Received 8 March 2019
Revised 5 July 2019
Accepted 16 July 2019

Slap or clap? Impact of controversial governance practice on media coverage

Chao Wu and Rongjie Lv
School of Economics and Management, Hebei University of Technology, Tianjin, China, and
Youzhi Xue
China Academy of Corporate Governance/Business School, Nankai University, Tianjin, China

Abstract

Purpose – This study aims to examine the impact of controversial governance practices on media coverage under a specific context. Based on the attribution theory, this study develops a theoretical framework to explore how antecedent factors can influence attribution process under a particular cultural context.

Design/methodology/approach – This paper presents a behavioral view of the media and corporate governance to demonstrate how media attributes different reasons for the same controversial governance practice in Chinese-specific context. Using 1,198 non-state-owned listed company observations in China as the study sample, cross-section data are used to build a multiple linear regression mode to test hypotheses.

Findings – The analysis indicates that the media imposes fewer penalties on founder-CEO firms than on non-founder-CEO firms for engaging in controversial governance practices, such as CEO compensation. CEO tenure negatively moderates the effect of CEO compensation on negative media coverage in non-founder-CEO firms. The positive media bias evidence for founder-CEO firms exists only when the firm is better performed.

Social implications – This study's contribution to the governance literature starts with its logical reasoning of basic assumptions in the agency theory, and that media penalty will arise when managers impose actions that against interests of shareholders or other stakeholders. This study shows that the rule is not always true. The findings also bridge the connection of governance literature and reputation literature to better explain how media can act as a social arbitration role.

Originality/value – This study provides insights into how belief and information of reputational evaluators affect attribution consequences on controversial governance practices. Moreover, this study looks beyond the internal elements and focuses on China's traditional cultural context as well. Specifically, the authors concentrate on the attribution process by showing the importance of evaluators' framing tendency with regard to controversial practices. The results extend the knowledge about how conformity makes media coverage shows a bias effect on interactions during the evaluation process.

Keywords Behavior, Cognition, Management, Governance

Paper type Research paper

JEL classification – G14, M12

The authors highly appreciate the funding by Humanity and Social Science Youth foundation of Ministry of Education of China (Grant No. 18YJC630195). Additionally, the authors are grateful to the feedback of colleagues for their valuable comments.

Introduction

A common idea is that managers are agents whose roles are fraught with conflicting interests (Jensen, 1986). Governance literature mainly focuses on the elaborate role of internal and external mechanisms (Zingales, 1998; Shleifer and Vishny, 1997; Gillan and Starks, 1998; Gillan, 2006) . The agency theory has been the most commonly used theory in studying managers' controversial behavior. According to this theory, managers are motivated by self-interest rather than the good of the firm. A considerable body of research has investigated how incentive mechanisms operate to reduce agency cost (Jensen and Meckling, 1976). However, a new question arises: Are all controversial behaviors considered self-serving? Answering this question is crucial to governance and reputation research. A theme in corporate governance shows promising is the evaluating audience's tendency to perceive controversial governance practices (Bednar, 2012; Rhee and Fiss, 2014). The assumption that underlies the discussion is that evaluating audiences perceive that managers' behavior is opposed to owner interests (Deephouse, 2000; Miller, 2006).

However, the majority of this research highlighted the reputational penalties paid by managers when they take part in controversial governance practices that cast doubts on managerial self-interest (Dyck *et al.*, 2010), despite the particular view that different attributions may vary. Furthermore, a behavioral view is emerging as a possible explanation for how reputational penalties work, such as account formulating and view framing (Pfarrer *et al.*, 2010; Zavyalova *et al.*, 2012). As a result, a theoretical interpretation is developing, which serves to explain how the penalties are actually imposed and to emphasize that reputational penalties differ across audiences because of varying interpretations of the practice and causal attributions about its use (Bednar *et al.*, 2015; Fiske and Taylor, 2013; Kelley, 1973). However, existing theory about the role of reputation in governance seems to be oversimplified, and an understanding of the complex attribution process has not been developed, especially in new, specific contexts.

The abovementioned studies have been critical in breaking new ground on the topic. However, our understanding of reputation mechanism, which depends on a specific cultural background, offers a more reasonable account for attribution. Studies have contended that reputation reaction may differ across different audiences because of differences in causal attribution (Bednar *et al.*, 2015; Westphal and Zajac, 2013; Zavyalova *et al.*, 2017), yet our knowledge about how the attribution process actually works remains limited. These challenges seem to be especially important in the specific context of controversial practice, which may have an unclear reputational reaction. With China's traditional cultural context as the focus, our paper provides a clear explanation of reputational reaction on controversial governance practices.

To address the above issues, we develop and test the antecedent of attribution for behavior, which has critical roles in reputation mechanism. Reputational reaction is typically regarded as a social judgment in which evaluators interpret managers' behavior and assign its content to other actors (Tetlock, 2007). However, the inherent aspects that impact the attribution process may be underemphasized in the existing study. Existing evidence have made it clear that media reaction varies because of different attribution traits (Bednar *et al.*, 2015; Love *et al.*, 2017). To explain the internal mechanism of attribution process, this study focuses on how antecedent factors, including information, belief and motivation, influence the attribution consequences. On account of the attribution theory, we examine antecedent factors by explaining how media apply different frameworks to the same controversial practices.

We look beyond the internal elements and pay attention to the cultural context as well. A company's practices may vary across different countries and cultural backgrounds. A considerable amount of evidence suggests that the western theory may not be suitable for emerging markets, such as China (Chan *et al.*, 2008; Zhou and Zhu, 2011; Yang and Yang, 2014; Giannetti *et al.*, 2015; Chen *et al.*, 2017; Chan and Kwok, 2017; Yang, 2019). The attribution process in a particular cultural context is another missing piece in the existing links between controversial governance practices and reputation reaction. In combination, our arguments advance the literature on the attribution process of reputational evaluators by showing that the evaluators' framing tendency with regard to controversial practices is important, as well as the context in which the accounts are formed.

However, cultural environments that have a "collectivist but relatively loose" character (Triandis, 1989; Vogel *et al.*, 2015), such as Asian cultures, have distinct conceptions of individuality which maintain that individuals have a fundamental relatedness with one another (Markus and Kitayama, 1991; Friedman *et al.*, 2018). Evaluators may have a different interpretation of management's behavior under specific consequences for cognition, emotion and motivation, as in China (de Oliveira and Nisbett, 2017). Given the specific attribution framework and perceptual mechanism in China, examining reputational reaction on controversial practices becomes a particularly pressing matter (Morris and Peng, 1994; Lesch *et al.*, 2016).

Our conjecture focuses on the findings of Bednar *et al.* (2015), who developed a theoretical framework that includes different audiences and attributions. In this study, we begin to address this issue by adopting a more cultural-based attribution mechanism to understand the effect of media accounts by examining the facts that have occurred in China. This paper examines whether evaluators implement reputational penalty to controversial practices and how the attribution process functions in China. Using a unique sample from China, we find less negative media coverage on CEO compensation when the CEO is also the founder of the company, which is consistent with our expected results.

Theory and hypotheses

Media response to corporate governance

The media are one of the subjects referenced in reputational reaction. Two views of information mediaries or "infomediaries" can be identified in explaining how media coverage is involved in corporate behavior. According to the social arbiter perspective, the media are a social arbiter given its "prominent and legitimate platform for rendering assessments of firms and individuals associated with them." By contrast, the information intermediary view emphasizes how infomediaries legitimize firms by influencing how stakeholders perceive the desirability and appropriateness of the actions and characteristics of a firm.

In the social arbiter view, media coverage serves as a proxy for corporate reputation, which affects performance and market return (Wartick, 1992; Deephouse, 2000). Firms evoke a positive response from the media on symbolic governance changes with respect to board independence and to CEO dismissal (Bednar, 2012). However, no significant relationship exists between media coverage and board social independence, thereby indicating that media coverage influences the symbolic governance index instead of the substantial governance improvement. A particular branch of research focuses on the indirect supervision of media coverage, which calls on the attention of other intermediaries, such as financial institutions (Dyck *et al.*, 2008), the securities and exchange commission (Miller, 2006) and audit opinions (Joe, 2003). Media coverage may also have an effect on earning shocks and investor reactions through firm reputation and celebrity (Pfarrer *et al.*, 2010). The literature stream stretches from the sense of identity of financial journalists (Tambini, 2010) to the contribution of the media to market maturity (Kennedy, 2008). From the perspective of this branch of literature, media coverage is an outsider that has a direct effect on social approval assets through information transmission, and it also influences corporate behavior and market performance.

The information intermediary view investigates the role of the media as an information intermediary that legitimizes firms by creating an interpretive context for stakeholders. This legitimation effect reflects directly on investors' buyout behavior, thereby prompting the literature to focus on the relationship between media coverage and market response. Joe *et al.* (2009) determined that media exposure of board ineffectiveness elicits a negative reaction in individual investors and requires investment firms to implement corrective actions. Barber and Odean (2007) found that media coverage captures individual investors' attention and drives their buying decisions; however, this conclusion is not applicable to institution investors. Through model verification, Pollock *et al.* (2008) analyzed the information cascades among the media and investors. Bushee *et al.* (2010) focused on the information source of media coverage and showed that firm-initiated coverage has a greater influence than press-initiated coverage on the reduction of information asymmetry around earning announcements. Frankel and Li (2004) reported that company news has a positive association with insider purchase frequency. Pollock and Rindova (2003) examined media coverage and initial public offerings (IPOs) first-day trading performance, and they observed that media coverage is positively related to stock turnover on the first day of trading. This branch of literature uses media coverage as an intermediary to reduce the information asymmetry between investors and managers, given that media coverage enables investors to react effectively and it promotes higher performance of companies (Frankel and Li, 2004).

