model 1</i>                    | <i>Model 2</i>                     | <i>Model 3</i>                     | <i>Model 4</i>                   | <i>Model 5</i>                    | <i>Model 6</i>                    |
| Region/city dummies                       | No                             | Yes                               | Yes                                | Yes                                | Yes                              | Yes                               | Yes                               |
| Year dummies                              | Yes                            | Yes                               | Yes                                | Yes                                | Yes                              | Yes                               | Yes                               |
| Age                                       | -0.00141***<br>(0.0006)        | -0.0014<br>(0.005)                | -0.0004<br>(0.004)                 | 0.004<br>(0.005)                   | 0.005<br>(0.006)                 | 0.005<br>(0.006)                  | 0.005<br>(0.006)                  |
| Size                                      | 0.152***<br>(0.02)             | 0.44***<br>(0.173)                | 0.408*<br>(0.163)                  | 0.21<br>(0.192)                    | 0.195<br>(0.188)                 | 0.22<br>(0.21)                    | 0.22<br>(0.197)                   |
| Category                                  | - 0.023<br>(0.632)             | 1.13***<br>(0.466)                | 1.06*<br>(0.44)                    | 1.348*<br>(0.544)                  | 1.42***<br>(0.53)                | 1.31*<br>(0.605)                  | 1.48***<br>(0.57)                 |
| State owned                               | 0.182***<br>(0.079)            | 0.077<br>(0.056)                  | 1.163<br>(0.889)                   | 1.34<br>(1.23)                     | 1.25<br>(1.18)                   | 1.19<br>(1.29)                    | 1.08<br>(1.25)                    |
| Celebrity cast                            | 0.274***<br>(0.063)            | 0.431*<br>(0.154)                 | 0.49*<br>(0.286)                   | 0.899*<br>(0.377)                  | 0.74**<br>(0.37)                 | 1.14***<br>(0.39)                 | 0.87*<br>(0.39)                   |
| Federal                                   | 0.412***<br>(0.0006)           | 4.41***<br>(1.12)                 | 4.84***<br>(1.1)                   | 4.055***<br>(1.31)                 | 3.53***<br>(1.27)                | 4.91***<br>(1.49)                 | 4.47***<br>(1.42)                 |
| Regional                                  | 0.31***<br>(0.06)              | 1.68***<br>(0.81)                 | 1.48+<br>(0.79)                    | 0.877<br>(1.07)                    | 0.59<br>(1.03)                   | 0.66<br>(1.14)                    | 0.43<br>(1.1)                     |
| Municipal                                 | -0.072<br>(0.071)              | -0.33<br>(0.32)                   | 0.199<br>(0.97)                    | 1.41<br>(1.231)                    | 1.25<br>(1.19)                   | 1.39<br>(1.3)                     | 1.34<br>(1.26)                    |
| Past Performance                          | 8.04***<br>(0.15)              | 0.11<br>(0.45)                    | 0.32<br>(0.32)                     | 0.453***<br>(0.167)                | 0.36**<br>(0.15)                 | 1.32**<br>(0.53)                  | 1.39**<br>(0.56)                  |
| Board of Trustees                         | 0.13***<br>(0.004)             | 0.3<br>(0.3)                      | 0.21<br>(0.307)                    | 0.002<br>(0.45)                    | -0.587<br>(0.57)                 | 0.029<br>(0.403)                  | 0.027<br>(0.501)                  |
| Density                                   | -0.009***<br>(0.003)           | -                                 | -                                  | -                                  | -                                | -                                 | -                                 |
| Number of profitable firms                | 0.009*<br>(0.002)              | -                                 | -                                  | -                                  | -                                | -                                 | -                                 |
| Salience (N of corporate donors)          | -                              | -                                 | <b>-0.149***</b><br><b>(0.003)</b> | <b>-0.138+</b><br><b>(0.077)</b>   | -0.23<br>(0.22)                  | <b>-0.569***</b><br><b>(0.21)</b> | -0.21<br>(0.25)                   |
| Breadth (Type of support) <sup>15</sup>   | -                              | -                                 | -                                  | <b>0.064+</b><br><b>(0.037)</b>    | -                                | -                                 | <b>0.07+</b><br><b>(0.04)</b>     |
