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# Better To Be Loved by Some? Firm Flaunting as an Impression Management Strategy

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# BETTER TO BE LOVED BY SOME? FIRM FLAUNTING AS AN IMPRESSION MANAGEMENT STRATEGY

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**Firms can use a range of proactive impression management behaviors to reduce the impact of a negative event on firm outcomes. When a negative event is unpredictable, we theorize that firms can engage in ostentatious behaviors that display the firm's affluence and robust resource base. We term these behaviors "flaunting," and we present a two-part model that investigates how flaunting can reduce the impact of an unpredictable negative event on firm outcomes and why it is effective at doing so. In part one, we theorize how flaunting can generate net positive stakeholder group evaluations by enhancing distinctiveness among stakeholder groups. In part two, we theorize that the net positive stakeholder group evaluations can buffer the impact of an unpredictable negative event on firm outcomes. We also maintain that this buffering effect is amplified when the flaunting firm actively manages stakeholder group distinctiveness. Thus, while flaunting can be both off-putting and enticing to different stakeholder groups, we theorize that courting the love of some may be worth the cost of being disliked (or worse) by others.**

Consider these firm behaviors: Go Daddy rented out Major League Baseball's Chase Field for a multi-million-dollar corporate party that featured performances by ZZ Top and Jewel (Becker, 2014). Yeezy handpicked a group of elite customers and celebrities to attend an exclusive premiere of its latest fashion line at Madison Square Garden (Mazurek, 2016; Scott, 2016). Tesla's Motors Club Connect conference invited "Tesla owners and [electric vehicle] enthusiasts" (Tesla Motors Club, 2021) to Silicon Valley to enjoy food and libations while mingling with prominent business leaders and entertainers. Even during the COVID-19 pandemic, some firms prepared gifts of designer accessories and culinary delicacies for their choice clients, shareholders, and suppliers to be enjoyed at home, while others lined up big-name entertainers for virtual, exclusive concerts (Louie, 2020).

Why do firms engage in these grandiose behaviors? One reason may be to manage the impressions of those who attend the lavish parties or benefit from the perks described above. Indeed, proactively managing these stakeholder groups' impressions can be especially beneficial for reducing the impact of a future negative event. For example, in the wake of several Tesla car fires, some Tesla acolytes "accuse[d] the media of making too much" of the incidents, suggesting that "combustion-engine fires happen all the time" (Lopez, 2019), and Tesla's stock price continued to rise in the following months. Similarly, when Yeezy received scathing reviews from fashion critics for its underwhelming designs and high price tags, loyal customers still queued for days to purchase products (Blundy & Foster, 2015). In both of these examples, supporters of

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Yeezy and Tesla heeded calls to "keep the faith" in the firm despite a negative event (Ryder, 2021).

More generally, much of the proactive impression management literature has investigated how firms manage the impressions of stakeholder groups to "keep the faith" ahead of negative events to reduce their impact on firm outcomes. For example, the firm can voluntarily disclose the risks and challenges it faces (Abdullah, Shukor, Mohamed, & Ahmad, 2015), distract stakeholders' attention (Graffin, Haleblian, & Kiley, 2016), or use "ceremonial actions" to build goodwill toward the firm (Zavyalova, Pfarrer, Reger, & Shapiro, 2012: 1079). Yet despite these insights, current theory has overlooked Tesla's, Yeezy's, and similar firms' proactive behaviors as well as their potentially polarizing effects on stakeholders' impressions and firm outcomes. That is, while such grandiose behaviors can lessen the fallout from a future negative event, they also can lead to rebellions from suspicious or excluded others (Ryder, 2021). We term these behaviors "flaunting" and define them as ostentatious behaviors that convey an image of the firm's affluence and robust resource base. Similar to other impression management behaviors, we theorize that flaunting can reduce the impact of an unpredictable negative event on firm outcomes. However, we submit that it does so in a distinct way.

Specifically, we use insights from political theory, psychology, and sociology to present a two-part model that investigates how flaunting can reduce the impact of an unpredictable negative event on firm outcomes and why it may be effective at doing so. In part one, we illustrate how flaunting can generate net positive stakeholder group evaluations by enhancing distinctiveness among stakeholder groups. We develop a typology based on two dimensions—interdependence (Frooman, 1999; Jones, Harrison, & Felps, 2018) and schema congruence (Alvesson, 2011; Baldwin, 1992)—to generate four distinct stakeholder groups: the extreme support coalition (highly positive evaluations), the opposition (highly negative evaluations), the enthusiasts (positive evaluations), and the dissenters (neutral evaluations). In part two, we theorize that the net positive stakeholder group evaluations can buffer the impact of an unpredictable negative event on firm outcomes. We also maintain that this buffering effect is amplified when the flaunting firm manages stakeholder group distinctiveness.