Contrasting opinions have been presented with regard to the tenor of media coverage. According to Fang and Peress (2009), stocks that receive media coverage have higher market return than those that do not receive media coverage. Johnson *et al.* (2005) showed that a relationship exists between board ratings and positive abnormal returns. However, contrary to the above research, Johnson's conclusion depends on the existence of a positive abnormal return in both favorable and unfavorable board ratings. To examine the interaction between media coverage and market response, Tetlock (2007) reported that both high and low media pessimism trigger high market trading volume, and that a low market return in turn triggers high pessimism; the latter is applicable to small stocks. Chan (2003) documented that negative coverage has a stronger drift than positive coverage, that a strong drift in stocks exists with public news and that a reversal occurs in stocks with similar returns but no public news. Bhattacharya *et al.* (2009) concluded that the media are unable to explain the internet bubble. The view that the media are an information intermediary differentiates media coverage from other observers and indicates that the media have various roles, from confirming the beliefs of readers (Strömberg, 2004; Di Tella and Franceschelli, 2011) to offering slanted stories that influence readers' conception (Joe *et al.*, 2009; Mullainathan and Shleifer, 2005). This research contributes to the understanding of the role of media coverage as an information intermediary.

Reputational reaction and controversial governance practices

Governance literature provides insights into the behavioral view. Reputational literature has largely focused on the impact of the media and considers the media a social arbiter (Hoffman and Ocasio, 2001; Zavyalova *et al.*, 2012; George *et al.*, 2016). Reputation market as a monitoring mechanism has attracted general concern in the past few years, which is expected to supervise managers' behavior (Bitektine, 2011; Keeves *et al.*, 2017). However, evaluators perform their monitoring role imperfectly (Griffin *et al.*, 2011). The situation becomes uncertain with the existence of governance-related practices that attract controversy. One classification of typical controversial governance practices is related to compensation agreements. For example, high compensation, regardless of firm performance, usually attracts negative attention from the media and analysts (Core *et al.*, 2008). Another classification of controversial governance practices depends on managerial power. For example, the dual identity of a CEO and chairman of board is often regarded as a way to circumvent the supervisory power of the board (Finkelstein and D'aveni, 1994). The final classification of controversial governance practices is related to the takeover market. Anti-takeover provisions are usually described as an attempt to achieve job security without appropriate scrutiny (Gompers *et al.*, 2003).

In all cases, these practices cause outsider observers to perceive the self-serving character of the managers. For legal practices like this, reputational reaction becomes important in implementing penalties on managers. However, despite a large amount of research on reputational penalties (Farzipoor Saen, 2011; Boivie *et al.*, 2015; Busenbark *et al.*, 2016; Zorn *et al.*, 2017; Love *et al.*, 2017), the attribution process and the broader governance context introduce complexities that have not been clarified. The difference of attribution has been emphasized in recent work, which presents new topics, such as the elements that affect the attribution process and cultural differences affecting conceptualization. Controversial practices make the attribution process operable when evaluators react differently on the same practice. Our study presents significant factors in the attribution process under a particular cultural context, developing a theoretical framework that is suitable for China.

Conceptualization, cultural context and reputation reaction

According to the reputational reaction research, evaluators implement penalties on controversial governance practices (Wartick, 1992; Deephouse, 2000; Love *et al.*, 2017). The attribution theory states that the evaluation process depends on the cause of observed behaviors (Kelley and Michela, 1980). Specifically, a firm's action and public image and the industry character may attenuate or amplify the negative effect on the tenor of media coverage (Zavyalova *et al.*, 2012). Thus, when a firm engages in controversial practices, the evaluator, such as media coverage, makes sense of this phenomenon by applying a different attribution process that considers various contexts.

Attribution. With reference to the perception or inference of cause, the attribution theory focuses on interpretations by evaluators. These interpretations are essential in determining the reactions to managerial behavior. According to previous literature, evaluators conceptualize managers' behavior by interpreting it as an indicator of the managers' underlying character traits (Jones and Davis, 1965). If external reasons (e.g. situational factors) are assigned to the controversial practice, then an evaluator considers the situation appropriate. When the evaluator attributes the manager's behavior to internal causes (e.g. self-serving), then negative traits are assigned to the manager (Bednar *et al.*, 2015). The attributing consequence largely depends on the antecedents of causal attribution, i.e. the factors that prompt the subject to attribute a particular event to one cause other than another cause. Existing research emphasizes the motivation of managers; however, information and belief also reflect the tendency to perform attributions based the correspondence between cause and effect (Kelley, 1973). Primacy and salient information are information processing rules that assume that the first and salient cause provides a sufficient explanation that then influences the subsequent attribution process. Expectations associated with an actor reflect the beliefs that explain events without analyzing information in a more complex way (Kelley and Michela, 1980). For controversial practices, causal attribution is affected not only by the manager's incentive but also by the main character of the manager, which the evaluator first perceives, and the general expectation of managers.

Cognition. Cultural limitations are given for the existing attribution theoretical framework. East Asian cultures are more interdependent, with people adjusting their behavior more to situational norms than westerners do (Kitayama *et al.*, 2003). The differences between western and East Asian causal attributions reflect more fundamental differences in cognition than in the characterization process (Büyüközkan and Ilıcak, 2019). Cognition is intellective knowledge acquisition that often represents the general beliefs about categories of people, things or events. Westerners exhibit uncertainty-oriented traits, whereas East Asians are certainty-oriented people who stick to the familiar and the predictable, avoiding anything that poses a threat to their current understanding of the world (Sorrentino *et al.*, 2008; Fiske *et al.*, 2007). The situational difference determines the thoughtfulness of cognitive response (Fiske and Taylor, 2013). Uncertainty avoidance affects the need for cognition and the evaluation process. For example, *Wall Street Journal* described anti-takeover provision of *Union Carbide* as "totally uncalled for and obviously against the interests of shareholders." On the other side, *Securities Daily* in China described anti-takeover provision as a protection to prevent "savages." The different reaction of western and eastern media shows that cognition difference plays an important role in the attribution process of evaluators. The seniority-order payment system in Japan also constitutes certainty orientation in the eastern culture. The certainty orientation trait lies not only on the defense for existing stakeholders, but also on the founding member. In Chinese traditional culture, respect for senioritis and pioneers is rooted in people's potential concept. Generally, in China, the founder of a company is regarded as a "hero" who should be treated with respect. The founder preference can also be identified in the case of "the battle for control of GOME,"[1] in which massive media stand up for *Wong Kwong Yu* who is the founder of *GOME*. This cognition affects the causal attribution of evaluators by showing how certainty orientation works in people's perception. The founder's high status is consistent with social cognition's emphasis on belief persistence (Andrews and Debus, 1978; Lange and Washburn, 2012). In China, attributional ambiguity makes evaluators reluctant to ascribe negative traits to the company founder. The stereotyping of the founder shows a bias effect on interactions during the evaluation process.

We now apply these general ideas on attribution and cognition to our more specific research context. We consider media coverage as the evaluator in our empirical study. Media serves as a social arbiter whose views are widely spread and accepted by the public. Instead of focusing on the consequences, the antecedents of causal attribution is our subject, and we form a relevant hypothesis about the cognition factors that lead media to attribute specific controversial practices, CEO compensation and CEO power to one cause rather than another. To explain the cognitive differences in different cultures, our study visualizes certainty orientation by arguing that the company founder receives a higher degree of positive prejudice in China. This condition leads the evaluator (media) to attribute controversial practices to external reasons (e.g. situational factors that give rise to the practices) rather than internal reasons (e.g. managerial self-interest).

As mentioned above, we specifically focus on CEO compensation and CEO power, which are controversial settlements that increase the manager's benefits. The CEO's overpayment results in both apparent and potential costs to companies (Wade *et al.*, 2006), which is perceived as self-interest. Both positive and negative association between CEO compensation and organization outcome have been discussed extensively in existing studies (Wowak and Hambrick, 2010; Tervio, 2008). Scholars focused on three main topics: CEO payment, stock options and decoupling of firm performance from CEO cash compensation

(Boivie *et al.*, 2011; Chhaochharia and Grinstein, 2009). In most cases, CEO compensation is associated with self-serving attributes. However, CEO duality is typically viewed as a double-edged sword for the firm (Finkelstein and D'aveni, 1994). When the CEO is also the chairman of the board, the CEO power is greater with higher efficiency and is accompanied by a lack of insight and scrutiny (Core *et al.*, 2008). Even though these settlements are surrounded by controversy, they are nevertheless prevalent in both Asian and western companies.

These controversies are centered on the varying attribution and cognition processes of the evaluators. Anecdotal evidence suggests that the media plays an arbiter role in monitoring governance behavior (Deephouse, 2000; Pfarrer *et al.*, 2010). Within the agency theory framework, controversial practices are portrayed as evidently negative actions. Meanwhile, the attribution theory indicates that controversial practices can be attributed to different accounts by different audiences, which leads to different evaluation processes (Bednar *et al.*, 2015; Kelley, 1973). To answer the questions beginning with "why," information, belief and motivation should be considered in causal accounts. The motivations of managers and information asymmetry have been widely discussed in the agency theory framework (Wade *et al.*, 1990; Jensen, 1986; Frankel and Li, 2004; Bushee *et al.*, 2010). Our study highlights the evaluator's belief about what others would do in the same situation (social desirability). We emphasized the cultural characteristics that affect social cognition, which reflects on the attribution process of the media. In China, the certainty orientation cognition variable indicates that familiar and predictable understanding is maintained, thereby affecting the belief in the attribution process. The traditional perception constitutes belief, such as respect for senioritis and pioneers, which is instantiated in attribution process of evaluators. To be more specific, the founder-CEO is always accepted as the motivation for the good, such as fewer financial incentives (Palia *et al.*, 2008) and more capital expenditures (Fahlenbrach, 2009). Fewer penalties are also imposed on the founder-CEO (Leone and Liu, 2010). In this regard, the certainty orientation is shown to favor the founder-CEO, who is perceived as well entrenched in his/her position. As a result, the evaluator (media) is inclined to react favorably to the founder-CEO by attributing the controversial practice to external factors (situational factors) instead of internal factors (managerial self-interest). In other words, media coverage is more tolerant of founder-CEOs than it is of non-founder-CEOs, even though they engage in the same controversial governance practice. When the founder-CEO receives more payment, the media are more likely to explain it as an appropriate reward. By contrast, the media considers the payment of non-founder-CEO as self-serving. The same idea applies to CEO power. These situations lead to the following hypotheses:

H1a. Media coverage of CEO compensation is less negative for founder-CEO firms than for non-founder-CEO firms.