| Breadth x Salience                        | -                              | -                                 | -                                  | <b>-0.331***</b><br><b>(0.081)</b> | -                                | -                                 | <b>-0.467***</b><br><b>(0.09)</b> |
| Depth (Longevity of support)              | -                              | -                                 | -                                  | -                                  | <b>0.08**</b><br><b>(0.03)</b>   | -                                 | 0.05<br>(0.03)                    |
| Depth x Salience                          | -                              | -                                 | -                                  | -                                  | <b>-0.03**</b><br><b>(0.008)</b> | -                                 | <b>-0.02**</b><br><b>(0.01)</b>   |
| Valence (Donors from tainted industries)  | -                              | -                                 | -                                  | -                                  | -                                | <b>-0.82**</b><br><b>(0.37)</b>   | <b>-0.97**</b><br><b>(0.37)</b>   |
| Valence x Salience                        | -                              | -                                 | -                                  | -                                  | -                                | <b>-0.19*</b><br><b>(0.09)</b>    | <b>-0.13</b><br><b>(0.1)</b>      |
| Constant                                  | -0.25<br>(0.374)               | -1.123<br>(0.863)                 | -3.65***<br>-3.029                 | -8.04***<br>(1.124)                | -6.5***<br>(1.202)               | -6.4***<br>(0.198)                | -6.8***<br>(1.1)                  |
| /lnsig2u                                  |                                |                                   | 2.17***<br>(0.222)                 | 1.718***<br>(0.259)                | 1.64***<br>(0.27)                | 1.79 ***<br>(0.25)                | 1.69***<br>(0.27)                 |
| sigma_u                                   |                                |                                   | 2.01<br>(0.297)                    | 2.36<br>(0.306)                    | 2.27<br>(0.305)                  | 2.45<br>(0.273)                   | 2.33<br>(0.311)                   |
| Likelihood ratio test of sigma_u=0        |                                | 806.7                             | 769.5(0.00)                        | 409.1(0.00)                        | 392.6                            | 380.4(0.0)                        | 339.4 (0.00)                      |
| No of endogenous regressors (instruments) |                                |                                   | 1(2)                               | 1(1)                               | 1(1)                             | 1(1)                              | 1(1)                              |
| First stage F-statistic                   | 5.48                           |                                   |                                    |                                    |                                  |                                   |                                   |
| First stage adj R-sq                      | 0.12                           |                                   |                                    |                                    |                                  |                                   |                                   |
| First stage p-values of instruments       | 0.003 (0.04)                   |                                   |                                    |                                    |                                  |                                   |                                   |
| p-value of Hausman end. test              | 0.08                           |                                   |                                    |                                    |                                  |                                   |                                   |
| Observations                              | 2,987                          | 2,987                             | 2,987                              | 1,105                              | 1,035 <sup>16</sup>              | 1,105                             | 1,035                             |
| Period                                    | 2004-2011                      | 2004-2011                         | 2004-2011                          | 2004-2011                          | 2004-2011                        | 2004-2011                         | 2004-2011                         |

