# 1 Introduction: The power of status

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My classmates who got jobs at investment banks now don't like to admit where they work. They'll mumble, "I work in finance but am getting out …" When they got jobs at Goldman Sachs at graduation, they expected everyone to be jealous, but now they are too embarrassed to tell anyone they work there. (Personal communication, Ivy League university graduate, January 21, 2010)

Status matters to people. The rapid reversal in the social standing of the new financiers in the above quotation in response to the 2008 financial collapse is something they clearly feel. Whether or not it will be enough to overwhelm the riches they were still receiving is an important practical question for their employer, and an interesting intellectual one for scholars of management and organizations.

Status was once a central concern of social scientists. This is reflected in its early prominence in sociology and social psychology (Simmel [1908], 1950; Harvey and Consalvi, 1960; Weber [1914], 1978). Mirroring this early interest, status was also featured in early management and organization theory. For example, Barnard ([1938], 1968) suggested that status (which he called prestige) was an important inducement in organizations, and Vroom (1964) proposed that seeking status is one of the major reasons why people work. Maslow (1943) proposed that the esteem of others was one of the fundamental human needs.

However, since that time a relative respected social standing, or status, has occupied a rather minor place in the management and organization literature. The desire to occupy a respected social standing as a driving force in managerial and organizational work has not been completely neglected, but only in the past few years have scholars turned their attention to the powerful role of social status in explaining organizational behavior, team dynamics, the development of new industries and entrepreneurial firms, management strategies, and market behavior. While

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many of those working in different organizational science traditions, such as Belliveau, O'Reilly, and Wade (1996), Brint and Karabel (1991), Chung, Singh, and Lee (2000), D'Aveni (1996), Dollinger, Golden, and Saxton (1997), Eisenhardt and Schoonhoven (1996), Elsbach and Kramer (1996), Gioia and Thomas (1996), Kilduff and Krackhardt (1994), Kirkbride, Tang, and Westwood (1991), Kraatz (1998), Long *et al.* (1998), Podolny (1993), Sundstrom and Sundstrom (1986), Tyler (1988), Waldron (1998), and Weisband, Schneider, and Connolly (1995), have noted status's importance to the markets, organizational, or team settings they have studied, these works are not indepth theoretical or empirical studies focusing on status itself.

The scattered attention to status in management and organization research is costly. First, the diversity of subfields in which status is introduced means that scholars working in these fields focused on their specific problems, and while they find that status and status striving are useful ways to think about their problems, they remain unaware of each other's work and so cannot build on it and develop our understanding of status in organizations. Second, the lack of sustained theoretical conversation about the role of status in management and organizational research means that many empirical phenomena that might be better explained as status effects are explained in other, less powerful ways. For example, Van der Vegt, Bunderson, and Oosterhof (2006) deplore their finding that those group members who have the most expertise received the most help from their fellow group members, when those with less expertise needed it more. Those familiar with the status literature and, in particular, the fact that expertise bestows status and those with more status receive more attention and assistance would not be surprised by this finding. Similarly, Tsui, Egan, and O'Reilly (1992) found that American white men found racially homogeneous workplaces more attractive than did blacks. Again, research on status indicates that most people prefer to interact with those of high status, making high-status individuals appear more homophilous than those of lower status (Sidanius *et al.*, 2004). Thus, status-seeking may better explain Tsui, Egan, and O'Reilly's (1992) findings than the similarity-attraction they propose. Given the demonstrated power of status and status striving in social settings, the unavailability of theoretical explanations based on well-established status-seeking explanations can produce misleading organizational theory and action.

From across the wide range of organization and management topics, scholars are increasingly turning to status to account for empirical puzzles. As is reflected in the following chapters, recent programs of research on the role of status on strategic diversification and alliance formation, intra-team conflict, discrimination and harassment, organizational change, employee identification, and organizational commitment are timely and important. These scholars, all focusing on differing problems, have come to the conclusion that status is an important theoretical explanation of their empirical observations.

This resurgence of interest may have arisen because scholars across the management and organization disciplines have turned their attention to understanding the problems of markets, strategies, and organizations they have observed, and observation inevitably directs attention to the role of status in driving action in social settings. How do members of boundary-less open-source communities organize themselves, evaluating and elevating the influence of those with useful expertise without the evaluation and control that formal hierarchies provide? When firms decide to expand or shift into new markets, which choices are more successful and why? What leads some nascent firms to receive more support from funders and supporters than others before there has been any market test of their new product or services? How do team members size up the various clues they receive about the expertise of their new colleagues in multifunctional teams? Why have racial and gender discrimination not given way to meritocracy in organizations so dependent on employee performance for their own success? These are the kinds of practical strategic, organizational, and workplace problems we increasingly face as organizations depend on innovation and ad hoc teams to do their work. It is ironic that those who seek to understand these challenges have discovered that status, traditionally associated with the most static of traditional societies, has become such an important explanatory concept.