H1b. The media coverage of CEO power is less negative for founder-CEO firms than for non-founder-CEO firms.

The perception of CEO tenure is another symbolic index for the certainty orientation cognition variable. The positive and negative influences of CEO tenure on firm performance have been widely discussed in previous work (Finkelstein and Hambrick, 1990; Miller, 1991; Wu *et al.*, 2005; Henderson *et al.*, 2006; Simsek, 2007; Luo *et al.*, 2014). Time is a crucial component for motivated behavior; thus, CEOs in different seasons of tenure are likely to be motivated by different incentives (Hambrick and Fukutomi, 1991; Zheng, 2010; Hou *et al.*, 2017). Tenure is clearly a critical factor in explaining the payoffs and penalties received by the CEO (Hill and Phan, 1991; Wowak *et al.*, 2011). For example, the practice of lifetime employment is unique to Japan. As previously discussed, East Asians exhibit certainty orientation traits, that is, they are comfortable when their situation is consistent with their culture's emphasis on certainty (Fiske and Taylor, 2013). Respect for one's superiors or older people is widely demonstrated in Chinese culture, thereby making the attribution process of evaluators more informative (Kelley and Michela, 1980). The attribution of managers' controversial practices is affected by information, in this case, the seasons of their tenure. When a person is in the latter phase of his/her tenure, he/she has an entrenched relationship with the firm, which conforms to the certainty-oriented cognition. As a result, when a manager has a longer tenure, the evaluator (media) would show more tolerance of the manager. The media would attribute controversial practices to external reasons (situational factors) for late-tenure CEOs and to internal reasons (managerial self-interest) for early-tenure CEOs. In our case, the negative effect of media coverage on CEO compensation is negatively moderated by CEO tenure. The same idea applies to CEO compensation:

H2a. CEO tenure negatively moderates the effect of CEO compensation on negative coverage, such that the media coverage of CEO power is less negative in the later stages of CEO tenure than in the earlier stages of CEO tenure.

H2b. CEO tenure negatively moderates the effect of CEO power on negative coverage, such that the media coverage of CEO compensation is less negative in the later stages of CEO tenure than in the earlier stages of CEO tenure.

Effects of firm performance

We focus on the different ways that the media attributes controversial practices. Another integral part of our argument is that the attribution process may vary across firms and over time. We firstly consider how media reaction to controversial practices is affected by the firm's financial performance. A primary function of the reputation mechanism is to criticize managers at poorly performing firms (McMillan and Joshi, 1997; Westphal *et al.*, 2012). This idea implies that the firm's financial performance is likely to be a salient contextual factor that would influence how the media would explain controversial practices (Pfarrer *et al.*, 2010), that is to say, we expect that firm performance would have an effect on evaluations of controversial governance practices, such as CEO compensation. The difference is because of the different expectations of the media. As mentioned previously, the attribution process is informed by respect for the founder and for those with seniority. Consistent with the attribution theory, motivation is another key antecedent in causal attribution. Expectation entails an assessment of the motivation to determine the perceived causes of their effects on a specific behavior. In this case, firm performance would directly influence the expectation of evaluators, e.g., media. If the firm is better performed, it would ease the negative coverage on controversial practices, which would lead media attribute CEO compensation to external factors (situational factors). For worse-performing firms, internal factors (managerial self-interest) may be attributed for CEO compensation. According to this logic, when controversial practices are adopted in firms with better performance, the media are more likely to defend arguments stating that CEO deserves rewards. Thus, weaker penalties are imposed on managers at firms with better performance, especially when the CEO is also the founder:

H3a. Media coverage of CEO compensation is less negative for firms with better performing than for worse-performing firms.

H3b. Media coverage of CEO power is less negative for firms with better performing than for worse-performing firms.

Methods

Data and sample

To remove the policy effect of executive payment restriction and tenure arrangement in state-owned companies, non-state-owned listed companies in China are chosen as our initial sample. The controlling shareholder information is obtained from the CCER Economic and Financial Database (abbreviated as CCER) for sample selection. In the CCER database, the variable naming "the actual controller category of listed companies" defines 1 if the firm is non-state owned, while it is 0 if the firm is state owned. Then, we hand-collect media coverage of non-state-owned listed companies from the "news" column in the Wind Financial database (abbreviated as Wind). Basic accounting and market information is accessed from the China Stock Market and Accounting Research Database (abbreviated as CSMAR), which was developed by GTA Information Technology, one of the major providers of Chinese data. To avoid endogeneity, we select media coverage in 2015 and financial data in 2014. After combining financial data in 2014 and media coverage data in 2015, 1,389 non-state-owned listed company observations are gathered as our initial sample. To avoid the interference by CEO change, 118 firms are excluded which change CEO in 2014-2015. Due to missing data in the CSMAR database, 60 missing observations of CEO-share, two missing observations of CEO-duality and nine missing observations of CEO-tenure are excluded from the sample. Also, 11 abnormal observations are also excluded from the sample to avoid the deviation effect of outliers if return on assets is less than –10 or leverage ratio is more than 1. Our final sample is composed of 1,198 non-state-owned listed company observations.

To test *H1a* and *H1* b, we estimate the parameters of the following model grouping by using certainty-oriented variables:

$$Media_{i,t} = \beta_0 + \beta_1 Controv_{i,t-1} + \beta_2 SIZE_{i,t-1} + \beta_3 LEV_{i,t-1} + \beta_4 EPS_{i,\ t-1} + \beta_5 Ind_{i,t-1} + \beta_6 CurAsRa_{i,t-1} + \beta_7 TAturnover_{i,t-1} + \varepsilon \quad (1)$$

Unlike the founder-CEO variable, CEO tenure is a continuous variable. A dummy variable is generated according to the median of the total sample. *CEOtenHigh* is 1 if CEO tenure is above the median of total sample; 0 otherwise. We estimate the parameters of the following model to test *H2a* and *H2 b*:

$$Media_{i,t} = \beta_0 + \beta_1 Controv_{i,t-1} + \beta_2 Controv * CEOtenHigh + \beta_3 CEOtenHigh + \beta_4 SIZE_{i,t-1} + \beta_5 LEV_{i,t-1} + \beta_6 EPS_{i,t-1} + \beta_7 Ind_{i,t-1} + \beta_8 CurAsRa_{i,t-1} + \beta_9 TAturnover_{i,t-1} + \varepsilon \quad (2)$$

To test *H3*, we estimate the parameters of Model (1) grouping by using certainty-oriented and performance variables. Table I shows the definition of the main variables.

Dependent variables. We use measures of media coverage as our dependent variable to test our hypotheses. We obtain the media coverage data from the Wind Financial database, which contains a large amount of publications (both online and offline) and is widely used in Chinese literature (Peng and Tang, 2019; Wu and Lv, 2018). The Wind Financial database has a special column called "news," which identifies the news as positive/neutral/negative so

Variables	Index	Definition
Media	*medianeg*	Number of negative articles on the firm from the Wind Database
	mediapos	Number of positive articles on the firm from the Wind Database
Controv	*CEOpay*	CEO annual salary
	Duality	1 if the CEO is also the chairman; 0 otherwise
Certainty-oriented	*CEO-founder*	1 if the CEO is also the founder; 0 otherwise
	CEOtenHigh	1 if CEO tenure is above the median of total sample; 0 otherwise
Performance	*profit_medIn*	1 if the firm's profit is above the median of the industry; 0 otherwise
Control variables	*SIZE*	Firm size, the natural logarithm of total assets
	LEV	Debt-to-assets ratio
	EPS	Earnings per share
	Ind	Proportion of independent directors in the board
	CurAsRa	Liquidity assets divided by total assets
	TAturnover	Turnover of total assets

Table I. Definition of main variables

that we can collect the number of negative articles related to specific firm. Take "Shen Zhou Shu Ma" company as an example, by advanced research in the "news" column, we can firstly fill "Shen Zhou Shu Ma" in the blank of "Scope of Securities." Then, we select "negative news" (including total negative news, negative macro news, negative industry news, negative stock market news, negative fund news and negative future news) in the selection of "Scope of News." Lastly, January 1 in 2015 to December 31 in 2015 are chosen as our time range in the selection of "Time Bound." The total negative news of "Shen Zhou Shu Ma" in 2015 are listed in the database. With the same procedure, positive news (including total positive news, positive macro news, positive industry news, positive stock market news, positive fund news and positive future news) are also collected in our sample. We used the number of negative articles as a key index of negative coverage. The number of positive articles is also controlled in the model as a variable of positive coverage. The measurement is consistent with our conception of media coverage as an overall perceptual evaluation of managerial behavior. The descriptive statistics table shows that the average number of positive articles is almost twice that of negative articles.

Independent variables. Controversial governance practice functions as the core independent variable. As previously discussed, we use CEO payment as a proxy index of CEO compensation during the previous year. CEO power is used as a dummy variable to test whether the CEO is also the chairman of the company.

Control variables. We include controls for several prominent financial characteristics. The key financial variables of firm size, leverage of debt, earnings per share, proportion of liquidity asset and turnover of total assets are controlled. The portion of independent board member is also controlled as the key governance variable. CEO tenure and the number of positive articles are listed in our equation. At the same time, we use the median profit of the industry as a standard to measure whether the firm is better performed or not. Industry is defined as the same two-digit industry as a focal firm. Table II presents the descriptive statistics.