\*\*\* p<0.001, \*\* p<0.01, \* p<0.05, + p<0.1, robust standard errors are given in parentheses below the coefficient for Poisson estimator.

<sup>15</sup> Project-centric type of support is a baseline model (i.e. project-centric support is 0; institution-centric support is 1).

<sup>16</sup> Smaller number of observations is due to a few observations for depth missing at random

**TABLE 5**  
**Two stage mixed effect Logit Estimations of the Effect of Relationships with Corporate Donors**  
**on Peer Recognition (nomination)**

|   | Logit<br><i>Hyp 1</i>            | Logit<br><i>Hyp 2</i>          | Logit<br><i>Hyp 3</i>           | Logit<br><i>Hyp 4</i>            | Logit<br><i>Fulll</i>           |
|---|----------------------------------|--------------------------------|---------------------------------|----------------------------------|---------------------------------|
| VARIABLES                                 | <i>Model 7</i>                   | <i>Model 8</i>                 | <i>Model 9</i>                  | <i>Model 10</i>                  | <i>Full model</i>               |
| Region/city dummies                       | Yes                              | Yes                            | Yes                             | Yes                              |                                 |
| Year dummies                              | Yes                              | Yes                            | Yes                             | Yes                              |                                 |
| Age                                       | 0.002<br>(0.004)                 | 0.006<br>(0.006)               | 0.008<br>(0.005)                | 0.004<br>(0.006)                 | 0.005<br>(0.006)                |
| Size                                      | 0.26+<br>(0.134)                 | 0.144<br>(0.187)               | 0.086<br>(0.171)                | 0.102<br>(0.179)                 | 0.166<br>(0.196)                |
| Category                                  | 1.19***<br>(0.37)                | 1.59***<br>(0.53)              | 1.41***<br>(0.49)               | 1.08*<br>(0.521)                 | 1.37**<br>(0.55)                |
| State owned                               | 0.89<br>(0.73)                   | 1.7<br>(1.22)                  | 1.56<br>(1.12)                  | 1.5<br>(1.15)                    | 1.4<br>(1.2)                    |
| Celebrity cast                            | 1.46***<br>(0.37)                | 1.94***<br>(0.61)              | 1.77***<br>(0.57)               | 2.12***<br>(0.59)                | 1.93***<br>(0.61)               |
| Federal                                   | 4.7***<br>(1.0)                  | 4.2***<br>(1.46)               | 2.81**<br>(1.23)                | 3.42***<br>(1.32)                | 3.1**<br>(1.33)                 |
| Regional                                  | 0.91<br>(0.64)                   | 0.45<br>(1.08)                 | 0.26<br>(0.99)                  | 0.57<br>(1.03)                   | 0.22<br>(1.08)                  |
| Municipal                                 | 0.33<br>(0.79)                   | 1.54<br>(1.23)                 | 1.42<br>(1.13)                  | 1.6<br>(1.17)                    | 1.36<br>(1.23)                  |
| Past Performance                          | 2.25***<br>(0.52)                | 1.73*<br>(0.79)                | 1.064*<br>(0.43)                | 1.05*<br>(0.44)                  | 1.5***<br>(0.52)                |
| Board of Trustees                         | -0.45<br>(0.57)                  | -0.39<br>(0.64)                | -0.54<br>(0.59)                 | -0.48<br>(0.64)                  | 0.009<br>(0.67)                 |
| Salience (No of corporate donors)         | <b>-0.71***</b><br><b>(0.21)</b> | 0.027<br>(0.367)               | -0.24<br>(0.3)                  | <b>-0.72**</b><br><b>(0.281)</b> | -0.25<br>(0.26)                 |
| Breadth (Type of Support)                 | -                                | -0.94<br>(0.61)                | -                               | -                                | -1.01<br>(0.61)                 |
| Breadth x Salience                        | -                                | <b>-0.82*</b><br><b>(0.24)</b> | -                               | -                                | <b>-1.21**</b><br><b>(0.42)</b> |
| Depth (Longevity of support)              | -                                | -                              | 0.004<br>(0.08)                 | -                                | -0.0001<br>(0.08)               |
| Depth x Salience                          | -                                | -                              | <b>-0.069+</b><br><b>(0.04)</b> | -                                | <b>-0.078+</b><br><b>(0.45)</b> |
| Valence (Donors from tainted industries)  | -                                | -                              | -                               | <b>-0.75+</b><br><b>(0.42)</b>   | <b>-0.86+</b><br><b>(0.48)</b>  |
| Valence x Salience                        | -                                | -                              | -                               | <b>-0.044*</b><br><b>(0.021)</b> | -0.002<br>(0.001)               |
| Constant                                  | -7.09***<br>(0.85)               | -7.42***<br>(1.38)             | -7.57***<br>(1.39)              | -7.35***<br>(1.41)               | -7.29***<br>(1.44)              |
| Random effect parameter                   | 1.94                             | 1.92                           | 1.72                            | 1.84                             | 1.9                             |
| sd(cons)                                  | (0.25)                           | (0.34)                         | (0.32)                          | (0.33)                           | (0.36)                          |
| No of endogenous regressors (instruments) | 1(2)                             | 1(2)                           | 1(2)                            | 1(2)                             | 1(2)                            |
| Likelihood ratio test                     | 63.2                             | 37.3                           | 27.67                           | 32.9                             | 31.55                           |
| LR test p-value                           | 0.0001                           | 0.0001                         | 0.0001                          | 0.002                            | 0.000                           |
| Wald statistic                            | 95.71                            | 60.3                           | 62.66                           | 46.41                            | 50.73                           |
| Observations                              | 2,987                            | 1,105                          | 1,035                           | 1,105                            | 1,035                           |
| Period                                    | 2004-2011                        | 2004-2011                      | 2004-2011                       | 2004-2011                        | 2004-2011                       |

\*\*\* p<0.001, \*\* p<0.01, \* p<0.05, + p<0.1, robust standard errors are given in parentheses below the coefficient for logit estimation

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