However, this renewed scholarly attention to the role of status is scattered across the disparate disciplines of the management and organization fields. Many scholars have increasingly found that status provides valuable insights, but because the problems they address are so different, they rarely discover one another's work. This volume seeks to bring together those international scholars conducting current research on the role of status in their diverse management and organization disciplines. Bringing these scholars together can

help to clarify the role of status, expand and build theories of status, and further develop theories in their disciplines by including status effects. This volume is intended to introduce the promise of status to those conducting research across all of the subfields of management and organization scholarship, as well as to engage those who have an interest in status with new research and provocative theorizing addressing management and organization problems. It is intended to encourage and further a diverse conversation on the role of status in understanding organization and management.

This chapter has two purposes. First, it serves as a brief introduction to what is known about status as it is used in the fields of strategy, organizational theory, and organizational behavior, and provides readers with a foundation for the issues and debates regarding status in and between organizations developed by the authors of the chapters. Second, it explains how each of the subsequent chapters fits into and advances this foundation. The chapter authors have been collected together to represent the wide range of problems and issues that scholars are increasingly using status to better understand, but they have all worked hard to make their often highly specialized scholarship accessible to scholars in other disciplines. Nevertheless, the works included in this volume are quite diverse and so this chapter and the last chapter serve to identify commonalities and opportunities for cross-fertilization. This chapter begins with a discussion of the fairly extensive definitional debates about status, then it addresses the well-established benefits of holding higher status for individuals, teams, and organizations. What research can tell us about how relatively higher status is secured follows, before the chapter concludes with a brief introduction to the following chapters included in this volume.

### Competing understandings of status?

The study of status is as old as the social sciences themselves (see Scott, 1996 for a historical review), so it is no surprise that there have long been debates about what status is or is not. Medieval writers used the term "estate" to describe their existing social hierarchies, which they characterized as comprised of three estates: "a religious estate of priests, a military and political estate of knights or lords and the 'common' estate of the ordinary people" (Scott, 1996, p. 6).

Historically, an individual's status derived from the particular category that person occupied in a social setting. With modernization, as social divisions became more complex and fluid, the term estates gave way as the terms "orders," "degrees," and "ranks" were added to refer to the multitude of social hierarchies in more mobile societies. Later, political economists introduced the term "class," a social ordering based on economic condition (Marx, 1894/1967). Yet, Weber's ([1914], 1978) work is still widely cited in sociology, largely for his descriptions of the complex ways in which people are differentiated through party, class, and status.

Weber's original works were written in German, presenting an English translation issue. Weber uses the German word *Stände* which was translated directly into the word "status" and interpreted as status groups varying in their relative hierarchical social standing in the community by Roth and Wittich in their widely accepted English translation of Weber's ([1914], 1978) *Economy and Society*. Weber (p. 932) proposed that status "is a quality of social honor or a lack of it, and is in the main conditioned as well as expressed through a specific style of life." Most individuals accept this translation, but Scott (1996) and Murvar (1985) proposed an English translation of *Stände* into the word "estate" and use the phrase "social estate" to make the direct English translation less specific to the feudal context.

Sociologists have struggled with the distinction between status as a subjective evaluation and status as an objective and structural reality. That is, is status simply a perception of individuals, however much those perceptions may disagree with one another, or is status something about which some degree of social consensus should be expected and that acts on individuals whether or not they personally approve or accept it? Wegener (1992) argues for the former perceptual conceptualization, proposing that while the two may have been conflated in earlier times when there was more social stability, modern mobility has had the effect of destroying any consensus on the relative standing of different social groupings. The way he handles the problem is to call the subjective evaluation prestige, and the structural condition (office, occupation, neighborhood, etc.) status. However, for Weber ([1914], 1978), like most others sociologists, prestige is an aspect of relative status, it is not synonymous with it. To add more confusion, many organizational scholars follow neither Wegener (1992) nor Weber ([1914], 1978) but equate status with prestige (e.g., Conway,

Pizzamiglio, and Mount, 1996; Gioia and Thomas, 1996; Kraatz, 1998; Still and Strang, 2009). Another slightly different variation that is popular in management and organizational literature is the definition of Berger (Berger, Conner, and Fisek, 1983), which classifies status as having characteristics that are differentially evaluated in terms of honor, esteem, or desirability; that is, status is deconstructed into its component characteristics. Finally, Parsons's (1937) work is widely cited, and to him status is the result of a person's structural position along several dimensions – kinship unit, personal qualities, achievements, possessions, authority, and power, not a subjective individual evaluation. This is echoed in D'Aveni's (1996) use of hierarchical organizational rank as his measure of relative status. This inconsistent terminology makes cross-fertilization in our scholarship difficult.