Table II shows that 67.195 per cent of our total sample are founder-CEO firms, which indicates that founders who also act as the company's CEO is a common phenomenon in Chinese non-state-owned enterprises. Interestingly, an average of 32 positive articles have been written about founder-CEO firms, whereas an average of 28 positive articles have been written about non-founder-CEO firms, thereby proving that the media portrays founder-CEO firms more positively. Founder-CEO firms also receive more attention – both positive

Table II.
Descriptive statistics table

Group	Variables	*N*	MEAN	SD	P25	P50	P75	MIN	MAX
Non-founder-CEO firms	*medianeg*	393	13.0051	13.2723	6	11	17	0	206
	mediapos	393	28.6514	23.8875	15	23	35	0	287
	CEOpay	393	6.99E + 05	8.42E + 05	2.75E + 05	4.74E + 05	8.11E + 05	0	7.24E + 06
	CEOtenHigh	393	0.3003	0.459	0	0	1	0	1
	Duality	393	0.1858	0.3894	0	0	0	0	1
	profit_medIn	393	0.5089	0.5006	0	1	1	0	1
	SIZE	393	21.7369	1.3093	20.9095	21.6831	22.5211	17.7569	26.8963
	LEV	393	0.4628	0.2186	0.2794	0.4539	0.639	0.0401	0.9803
	EPS	393	0.3372	0.658	0.0367	0.1958	0.4653	−2.0308	6.4342
	Ind	393	0.3745	0.0519	0.3333	0.3333	0.4286	0.25	0.6
	CurAsRa	393	0.5853	0.2219	0.4237	0.594	0.7635	0	0.9951
	TAturnover	393	0.6327	0.8119	0.2792	0.4549	0.7091	0.001	8.7869
Founder-CEO firms	*medianeg*	805	14.9814	19.3646	8	14	18	0	399
	mediapos	805	32.9565	29.3609	20	28	39	4	502
	CEOpay	805	6.13E + 05	5.59E + 05	3.25E + 05	4.77E + 05	7.28E + 05	7500	7.13E + 06
	CEOtenHigh	805	0.7081	0.4549	0	1	1	0	1
	Duality	805	0.4534	0.4981	0	0	1	0	1
	profit_medIn	805	0.5031	0.5003	0	1	1	0	1
	SIZE	805	21.5419	0.9574	20.8769	21.3991	22.0629	19.6869	30.6568
	LEV	805	0.3387	0.1835	0.1918	0.3183	0.4601	0.0091	0.9526
	EPS	805	0.4181	0.433	0.1513	0.3261	0.577	−1.3595	2.7806
	Ind	805	0.3771	0.0557	0.3333	0.3333	0.4286	0.25	0.625
	CurAsRa	805	0.6083	0.168	0.4918	0.6171	0.735	0	0.9902
	TAturnover	805	0.5846	0.3757	0.3735	0.5018	0.7053	0.0315	3.9334
Total	*medianeg*	1198	14.3331	17.6187	7	13	17	0	399
	mediapos	1198	31.5442	27.7486	18	27	38	0	502
	CEOpay	1198	6.41E + 05	6.66E + 05	3.07E + 05	4.76E + 05	7.50E + 05	0	7.24E + 06
	CEOtenHigh	1198	0.5743	0.4947	0	1	1	0	1
	Duality	1198	0.3656	0.4818	0	0	1	0	1
	profit_medIn	1198	0.505	0.5002	0	1	1	0	1
	SIZE	1198	21.6059	1.0888	20.8836	21.472	22.1702	17.7569	30.6568
	LEV	1198	0.3794	0.2041	0.2161	0.3569	0.5188	0.0091	0.9803
	EPS	1198	0.3916	0.5188	0.1027	0.2907	0.5557	−2.0308	6.4342
	Ind	1198	0.3762	0.0545	0.3333	0.3333	0.4286	0.25	0.625
	CurAsRa	1198	0.6008	0.1876	0.4669	0.6117	0.7429	0	0.9951
	TAturnover	1198	0.6004	0.5578	0.3407	0.4906	0.7061	0.001	8.7869

and negative – from the media than non-founder-CEO firms do. CEO payment varies considerably in our sample. A total of 45.34 per cent founder-CEO firms select a duality of CEO and chairman, whereas only 18.58 per cent non-founder-CEO firms show duality. Founder-CEO firms also have longer CEO tenure than non-founder-CEO firms do. To verify the rationality of grouping, we run a mean comparison test for variables between founder-CEO and non-founder-CEO firms.

Table III shows considerable differences in negative and positive coverage between the two groups. Founder-CEO firms evidently receive more media coverage than non-founder-CEO firms do. Controversial governance practices, such as CEO compensation and duality, also show marked differences between the groups, which indirectly supports our hypothesis. Most financial variables also have remarkable differences. Table IV displays the correlation analysis.

Table IV shows that CEO payment is positively correlated with both positive and negative coverage. Media coverage focuses more attention on CEO payment than on CEO power. As for financial performance, media coverage shows more interest in firm size, liabilities, earnings per share, current asset ratio and total asset turnover.

Analysis

To test our hypotheses, we use cross-section data to build a multiple linear regression model. Founder-CEO acts as a group variable to divide the sample into two subsamples. Table V presents our analysis of the effect of controversial governance on negative coverage.

Table V indicates that CEO compensation is positively associated with negative media coverage in the non-founder-CEO subsample. By contrast, CEO compensation is negatively associated with negative coverage in the founder-CEO subsample. The evidence show that media would impose less penalties (negative coverage) on founder-CEO firms than that of non-founder-CEO firms as the CEO's compensation arises. Thus, *H1a* is supported. However, unlike with the results for CEO compensation, the relationship between CEO power and negative media coverage is not found in both subsamples. Thus, *H1* b is not supported. The internal reason may lie on the less media attention to CEO power. Normally, media have an incentive to publish attention-grabbing stories by using phrases such as "sky-high compensation." Contrast to CEO compensation, CEO power is difficult to capture

Variables	G1 (non-founder-CEO firms)	Mean1	G2 (founder-CEO firms)	Mean2	MeanDiff
medianeg	393	13.0051	805	14.9814	-1.9763^{*}
mediapos	393	28.6514	805	32.9565	-4.3051^{**}
CEOpay	393	7.00E + 05	805	6.10E + 05	$8.6e+04^{**}$
CEOtenHigh	393	0.3003	805	0.7081	-0.4078^{***}
Duality	393	0.1858	805	0.4534	-0.2677^{***}
profit_medIn	393	0.5089	805	0.5031	0.0058
SIZE	393	21.7369	805	21.5419	0.1950^{***}
LEV	393	0.4628	805	0.3387	0.1241^{***}
EPS	393	0.3372	805	0.4181	-0.0809^{**}
Ind	393	0.3745	805	0.3771	−0.0026
CurAsRa	393	0.5853	805	0.6083	-0.0230^{**}
TAturnover	393	0.6327	805	0.5846	0.0481

Notes: $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Table III. Two-group mean comparison test table

Table IV.
Correlation table

Variables	*medianeg*	*mediapos*	*CEOpay*	*CEOtenHigh*	*Duality*	*profit_medIn*	*SIZE*	*LEV*	*EPS*	*Ind*	*CurAsRa*	*TAturnover*
medianeg	1											
mediapos	0.780***	1										
CEOpay	0.212***	0.308***	1									
CEOtenHigh	–0.006	0.03	0.009	1								
Duality	–0.022	–0.006	–0.050*	0.205***	1							
profit_medIn	0.060**	0.241***	0.288***	–0.008	–0.042	1						
SIZE	0.334***	0.424***	0.456***	0.013	–0.096***	0.498***	1					
LEV	0.110***	0.119***	0.142***	–0.082***	–0.079***	0.078***	0.466***	1				
EPS	0	0.153***	0.271***	–0.093***	–0.012	0.510***	0.234***	–0.089***	1			
Ind	0.034	0.033	–0.045	0.041	0.124***	0.009	–0.069**	–0.036	–0.052*	1		
CurAsRa	–0.154***	–0.064**	0.001	–0.015	0.018	0.069**	–0.083***	–0.035	0.189***	0.026	1	
TAturnover	–0.02	0.002	0.036	0.001	–0.002	0.113***	0.039	0.151***	0.135***	–0.033	0.135***	1

Notes: $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Variables \ Group	Non-founder-CEO firms *medianeg* *1a*	Founder-CEO firms *medianeg* *1a*	Non-founder-CEO firms *medianeg* *1b*	Founder-CEO firms *medianeg* *1b*
CEOpay	0.00000323*** (4.52)	–0.00000223*** (–2.91)		
Duality			1.457 (1.10)	–1.127 (–1.45)
CEOtenHigh	–1.047 (–0.96)	–3.282*** (–3.82)	–0.788 (–0.71)	–3.223*** (–3.69)
mediapos	0.338*** (14.17)	0.530*** (36.02)	0.372*** (15.65)	0.527*** (35.77)
SIZE	–0.872* (–1.80)	2.152*** (3.62)	–0.0870 (–0.19)	1.599*** (2.75)
LEV	0.725 (0.29)	–6.168** (–2.27)	0.530 (0.21)	–5.338* (–1.96)
EPS	–1.980** (–2.42)	–5.705*** (–5.51)	–1.706** (–2.04)	–6.361*** (–6.31)
Ind	–8.387 (–0.87)	6.758 (0.99)	–9.690 (–0.99)	8.238 (1.20)
CurAsRa	–5.413** (–2.34)	–10.76*** (–4.54)	–4.675** (–1.97)	–10.44*** (–4.39)
TAturnover	–0.181 (–0.29)	0.773 (0.72)	–0.220 (–0.34)	0.675 (0.63)
Constant	27.09** (2.51)	–37.11*** (–2.95)	11.03 (1.06)	–26.73** (–2.16)
N	393	805	393	805
R^2	0.471	0.704	0.445	0.701
Adjusted R^2	0.459	0.700	0.432	0.698

Notes: *t*-statistics in parentheses, $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Table V. Influence of controversial practice on negative coverage by founder-CEO

the readers' attention. According to limited attention, media would publish more sensational stories (Ahern and Sosyura, 2015), which is able to explain that media pay less attention on CEO power. The different attribution process of CEO power is not proved. For control variables, positive coverage shows a positive interaction effect on negative coverage. We can also determine that negative media coverage is negatively associated with earnings per share and liquidity asset ratio. Interestingly, the negative relationship between CEO tenure and negative media coverage is found only in founder-CEO firms, thereby indicating less negative media coverage when the CEO is in the later stage of his/her tenure only if CEO is also the founder. We then examine the relationship of negative coverage and CEO compensation by using CEO tenure as a moderating variable.

