Using Content Analysis to Study Affect in Social Evaluations

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Behavioral Strategy & Entrepreneurship Workshop

University of Tennessee & SMS

September 27, 2013

Why Use CA to Study Social Evaluations?

"A behavioral approach to strategy…
eye-of-the-beholder research"

"Bridge the gap between large-sample archival
research (external validity) and small-sample,
primary research (internal validity)"

"Open the black box…"

Social evaluations and affect
- *Tenor of media texts*
- *Reputation, celebrity, legitimacy, stigma*
- *Impression and crisis management*

Who Started It?

Political Science and Communication
- *Lippman (1922)*: <u>Public Opinion</u>
- *Janis and Fadner (1943): propaganda*
- *McCombs & Shaw (1972): agenda setting*

Organization and Management Studies
- *Deephouse (2000): Media tenor*
- *Pollock and Rindova (2003): volume, legitimacy*

And Now?

How Can You Measure Affect?

LIWC is a text analysis software program that measures the rate at which authors use positive or negative emotion words (Pennebaker et al. 2007).

Category	Examples	Words	IRR
Positive affect	success, value	406	.97
Negative affect	hurt, loss	499	.97

LIWC's dictionary has over 900 affective words

Who Is Studying It?

Pfarrer, Pollock, & Rindova. 2010. *Academy of Management Journal.*

Examine the effects of reputation and celebrity on:
1. The likelihood of an earnings surprise
2. How investors react to these surprises

Contributions:
1. **High** positive affect distinguishes celebrity from reputation
2. Visibility alone is not sufficient
3. The simultaneous possession of both is rare

Firm Celebrity: What Is It?

Celebrity as a "Social Approval" Asset

"High level of public attention" combined with "positive emotional responses from stakeholder audiences" (Rindova et al., 2006: 51)

- **"Eye of the beholder" social evaluation**

- **Derived from non-conforming ("deviant") behavior**

- **Accrues benefits to the firm: it's an *asset***

- **So, fame/popularity still important, but there's more!**

How Did We Measure It?

LIWC

- **Celebrity = high visibility and high positive affect**
- **"Dramatic narratives" in *BusinessWeek***
- **42,000+ articles**
- **Positive/total affect measure**

"There's a new generation of brands, including Amazon.com, eBay, and Starbucks, that have amassed huge global value with little traditional advertising."

"But risks remain. Starbucks Corp. Chairman Howard Schultz is bracing for a boycott that could hurt his European expansion."

Linguistic Inquiry
and Word Count
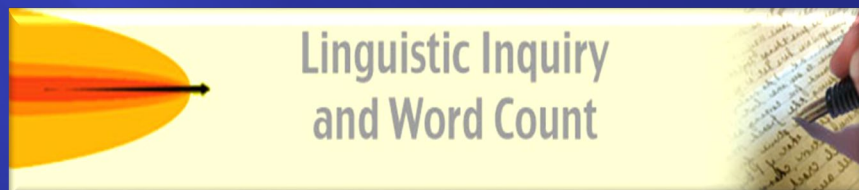
Who Else Is Studying It?

Zavyalova, Pfarrer, Reger, & Shapiro. 2012. *AMJ.*

What we did…
1. Toy recalls; CPSC press releases
2. IM: 5,500 press releases – Newswires, hand-coded
3. Tenor: 38k articles & web blogs – Lexis-Nexis, LIWC

Contributions:
1. IM depends on direct guilt or by association
2. Spillover yet also safety-in-numbers effect
3. What about Janis-Fadner?

How Did We Measure Affect?

Coding Texts with LIWC

- Positive = affective content was at least 66 % positive
- Negative = affective content was at least 66% negative
- Alternative measures
- Multiple firms: hand coding (10%); law of large numbers\
- Negative diagnosticity

Janis-Fadner vs. new developments

- Equal weighting of positive and negative articles
- High variance in coverage; loss of sample size
- Weighting of negative articles
- Overall positivity of business press

Related Research

1. Bermiss, Zajac, & King. 2014. Under construction: How commensuration and management fashion affect corporate rankings. *Organization Science*.

2. Bednar 2012. A behavioral view of the media as a corporate governance mechanism. *AMJ*.

3. Bednar, Boivie, & Prince. 2012. How media coverage influences strategic change. *Organization Science*.

4. *Deephouse, Elsbach, Jones, Glynn, Kennedy, King, Misangyi, Phillips, Reger, Short, Weber, Westphal*

What's Next?

1. **Opening the black box: measurement, validity, reality?**

2. **Content analysis techniques examining affectual content and social evaluations: Q score, JF coefficient**

3. **Continuous improvements in software**

There is plenty left to do!

Content Analysis Website:
http://www.terry.uga.edu/contentanalysis