This concern with the distinction between individual subjective and objective structural status is of less interest to the more person-focused social psychologists. For example, Secord and Backman (1974) suggest "which attributes contribute to status will depend on the persons making the evaluations" (p. 274), making status a wholly subjective assessment by individuals. However, this hyper-individualism is as unsatisfactory as a wholly structural definition. Status is a judgment within a social context and so most would expect evaluations of it to have at least some social consensus. While status must be perceived by individuals to affect their actions, those perceptions are expected to be grounded in a modicum of social consensus to avoid being considered autistic. Further, the concept's usefulness as a predictor of individuals' attitudes and behavior becomes limited if it is reduced to an idiosyncratic intra-psychic state, since theories of causality among purely intra-psychic perceptions cannot be tested.

This potential dissensus on the meaning of status across the social sciences and within the management and organization fields is addressed here by proposing that status is grounded in a social consensus, must be perceived by individuals, and can be assessed via structural characteristics (but is not reduced solely to these measurement indicators). To state a formal definition: status refers to position or standing with reference to a particular group or society. To have high social status is to have a respected or honored standing in that group or society. Thus, a person's status is always linked to a particular social grouping and involves evaluations that one occupies a respected position there.

We note that the frequent reference to honor among status theorists merits our attention. Status connotes respect and integrity. This helps differentiate status from power (see also Magee and Galinsky, 2008). Although some in the management and organization fields use status and power interchangeably (e.g., Ibarra, 1993), we suggest the distinction is an important one, particularly in management and organizational scholarship. When people defer to those with high status, they do so because they think deference is the proper thing to do, not because the person wields power over them. Status may be correlated with power in many circumstances, and research indicates that each one can lead to another (Magee and Galinsky, 2008); nevertheless, it is necessary to distinguish deference to those with the power to help or hurt you from deference to those you honor and respect.

Just as status is not synonymous with power, it is not equivalent to position in an organizational hierarchy of authority. Clearly, those occupying higher hierarchical positions may not be the most honored and respected members in organizations (any university professor could tell you that). In the organizational sciences, too many have equated hierarchical position with status. For example, Driskell and Salas (1991) used status interchangeably with organizational rank in their study of stress and decision making. Nor is status the same as self-esteem (Schlenker and Gutek, 1987) or social capital (Belliveau, O'Reilly, and Wade, 1996), although having a high status may contribute to both.

Finally, because status has been extensively studied in the fields of sociology and psychology, a wide range of theoretical perspectives on status form the foundation for the chapters in this volume. For example, one major area of inquiry centers on how people of differing status behave in interaction with one another (e.g., Blau, 1994; Brewer and Kramer, 1985; D'Aveni, 1996; Greenberg, 1988; Levine and Moreland, 1990; Tyler, 1998; Webster and Hysom, 1998), with several chapters building on and developing this stream of status research. An important variant of this work is the study of how status differences affect participants' expectations of one another, most prominently Berger, Conner, and Fisek (1983) and Berger and Zelditch's (1998) expectation states theory. This theory is particularly useful in understanding how people use cues to determine another's status, which in turn colors a host of other perceptions and evaluations

important to individuals' commitment and performance that are further developed here. Similarly, normative expectations regarding interaction patterns that support others' claimed status, called "facework" by Goffman (1959), is receiving increased attention with studies of East Asians' cultural preference for interactional support of a respected social standing (e.g., Doucet and Jehn, 1997; Earley, 1997). The ways in which interaction patterns condition status assessments is further developed in several chapters. Social Dominance Theory has proven useful in understanding racial discrimination in societies in general and here is applied to understanding the persistence and change in status differences in organizations. In addition, Podolny's (1993) seminal idea that status is an indicator of product or service quality in marketplaces is critiqued, expanded, and developed. Finally, social identity theory has become central to much research on team performance and workplace discrimination. In several chapters, theory about how identity is driven by conflicting status implications of various selves is described. Yet, despite the variety of different theories of status and uses of status to enrich and develop other theories included in this volume, all authors conceive status as a judgment of the relative worth and value of another in a particular social setting; performance quality, expertise, power, formal hierarchical rank, and a host of other features may influence judgments of a person's relative status, but they are not themselves status.