Table VI shows the moderating effect of CEO tenure. CEO tenure has a significantly negative moderating impact on the relationship between CEO compensation and negative coverage in non-founder-CEO firms. Thus, *H2a*, which states that CEO tenure would reduce the negative coverage associated with CEO compensation, is supported. But, the cross term of CEO tenure and CEO compensation has no significant effect on negative coverage in founder-CEO firms. Bonding with results in Table V, we can tell that media show positive prejudice on founder-CEO firms. Even for non-founder-CEO firms, media also impose less negative coverage for later stage of CEO tenure firms. The identity of founder and the later stage of CEO tenure show embeddedness of the CEO, which consists with the certainty-oriented cognition in China. Media attribute high compensation of founder-CEOs and later-stage CEOs on external reasons, leading to less negative coverage. However, the coefficient for the interaction term of CEO tenure and CEO duality indicates a positive significant effect on negative coverage. Nevertheless, *H2b* is unsupported. Given that we did not find a significant coefficient between CEO duality and negative coverage, the positive significance cannot be simply explained as moderating effect. The results exhibits that the cross term between CEO tenure and controversial governance practices only shows significance in non-founder-CEO firms, which reveals the dominant character of founder-CEO variable. Next, we estimate the effect of firm performance.

Variables \ Group	Non-founder-CEO firms *medianeg* 2a	Founder-CEO firms *medianeg* 2a	Non-founder-CEO firms *medianeg* 2b	Founder-CEO firms *medianeg* 2b
CEOpay	0.00000398*** (4.71)	–0.00000266** (–2.41)		
CEOtenHigh	0.487 (0.34)	–3.718*** (–3.13)	–1.709 (–1.39)	–2.907*** (–2.69)
corTenHiPay	–0.00000205* (–1.66)	0.000000726 (0.53)		
Duality			–0.0707 (–0.04)	–0.483 (–0.32)
corTenHiDua			4.971* (1.75)	–0.872 (–0.50)
Mediapos	0.336*** (14.13)	0.531*** (35.73)	0.369*** (15.52)	0.527*** (35.76)
SIZE	–0.853* (–1.76)	2.136*** (3.59)	–0.0376 (–0.08)	1.608*** (2.76)
LEV	0.631 (0.26)	–6.148** (–2.26)	0.372 (0.15)	–5.411** (–1.98)
EPS	–2.055** (–2.52)	–5.663*** (–5.45)	–1.739** (–2.09)	–6.380*** (–6.32)
Ind	–8.462 (–0.88)	6.899 (1.01)	–10.40 (–1.06)	8.167 (1.19)
CurAsRa	–5.706** (–2.47)	–10.84*** (–4.56)	–5.041** (–2.12)	–10.53*** (–4.41)
TAturnover	–0.237 (–0.38)	0.767 (0.72)	–0.210 (–0.33)	0.657 (0.61)
Constant	26.53** (2.47)	–36.58*** (–2.89)	10.89 (1.05)	–27.01** (–2.18)
N	393	805	393	805
R^2	0.475	0.704	0.449	0.702
Adjusted R^2	0.461	0.700	0.435	0.698

Notes: *t*-statistics in parentheses, $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Table VI. Moderating effect of CEO tenure on negative coverage

Table VII shows that a negative association between CEO payment and negative coverage for founder-CEO firms exists only with better performing firms. If the firm is worse performed, the media would not attribute CEO payment to external factors even for founder-CEOs. Paradoxically, the positive association of CEO payment and negative coverage for non-founder-CEO firms is significant, no matter the firm performance is better or worse. The results show that media would attribute

Variables \ Group	Non-founder-CEO and worse-performing firms *medianeg* 3a	Non-founder-CEO and better-performing firms *medianeg* 3a	Founder-CEO and worse-performing firms *medianeg* 3a	Founder-CEO and better-performing firms *medianeg* 3a
CEOpay	0.00000243* (1.84)	0.00000280*** (2.89)	0.00000159 (0.95)	–0.00000355*** (–3.93)
CEOtenHigh	–0.814 (–0.71)	–1.081 (–0.61)	–1.725* (–1.86)	–3.784*** (–2.89)
mediapos	0.409*** (8.94)	0.328*** (10.64)	0.256*** (9.55)	0.577*** (30.86)
SIZE	–0.894* (–1.71)	1.682 (1.43)	1.849** (2.36)	2.879*** (3.18)
LEV	–0.819 (–0.34)	–7.956 (–1.45)	–7.410** (–2.50)	–7.820* (–1.87)
EPS	–8.305*** (–4.36)	0.130 (0.11)	–9.882*** (–5.60)	–0.825 (–0.56)
Ind	–9.387 (–0.97)	–13.30 (–0.79)	4.515 (0.60)	7.532 (0.75)
CurAsRa	–0.777 (–0.33)	–7.378* (–1.88)	–2.307 (–0.89)	–15.80*** (–4.38)
TAturnover	–0.234 (–0.38)	0.357 (0.32)	1.488 (1.22)	0.668 (0.43)
Constant	25.92** (2.23)	–25.35 (–0.99)	–28.45* (–1.67)	–54.53*** (–2.79)
N	193	200	400	405
R^2	0.364	0.541	0.273	0.801
Adjusted R^2	0.333	0.520	0.256	0.796

Notes: *t*-statistics in parentheses; $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Table VII. Influence of CEO payment on negative coverage by founder-CEO and firm performance managerial self-interest to CEO compensation for non-founder-CEO firms, regardless of firm performance. But the positive media bias for founder-CEO firms only exist when the firm is better performed. For worse-performing firms, the media would pay more attention to the firm's financial performance than to the CEO's identity. Thus, *H3a* is partially supported. Additionally, the negative association between CEO tenure and negative coverage remains significant in founder-CEO firms, no matter the firm is well performed or not. The results verify that certainty-oriented cognition only affects the attribution process when the information is not strong enough. When a powerful message arises, such as bad performing, the consequence is mostly determined by the explicit information other than by the implicit information. We then test *H3* b, as Table VIII shows.

As Table VIII exhibits, we do not find a significant effect between CEO duality and negative coverage in non-founder-CEO firms and better performing firms, which consists with Table V. However, the negative association between CEO duality and negative coverage is verified in founder-CEO firms which perform badly. The results further indicate that media coverage focuses more on CEO payment than it does on CEO power. Therefore, *H3* b is not supported. Comparing with the founder-CEO identity, the duality of CEO and chairman of board show more controversy for the firm. There is abundant evidence on both sides of CEO duality (Finkelstein and D'aveni, 1994; Core *et al.*, 2008), which makes the results vague. The relationship between CEO duality and media coverage needs further exploration.

Furthermore, Tables IX and X list the moderating effect of CEO tenure on the relationship between controversial practices and negative coverage grouping by founder-CEO and firm performance. Interestingly, Table IX shows that the moderating effect of CEO tenure only exits in worse-performing firms. For non-founder-CEO and worse-performing firms, CEO tenure would negatively moderate the relationship between CEO compensation and negative coverage, which means that the longer CEO tenure is, the fewer negative coverage is for CEO compensation. The results further confirm that *H2a* is valid only in the

Variables \ Group	Non-founder-CEO and worse-performing firms *medianeg* 3b	Non-founder-CEO and better-performing firms *medianeg* 3b	Founder-CEO and worse-performing firms *medianeg* 3b	Founder-CEO and better-performing firms *medianeg* 3b
Duality	–0.758 (–0.61)	3.451 (1.45)	-1.669^{**} (–2.10)	–0.516 (–0.41)
CEOtenHigh	–0.705 (–0.61)	–1.016 (–0.56)	–1.313 (–1.41)	-3.944^{***} (–2.91)
mediapos	0.417^{***} (8.94)	0.358^{***} (11.62)	0.259^{***} (9.69)	0.572^{***} (29.99)
SIZE	–0.669 (–1.30)	3.088^{***} (2.85)	1.976^{**} (2.59)	1.932^{**} (2.12)
LEV	–1.381 (–0.58)	-10.54^{*} (–1.91)	-7.659^{***} (–2.62)	–6.471 (–1.52)
EPS	-8.434^{***} (–4.40)	0.381 (0.33)	-9.543^{***} (–5.44)	–2.220 (–1.52)
Ind	–11.53 (–1.19)	–12.50 (–0.73)	6.052 (0.80)	8.553 (0.82)
CurAsRa	–0.289 (–0.12)	–5.832 (–1.46)	–1.860 (–0.72)	-15.07^{***} (–4.10)
TAturnover	–0.0291 (–0.05)	0.281 (0.25)	1.696 (1.41)	0.589 (0.37)
Constant	22.93^{**} (1.97)	-55.99^{**} (–2.34)	-30.93^{*} (–1.84)	-36.32^{*} (–1.84)
N	193	200	400	405
R^2	0.354	0.526	0.279	0.793
Adjusted R^2	0.322	0.504	0.262	0.788

Notes: *t*-statistics in parentheses; $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Table VIII. Influence of CEO power on negative coverage by founder-CEO and firm performance

Table IX. Moderating effect of CEO tenure of CEO compensation by founder-CEO and firm performance

Variables \ Group	Non-founder-CEO and worse-performing firms *medianeg*	Non-founder-CEO and better-performing firms *medianeg*	Founder-CEO and worse-performing firms *medianeg*	Founder-CEO and better-performing firms *medianeg*
CEOpay	0.00000347** (2.51)	0.00000359*** (3.05)	–0.00000572* (–1.88)	–0.00000498*** (–3.79)
CEOtenHigh	2.908 (1.46)	0.834 (0.34)	–6.126*** (–3.43)	–5.657*** (–3.13)
corTenHiPay	–0.00000814** (–2.26)	–0.00000190 (–1.17)	0.0000103*** (2.87)	0.00000249 (1.50)
mediapos	0.411*** (9.08)	0.326*** (10.56)	0.261*** (9.82)	0.580*** (30.85)
SIZE	–0.858* (–1.66)	1.643 (1.40)	1.649** (2.12)	2.896*** (3.21)
LEV	–0.764 (–0.32)	–8.154 (–1.49)	–7.313** (–2.49)	–7.870* (–1.89)
EPS	–8.311*** (–4.42)	0.0363 (0.03)	–9.917*** (–5.67)	–0.523 (–0.35)
Ind	–11.64 (–1.21)	–13.00 (–0.78)	6.457 (0.86)	8.160 (0.81)
CurAsRa	–1.070 (–0.46)	–7.763** (–1.97)	–2.699 (–1.05)	–16.17*** (–4.48)
TAturnover	–0.365 (–0.60)	0.319 (0.29)	1.478 (1.22)	0.656 (0.43)
Constant	25.74** (2.24)	–24.82 (–0.97)	–21.88 (–1.28)	–54.16*** (–2.77)
N	193	200	400	405
R^2	0.381	0.545	0.288	0.802
Adjusted R^2	0.347	0.521	0.269	0.797

Notes: *t*-statistics in parentheses, $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

Table X. Moderating effect of CEO tenure of CEO power by Founder-CEO and firm performance

Variables \ Group	Non-founder-CEO and worse-performing firms *medianeg*	Non-founder-CEO and better-performing firms *medianeg*	Founder-CEO and worse-performing firms *medianeg*	Founder-CEO and better-performing firms *medianeg*
Duality	–1.426 (–0.95)	1.245 (0.44)	–0.160 (–0.10)	–1.630 (–0.69)
CEOtenHigh	–1.219 (–0.92)	–2.000 (–1.03)	–0.538 (–0.46)	–4.467*** (–2.71)
corTenHiDua	2.139 (0.79)	7.227 (1.40)	–2.019 (–1.12)	1.527 (0.56)
mediapos	0.411*** (8.68)	0.357*** (11.63)	0.260*** (9.74)	0.573*** (29.97)
SIZE	–0.604 (–1.16)	3.009*** (2.78)	1.935** (2.53)	1.900** (2.08)
LEV	–1.271 (–0.53)	–10.97** (–1.99)	–7.642*** (–2.61)	–6.297 (–1.47)
EPS	–8.407*** (–4.38)	0.327 (0.29)	–9.568*** (–5.46)	–2.140 (–1.45)
Ind	–11.52 (–1.18)	–13.88 (–0.81)	5.718 (0.76)	8.608 (0.83)
CurAsRa	–0.413 (–0.17)	–6.432 (–1.60)	–1.997 (–0.77)	–14.83*** (–4.00)
TAturnover	–0.0711 (–0.12)	0.441 (0.39)	1.562 (1.30)	0.575 (0.36)
Constant	21.88* (1.87)	–52.87** (–2.20)	–30.34* (–1.81)	–35.59* (–1.80)
N	193	200	400	405
R^2	0.356	0.531	0.281	0.793
Adjusted R^2	0.320	0.506	0.263	0.788

Notes: *t*-statistics in parentheses, $^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$

situation of worse-performing and non-founder-CEO firms. For founder-CEO and worse-performing firms, CEO compensation will strengthen the negative effect between CEO tenure and negative coverage. Table X shows that the moderating effect of CEO tenure on the relationship between CEO duality and negative coverage does not exist grouping by firm performance. The examination for firm performance is essential to explain the attribution process of media on controversial practices. The empirical finding makes the antecedent concepts in attribution theory verifiable.

Conclusion

The results show that negative coverage has a positive association with CEO payment in non-founder-CEO firms only. Negative coverage has a considerably negative association with CEO payment in founder-CEO firms. *H1a, H2a* and *H3a* are supported. CEO tenure negatively moderates the effect of CEO payment on negative media coverage in non-founder-CEO firms. The positive media bias evidence for founder-CEO exists only when the firm is better performed. However, the relationship between CEO power and media coverage still remains unclear.

On the basis of the attribution theory, this paper analyzes the relationship between controversial governance practices and media coverage. The results show that media have positive bias about founder-CEO firms versus non-founder-CEO firms, so under the same circumstances, media will positively cover founder-CEO firms. This conclusion helps explain how media coverage exhibits bias when faced with the same controversial governance practice. Prior evidence has found both political and economical bias in media coverage, e.g. media would use less negative words for local firms than non-local firms, or that newspapers slant more positive coverage for democrats than republicans in America (Cohen *et al.*, 2017; Eberl *et al.*, 2017; Lott and Hassett, 2014; Gurun and Butler, 2012; Baron, 2006). Besides visible bias, the concept of media bias also contains invisible bias. Unlike political and economical bias, invisible bias is hard to catch. The present study firstly explores how social belief influences media bias. Following the framework of the attribution theory, our results demonstrate how media coverage attributes the same controversial governance practice into different reasons depending on the social belief in China. The results verify the inherent effect of social belief on media bias, which sheds new light on the understanding of media bias.

Using the extent that negative coverage is affected by controversial governance practices as an indirect measure of media bias, the method can also be generalized to other forms of media bias. Specifically, bias can be divided into three types: stereotype, conformity, in- and out-group prejudice. Our finding lies on how conformity makes media coverage slant toward founder-CEO firms. If designed reasonably, for instance, stereotype can also be empirically verified by examining the relationship between previous positive images (such as corporation social responsibility) and the media reaction on controversial governance practices.

With the use of a specific certainty-oriented cultural context, we provide evidence that shows the role of belief in affecting the attribution process. In addition to belief, we also test firm performance as information causes in attribution antecedents. Adopting founder-CEO as a proxy variable of certainty-oriented cognition in China, this insight can also be generalized of other fields of Chinese economy, especially those where corporate behavior is affected by social situational variables. For example, Cao *et al.* (2016) tested the relationship between social trust and stock price crash risk among Chinese listed firms. Fan and Wong (2002) examined how the corporate ownership structure affects earnings informativeness in East Asia. This paper emphasizes how social belief affects the reaction of reputation evaluators, which also suggest that social cognition is likely to hinder the judgment of stakeholders.

Our findings support most of our conceptual arguments and make contributions to both reputation and governance literatures. They also bridge connection on these two bodies of work to better explain how media can act as a social arbitration role. Our study's contribution to the governance literature starts with its logical reasoning of basic assumptions in the agency theory, and that media penalty will arise when managers impose actions that against interests of shareholders or other stakeholders. Our study shows that the rule is not always true. What occurs in our findings is a highly contingent of reputational penalty following controversial practices such as CEO compensation. We find that media reaction on controversial practices varies differently from the conformity pressure, specifically how social belief affect the attribution process of media. For instance, CEO compensation is associated with less penalties in founder-CEO firms than in non-founder-CEO firms, which consists with certainty-oriented cognition feature in China. The findings indicate to understand the situation in which reputational penalties function well or not. We also emphasize the casual attribution process in shaping media's evaluation and particularly focus on how attributions are formed under specific belief factor. We find evidence that social belief leads to significant differences in reputational penalties. These arguments and findings significantly extend the existing work on the understanding of media's role in corporate governance. The research has applied the attribution theory on how media would attribute observed behavior on different causes. Our insight is that the reputational impact of these cues can also be importantly influenced by the attribution process, and that those attributions may also be influenced by belief, social cognition and cultural characteristics more generally. In addition to providing a more behavioral view of the attribution bias in media evaluation on controversial governance practices, this study contributes to the ongoing stream of work in the governance literature that examines how social cognition affects media evaluation of firms and also when the media may act as a social arbiter by imposing public pressure. Prior work has focused on the role of media as a "watchdog" or the effect on market reaction. This study takes a somehow different perspective and focuses on why and when media may reduce penalties on controversial governance practices. Taken together, these studies suggest that bias exits naturally in the attribution process of evaluators, which is underestimated in previous research.

These perspectives hold the potential to show us meaning as the behavior is attributed and to link it to the reputation market. We believe there are two practical implications to be drawn from the above analysis. On the one hand, we find media coverage shows bias in the reputation market, and the bias is not always triggered by profitability. One of the main factors affecting the evaluator's bias is the social conformity, as shown in founder-CEO and later stage of CEO tenure firms. The interest implication of our results implies that media are not always an impartial arbitrator and even firm's CEO identity can affect firms' reputation cost. While market participants and company managers recognize that inherent bias exist in media coverage, the focus has been on the accuracy of information provided by media. For managers, the understanding of media bias helps in both public relation management and estimation of reputational reaction for proposed behavior. On the other hand, the extent to which media can provide information that is newly released or it has not been widely disseminated may have political and social implications. As efficiency market predicted, stock price fluctuates with new information. For market participants, such as investors, the insight of media bias provides new perspective in adopting the information of media. Our conclusion would offer specific advice about improving the capital market efficiency with the accurate understanding of reputation market for regulators, such as China Securities Regulatory Commission. The empirical evidences demonstrate how information is generated, which also benefits in understanding the price volatility.

This paper contributes to the academic discussion of the cognition feature in the East Asian culture. Furthermore, other antecedent variables, such as information and motivation, still need to be explored in the attribution process. Except for focusing on Chinese cultural character, future work could extend our findings to test cross-border comparison of media reaction to the same controversial governance practices across different countries. Moreover, future work should attempt to direct measure of media bias and incorporate other forms of media bias, such as stereotype, in- and out-group prejudice into studies examining changes of company reputation around controversial governance practices. We believe our findings provide guidance for research on how cause is formed and its limitations. We hope our work encourages further studies in this vein.

Note

1. Available at: www.china.org.cn/business/2010-09/16/content_20945750.htm

References

Ahern, K.R. and Sosyura, D. (2015), "Rumor has it: sensationalism in financial media", *The Review of Financial Studies*, Vol. 28 No. 7, pp. 2050-2093.

Andrews, G.R. and Debus, R.L. (1978), "Persistence and the causal perception of failure: modifying cognitive attributions", *Journal of Educational Psychology*, Vol. 70, pp. 154-166.