## High status is advantageous

If a desire for higher status drives action, it is important to understand why this should be so. First, many have argued that the drive for status is fundamental. For example, Troyer and Younts (1997) suggest that one of the primary motivations for individuals' participation in groups is the avoidance of status loss. Waldron (1998) further proposes a biological need to strive for status:

Founded in the principles of natural selection, the central thesis from evolutionary psychology is that particular psychological and physiological mechanisms – in this case for status – would have been selected for in the history of our species because of the adaptive advantages that ... status afforded individuals would have been greater access to scarce and sought-after resources. (Waldron, 1998, p. 511)

Certainly, it would appear obvious that having high status leads to desirable advantages and that people will make efforts to obtain those advantages. After all, a major component of the world economy is the production of costly display goods whose primary purpose is to signal high relative status. Economists call these *positional goods*, goods valued not for their intrinsic value but because they compare favorably with what others have (Hirsch, 1976). Nevertheless, the empirical documentation of the value of status for those in organizations and for organizations themselves makes the point vividly.

In organization-focused research, there is extensive documentation that an actor's relatively higher social status leads to assumptions by others that the actor is competent and a high performer. For example, status in one domain tends to generalize to other domains. Webster and Hysom (1998) found that higher levels of educational attainment led laboratory subjects to assume that those with more education had greater task competence, even when such competence was unrelated to education. Those with more status do not have to work as hard as those with lower relative status to be seen as good performers: Szmatka, Skvoretz, and Berger (1997) found that those with higher status were held accountable to easier performance standards than those with lower status, as did Washington and Zajac (2005). Further, Kilduff and Krackhardt (1994) found that being perceived to have a high-status friend boosted a person's reputation as a good performer. Status also generalizes from organizations to the members who participate in them (e.g., Elsbach and Kramer, 1996), such that employees of higher status organizations are assumed to be better performers than those in relatively lower status organizations.

Furthermore, those with high status receive disproportionately higher rewards, particularly financial ones. For example, Stuart, Hoang, and Hybels (1999) showed that having high-status affiliates shortens a firm's time to initial public stock offering and produced greater valuations compared to firms that lacked high-status affiliates. D'Aveni (1996) found that high-status university degrees increased upward mobility opportunities. This effect seems to be particularly pronounced under ambiguous circumstances, as others seek some evidence of the person's competence when concrete evidence is unavailable. For example, Chung, Singh, and Lee (2000) found that high-status investment banks were more likely to form alliances with others of high status under the more ambiguous circumstances of an initial

public offering than in less uncertain underwriting deals. Similarly, Pfeffer (1977) found that occupying a higher social class was a better predictor of organizational advancement in the (pre-deregulated) US banking industry than in manufacturing where there were clearer measures of individual job performance. This effect seems to be quite generalizable; for example, those with higher status are less likely to be harassed (Aquino *et al.*, 1999). Those with higher status also achieve better outcomes in negotiations (Ball and Eckel, 1996).

What is more, those with high status appear to be able to obtain more deference from others, and thus are able to get more of what they want. Berger and Zelditch (1998), Lovaglia *et al.* (1998), Okamoto and Smith-Lovin (2001), Szmatka, Skvoretz, and Berger (1997), and Webster and Foschi (1988) all found that those with higher status received more deference from others and were more influential in group discussions. Levine and Moreland (1990) concluded from their review of social psychological laboratory research on the subject that people with higher status have more opportunities to exert social influence, try to influence other group members more frequently, and become more influential than people with lower status. Others have documented differences in behavior patterns consistent with this expected pattern of deference. For example, high-status individuals were characterized as more dominating and smiled less in interaction (Carli, LaFleur, and Loeber, 1995), and they are more prone to in-group bias than lower status individuals (Ng, 1985; Sidanius *et al.*, 2004).

The advantages of status are reflected in research on those who find themselves with conflicting statuses – they tend to emphasize their high-status characteristics and downplay their low ones (Elsbach and Kramer, 1996). What is more, those who lose status at work tend to be less satisfied, have lower self-esteem, and report more work-related depression (Schlenker and Gutek, 1987). Elsbach and Kramer (1996) found that when an organization's status was denigrated, its members experienced dissonance and acted to emphasize those dimensions on which their organization had higher rank. Pearce, Ramirez, and Branyiczki (2001) suggested that relative status incongruence was the primary motivator of executives' organizational change strategies in transition economies. Further, there is substantial evidence that those who have inconsistent status roles in organizations experience greater stress and strain (Bacharach, Bamberger, and Mundell, 1993).