Barber, B.M. and Odean, T. (2007), "All that glitters: the effect of attention and news on the buying behavior of individual and institutional investors", *Review of Financial Studies*, Vol. 21, pp. 785-818.

Baron, D.P. (2006), "Persistent media bias", *Journal of Public Economics*, Vol. 90 Nos 1/2, pp. 1-36.

Bednar, M.K. (2012), "Watchdog or lapdog? A behavioral view of the media as a corporate governance mechanism", *Academy of Management Journal*, Vol. 55, pp. 131-150.

Bednar, M.K., Love, E.G. and Kraatz, M. (2015), "Paying the price? The impact of controversial governance practices on managerial reputation", *Academy of Management Journal*, Vol. 58, pp. 1740-1760.

Bhattacharya, U., Galpin, N., Ray, R. and Yu, X. (2009), "The role of the media in the internet IPO bubble", *Journal of Financial and Quantitative Analysis*, Vol. 44, pp. 657-682.

Bitektine, A. (2011), "Toward a theory of social judgments of organizations: the case of legitimacy, reputation, and status", *Academy of Management Review*, Vol. 36, pp. 151-179.

Boivie, S., Bednar, M.K. and Barker, S.B. (2015), "Social comparison and reciprocity in director compensation", *Journal of Management*, Vol. 41, pp. 1578-1603.

Boivie, S., Lange, D., McDonald, M.L. and Westphal, J.D. (2011), "Me or we: the effects of CEO organizational identification on agency costs", *Academy of Management Journal*, Vol. 54, pp. 551-576.

Busenbark, J.R., Krause, R., Boivie, S. and Graffin, S.D. (2016), "Toward a configurational perspective on the CEO: a review and synthesis of the ", *Journal of Management*, Vol. 42, pp. 234-268.

Bushee, B.J., Core, J.E., Guay, W. and Hamm, S.J. (2010), "The role of the business press as an information intermediary", *Journal of Accounting Research*, Vol. 48, pp. 1-19.

Büyüközkan, G. and Ilıcak, Ö. (2019), "Integrated SWOT analysis with multiple preference relations: selection of strategic factors for social media", *Kybernetes*, Vol. 48 No. 3, pp. 451-470.

Cao, C., Xia, C. and Chan, K.C. (2016), "Social trust and stock price crash risk: evidence from China", *International Review of Economics and Finance*, Vol. 46, pp. 148-165.

Chan, W.S. (2003), "Stock price reaction to news and no-news: drift and reversal after headlines", *Journal of Financial Economics*, Vol. 70, pp. 223-260.

Chan, M.K. and Kwok, S. (2017), "Risk-sharing, market imperfections, asset prices: evidence from china's stock market liberalization", *Journal of Banking and Finance*, Vol. 84, pp. 166-187.

Chan, K., Menkveld, A.J. and Yang, Z. (2008), "Information asymmetry and asset prices: evidence from the China foreign share discount", *The Journal of Finance*, Vol. 63, pp. 159-196.

Chen, D., Guan, Y., Zhang, T. and Zhao, G. (2017), "Political connection of financial intermediaries: evidence from China's IPO market", *Journal of Banking and Finance*, Vol. 76, pp. 15-31.

Chhaochharia, V. and Grinstein, Y. (2009), "CEO compensation and board structure", *The Journal of Finance*, Vol. 64 No. 1, pp. 231-261.

Cohen, J., Ding, Y., Lesage, C. and Stolowy, H. (2017), "Media bias and the persistence of the expectation gap: an analysis of press articles on corporate fraud", *Journal of Business Ethics*, Vol. 144 No. 3, pp. 637-659.

Core, J.E., Guay, W. and Larcker, D.F. (2008), "The power of the pen and executive compensation", *Journal of Financial Economics*, Vol. 88, pp. 1-25.

de Oliveira, S. and Nisbett, R.E. (2017), "Culture changes how we think about thinking: from "human inference" to "geography of thought", *Perspectives on Psychological Science*, Vol. 12, pp. 782-790.

Deephouse, D.L. (2000), "Media reputation as a strategic resource: an integration of mass communication and resource-based theories", *Journal of Management*, Vol. 26, pp. 1091-1112.

Di Tella, R. and Franceschelli, I. (2011), "Government advertising and media coverage of corruption scandals", *American Economic Journal: Applied Economics*, Vol. 3, pp. 119-151.

Dyck, A., Morse, A. and Zingales, L. (2010), "Who blows the whistle on corporate fraud?", *The Journal of Finance*, Vol. 65, pp. 2213-2253.

Dyck, A., Volchkova, N. and Zingales, L. (2008), "The corporate governance role of the media: evidence from Russia", *The Journal of Finance*, Vol. 63, pp. 1093-1135.

Eberl, J.M., Boomgaarden, H.G. and Wagner, M. (2017), "One bias fits all? Three types of media bias and their effects on party preferences", *Communication Research*, Vol. 44 No. 8, pp. 1125-1148.

Fahlenbrach, R. (2009), "Founder-CEOs, investment decisions, and stock market performance", *Journal of Financial and Quantitative Analysis*, Vol. 44, pp. 439-466.

Fan, J.P.H. and Wong, T.J. (2002), "Corporate ownership structure and the informativeness of accounting earnings in East Asia", *Journal of Accounting and Economics*, Vol. 33 No. 3, pp. 401-425.

Fang, L. and Peress, J. (2009), "Media coverage and the cross-section of stock returns", *The Journal of Finance*, Vol. 64, pp. 2023-2052.

Farzipoor Saen, R. (2011), "Media selection in the presence of flexible factors and imprecise data", *Journal of the Operational Research Society*, Vol. 62, pp. 1695-1703.

Finkelstein, S. and D'aveni, R.A. (1994), "CEO duality as a double-edged sword: How boards of directors balance entrenchment avoidance and Unity of command", *Academy of Management Journal*, Vol. 37, pp. 1079-1108.

Finkelstein, S. and Hambrick, D.C. (1990), "Top-management-team tenure and organizational outcomes: the moderating role of managerial discretion", *Administrative Science Quarterly*, pp. 484-503.

Fiske, S.T. and Taylor, S.E. (2013), *Social Cognition: From Brains to Culture*, Sage.

Fiske, S.T., Cuddy, A.J.C. and Glick, P. (2007), "Universal dimensions of social cognition: warmth, then competence", *Trends in Cognitive Sciences*, Vol. 11 No. 2, pp. 77-83.

Frankel, R. and Li, X. (2004), "Characteristics of a firm's information environment and the information asymmetry between insiders and outsiders", *Journal of Accounting and Economics*, Vol. 37, pp. 229-259.

Friedman, R., Hong, Y.Y., Simons, T., Chi, S.C., Oh, S.H. and Lachowicz, M. (2018), "The impact of culture on reactions to promise breaches: Differences between East and West in behavioral integrity perceptions", *Group and Organization Management*, Vol. 43, pp. 273-315.

George, G., Dahlander, L., Graffin, S.D. and Sim, S. (2016), "Reputation and status: expanding the role of social evaluations in management research", *Academy of Management Journal*, Vol. 59, pp. 1-13.

Giannetti, M., Liao, G. and Yu, X. (2015), "The brain gain of corporate boards: evidence from China", *The Journal of Finance*, Vol. 70, pp. 1629-1682.

Gillan, S.L. (2006), "Recent developments in corporate governance: an overview", *Journal of Corporate Finance*, Vol. 12, pp. 381-402.

Gillan, S. and Starks, L.T. (1998), "A survey of shareholder activism: motivation and empirical evidence [J]", *Contemporary Finance Digest*, Vol. 2 No. 3, pp. 10-34

Gompers, P., Ishii, J. and Metrick, A. (2003), "Corporate governance and equity prices", *The Quarterly Journal of Economics*, Vol. 118, pp. 107-156.

Griffin, J.M., Hirschey, N.H. and Kelly, P.J. (2011), "How important is the financial media in global markets?", *Review of Financial Studies*, Vol. 24, pp. 3941-3992.

Gurun, U.G. and Butler, A.W. (2012), "Don't believe the hype: Local media slant, local advertising, and firm value", *The Journal of Finance*, Vol. 67 No. 2, pp. 561-598.

Hambrick, D.C. and Fukutomi, G.D. (1991), "The seasons of a CEO's tenure", *Academy of Management Review*, Vol. 16 No. 4, pp. 719-742.

Henderson, A.D., Miller, D. and Hambrick, D.C. (2006), "How quickly do CEOs become obsolete? Industry dynamism, CEO tenure, and company performance", *Strategic Management Journal*, Vol. 27, pp. 447-460.

Hill, C.W. and Phan, P. (1991), "CEO tenure as a determinant of CEO pay", *Academy of Management Journal*, Vol. 34, pp. 707-717.

Hoffman, A.J. and Ocasio, W. (2001), "Not all events are attended equally: toward a middle-range theory of industry attention to external events", *Organization Science*, Vol. 12, pp. 414-434.

Hou, W., Priem, R.L. and Goranova, M. (2017), "Does one size fit all? Investigating pay–future performance relationships over the "seasons" of CEO tenure", *Journal of Management*, Vol. 43, pp. 864-891.

Jensen, M.C. (1986), "Agency costs of free cash flow, corporate finance, and takeover", *The American Economic Review*, Vol. 76, pp. 323-329.

Jensen, M.C. and Meckling, W.H. (1976), "Theory of the firm: managerial behavior, agency costs and ownership structure", *Journal of Financial Economics*, Vol. 3, pp. 305-360.

Joe, J.R. (2003), "Why press coverage of a client influences the audit opinion", *Journal of Accounting Research*, Vol. 41, pp. 109-133.

Joe, J.R., Louis, H. and Robinson, D. (2009), "Managers' and investors' responses to media exposure of board ineffectiveness", *Journal of Financial and Quantitative Analysis*, Vol. 44, pp. 579-605.

Johnson, J.L., Ellstrand, A.E., Dalton, D.R. and Dalton, C.M. (2005), "The influence of the financial press on stockholder wealth: the case of corporate governance", *Strategic Management Journal*, Vol. 26, pp. 461-471.

Jones, E.E. and Davis, K.E. (1965), "From acts to dispositions the attribution process in person perception", *Advances in Experimental Social Psychology*, Vol. 2, pp. 219-266.

Keeves, G.D., Westphal, J.D. and McDonald, M.L. (2017), "Those closest wield the sharpest knife: how ingratiation leads to resentment and social undermining of the CEO", *Administrative Science Quarterly*, Vol. 62, pp. 484-523.

Kelley, H.H. (1973), "The processes of causal attribution", *American Psychologist*, Vol. 28, pp. 107-128.

Kelley, H.H. and Michela, J.L. (1980), "Attribution theory and research", *Annual Review of Psychology*, Vol. 31, pp. 457-501.

Kennedy, M.T. (2008), "Getting counted: markets, media, and reality", *American Sociological Review*, Vol. 73, pp. 270-295.

Kitayama, S., Duffy, S., Kawamura, T. and Larsen, J.T. (2003), "Perceiving an object and its context in different cultures: a cultural look at new look", *Psychological Science*, Vol. 14 No. 3, pp. 201-206.

Lange, D. and Washburn, N.T. (2012), "Understanding attributions of corporate social irresponsibility", *Academy of Management Review*, Vol. 37 No. 2, pp. 300-326.

Leone, A.J. and Liu, M. (2010), "Accounting irregularities and executive turnover in founder-managed firms", *The Accounting Review*, Vol. 85, pp. 287-314.

Lesch, M.F., Rau, P.L.P. and Choi, Y. (2016), "Effects of culture (China vs. US) and task on perceived hazard: Evidence from product ratings, label ratings, and product to label matching", *Applied Ergonomics*, Vol. 52, pp. 43-53.

Lott, J.R. and Hassett, K.A. (2014), "Is newspaper coverage of economic events politically biased?", *Public Choice*, Vol. 160 Nos 1/2, pp. 65-108.

Love, E.G., Lim, J. and Bednar, M.K. (2017), "The face of the firm: the influence of CEOs on corporate reputation", *Academy of Management Journal*, Vol. 60, pp. 1462-1481.

Luo, X., Kanuri, V.K. and Andrews, M. (2014), "How does CEO tenure matter? The mediating role of firm-employee and firm-customer relationships", *Strategic Management Journal*, Vol. 35, pp. 492-511.

McMillan, G.S. and Joshi, M.P. (1997), "Sustainable competitive advantage and firm performance: the role of intangible resources", *Corporate Reputation Review*, Vol. 1, pp. 81-85.

Markus, H.R. and Kitayama, S. (1991), "Culture and the self: Implications for cognition, emotion, and motivation", *Psychological Review*, Vol. 98, pp. 224-253.

Miller, D. (1991), "Stale in the saddle: CEO tenure and the match between organization and environment", *Management Science*, Vol. 37, pp. 34-52.

Miller, G.S. (2006), "The press as a watchdog for accounting fraud", *Journal of Accounting Research*, Vol. 44, pp. 1001-1033.

Morris, M.W. and Peng, K. (1994), "Culture and cause: American and Chinese attributions for social and physical events", *Journal of Personality and Social Psychology*, Vol. 67, pp. 949-971.

Mullainathan, S. and Shleifer, A. (2005), "The market for news", *American Economic Review*, Vol. 95, pp. 1031-1053.

Palia, D., Ravid, S.A. and Wang, C.J. (2008), "Founders versus non-founders in large companies: Financial incentives and the call for regulation", *Journal of Regulatory Economics*, Vol. 33, pp. 55-86.

Peng, Q. and Tang, X.S. (2019), "Good or bad" with rumor: the relevance between stock market rumor and earning value", *Management World*, Vol. 3, pp. 186-204.

Pfarrer, M.D., Pollock, T.G. and Rindova, V.P. (2010), "A tale of two assets: the effects of firm reputation and celebrity on earnings surprises and investors' reactions", *Academy of Management Journal*, Vol. 53, pp. 1131-1152.

Pollock, T.G. and Rindova, V.P. (2003), "Media legitimation effects in the market for initial public offerings", *Academy of Management Journal*, Vol. 46, pp. 631-642.

Pollock, T.G., Rindova, V.P. and Maggitti, P.G. (2008), "Market watch: information and availability Cascades among the media and investors in the US IPO market", *Academy of Management Journal*, Vol. 51, pp. 335-358.

Rhee, E.Y. and Fiss, P.C. (2014), "Framing controversial actions: Regulatory focus, source credibility, and stock market reaction to poison pill adoption", *Academy of Management Journal*, Vol. 57, pp. 1734-1758.

Shleifer, A. and Vishny, R.W. (1997), "A survey of corporate governance", *The Journal of Finance*, Vol. 52, pp. 737-783.

Simsek, Z. (2007), "CEO tenure and organizational performance: an intervening model", *Strategic Management Journal*, Vol. 28, pp. 653-662.

Sorrentino, R.M., Nezlek, J.B., Yasunaga, S., Kouhara, S., Otsubo, Y. and Shuper, P. (2008), "Uncertainty orientation and affective experiences: Individual differences within and across cultures", *Journal of Cross-Cultural Psychology*, Vol. 39, pp. 129-146.

Strömberg, D. (2004), "Mass media competition, political competition, and public policy", *The Review of Economic Studies*, Vol. 71, pp. 265-284.

Tambini, D. (2010), "What are financial journalists for?", *Journalism Studies*, Vol. 11, pp. 158-174.

Tervio, M. (2008), "The difference that CEOs make: an assignment model approach", *American Economic Review*, Vol. 98 No. 3, pp. 642-668.

Tetlock, P.C. (2007), "Giving content to investor sentiment: the role of media in the stock market", *The Journal of Finance*, Vol. 62, pp. 1139-1168.

Triandis, H.C. (1989), "The self and social behavior in differing cultural contexts", *Psychological Review*, Vol. 96, pp. 506-520.

Vogel, R.M., Mitchell, M.S., Tepper, B.J., Restubog, S.L., Hu, C., Hua, W. and Huang, J.C. (2015), "A cross-cultural examination of subordinates' perceptions of and reactions to abusive supervision", *Journal of Organizational Behavior*, Vol. 36, pp. 720-745.

Wade, J., O'Reilly, C.A. III. and Chandratat, I. (1990), "Golden parachutes: CEOs and the exercise of social influence", *Administrative Science Quarterly*, pp. 587-603.

Wade, J.B., O'Reilly, C.A. III. and Pollock, T.G. (2006), "Overpaid CEOs and underpaid managers: Fairness and executive compensation", *Organization Science*, Vol. 17, pp. 527-544.

Wartick, S.L. (1992), "The relationship between intense media exposure and change in corporate reputation", *Business and Society*, Vol. 31, pp. 33-49.

Westphal, J.D., Park, S.H., McDonald, M.L. and Hayward, M.L. (2012), "Helping other CEOs avoid bad press: Social exchange and impression management support among CEOs in communications with journalists", *Administrative Science Quarterly*, Vol. 57 No. 2, pp. 217-268.

Westphal, J.D. and Zajac, E.J. (2013), "A behavioral theory of corporate governance: explicating the mechanisms of socially situated and socially constituted agency", *Academy of Management Annals*, Vol. 7 No. 1, pp. 607-661.

Wowak, A.J. and Hambrick, D.C. (2010), "A model of person-pay interaction: how executives vary in their responses to compensation arrangements", *Strategic Management Journal*, Vol. 31, pp. 803-821.

Wowak, A.J., Hambrick, D.C. and Henderson, A.D. (2011), "Do CEOs encounter within-tenure settling up? A multiperiod perspective on executive pay and dismissal", *Academy of Management Journal*, Vol. 54, pp. 719-739.

Wu, S., Levitas, E. and Priem, R.L. (2005), "CEO tenure and company invention under differing levels of technological dynamism", *Academy of Management Journal*, Vol. 48, pp. 859-873.

Wu, C. and Lv, R. (2018), "The effect of media sentiment on debt financing: the grouping effect of financial industry competition", *Journal of Technical Economics and Management*, Vol. 2, pp. 15-20.

Yang, X. (2019), "Social influence or personal attitudes? Understanding users' social network sites continuance intention", *Kybernetes*, Vol. 48 No. 3, pp. 424-437.

Yang, T.Y. and Yang, Y.T. (2014), "Determinants of inflow to mutual funds: criterion and methodology for their application to the mainland China market", *Journal of Behavioral Finance*, Vol. 15, pp. 269-276.

Zavyalova, A., Pfarrer, M.D. and Reger, R.K. (2017), "Celebrity and infamy? The consequences of media narratives about organizational identity", *Academy of Management Review*, Vol. 42 No. 3, pp. 461-480.

Zavyalova, A., Pfarrer, M.D., Reger, R.K. and Shapiro, D.L. (2012), "Managing the message: the effects of firm actions and industry spillovers on media coverage following wrongdoing", *Academy of Management Journal*, Vol. 55, pp. 1079-1101.

Zheng, Y. (2010), "The effect of CEO tenure on CEO compensation: evidence from inside CEOs vs outside CEOs", *Managerial Finance*, Vol. 36, pp. 832-859.

Zhou, H. and Zhu, J.Q. (2011), "Jump risk and cross section of stock returns: evidence from China's stock market", *Journal of Economics and Finance*, Vol. 35, pp. 309-331.

Zingales, L. (1998), "Survival of the fittest or the fattest? Exit and financing in the trucking industry", *The Journal of Finance*, Vol. 53, pp. 905-938.

Zorn, M.L., Shropshire, C., Martin, J.A., Combs, J.G. and Ketchen, D.J. Jr. (2017), "Home alone: the effects of lone-insider boards on CEO pay, financial misconduct, and firm performance", *Strategic Management Journal*, Vol. 38, pp. 2623-2646.

Corresponding author
Chao Wu can be contacted at: wuchao5936@126.com