We make three primary contributions to the impression management literature. First, we introduce firm flaunting as a distinct impression management behavior. We theorize how and why firms flaunt to reduce the impact of an unpredictable negative event on firm outcomes. Second, whereas other proactive impression management behaviors expect to generate positive stakeholder group evaluations, we explicitly recognize the trade-offs associated with flaunting and that flaunting leverages the distinctiveness among stakeholder groups to generate net positive evaluations. Third, we theorize that flaunting is an effective proactive impression management behavior because it can buffer the impact of an unpredictable negative event. That is, while flaunting can be both enticing and off-putting, we theorize that courting the love of some stakeholder groups may be worth the cost of being disliked (or worse) by others when an unpredictable negative event occurs.

## PROACTIVE IMPRESSION MANAGEMENT

A negative event can provoke negative stakeholder evaluations and adversely affect firm outcomes, such as sales, reputation, or stock price (Bundy & Pfarrer, 2015; Busenbark, Marshall, Miller, & Pfarrer, 2019; Elsbach, 2003). To reduce the impact of a negative event on firm outcomes, firms can use a range of discretionary actions to influence how stakeholder groups perceive and evaluate the firm—that is, manage their impressions (Elsbach, Sutton, & Principe, 1998). Previous research has focused primarily on two types of impression management: reactive, in which firms seek to reduce stakeholder groups' negative evaluations following a negative event, and proactive, in which firms endeavor to buffer negative evaluations preemptively (Bundy, Pfarrer, Short, & Coombs, 2017). In this article, we focus on proactive impression management behaviors and review three relevant streams of this literature to situate our theorizing—voluntary disclosure, anticipatory impression management (AIM), and ceremonial actions.

In anticipation of *predictable* negative events, firms can manage stakeholder impressions proactively via voluntary disclosure or AIM. Firms use voluntary disclosure to manage the impressions of *multiple* stakeholder groups by revealing challenges the firm faces, including financial, environmental, and operational risks, while also disclosing actions to address these issues and build goodwill with stakeholders (Abdullah et al., 2015; Pfarrer, Smith, Bartol, Khanin, & Zhang, 2008). For example, in their content analysis of voluntary disclosures, Lajili and Zéghal (2005) found that a single company report (such as the annual report) discussed multiple sources of risk, such as government funding cuts and labor disputes, to manage the impressions of multiple stakeholder groups ahead of an array of possible negative events.

In contrast to voluntary disclosure, AIM is useful when managing the impressions of a *subset* of strategically relevant stakeholder groups in anticipation of a *predictable* negative event (Graffin, Carpenter, & Boivie, 2011; Graffin et al., 2016). For example, studies have analyzed AIM ahead of earnings announcements (Elliott & Shaw, 1988), CEO succession announcements (Graffin et al., 2011), privatization announcements (Otchere, 2009), and acquisitions (Graffin et al., 2016). In anticipation of these events, the firm manages the impressions of a subset of stakeholder groups either by clarifying nuances of the event for more attentive stakeholder groups (e.g., foreshadowing and strategic talk for analysts) (Whittington, Yakis-Douglas, & Ahn, 2016) or by distracting stakeholder groups likely to be affected by the event (e.g., offsetting and obfuscation for investors) (Graffin et al., 2016).

Despite the effectiveness of voluntary disclosure and AIM ahead of predictable negative events, the literature has been less explicit on how firms manage stakeholder impressions ahead of *unpredictable* negative events—such as environmental accidents, product recalls, or data breaches. Managing impressions ahead of unpredictable negative events is important because although it is unclear when these events will occur, the likelihood of their occurrence and impact on stakeholder groups is sufficiently high to prompt proactive action (Milosevic, Bass, & Combs, 2018). For example, the 2010 BP oil spill was an unpredictable negative event that had a considerable impact on multiple stakeholder groups, including employees, workers in the agriculture and tourism sectors, and competitors (Bass & Milosevic, 2018). Given that BP and other oil companies expect these types of negative events to occur at some point, proactively managing stakeholder impressions can effectively lessen some negative evaluations, potentially reducing the impact of the negative event on firm outcomes (Titus, Parker, & Bass, 2018; Wasserstrom & Reider, 1998).

One way that firms manage impressions of *multiple* stakeholder groups ahead of unpredictable negative events is through ceremonial actions. Actions like corporate social responsibility, corporate philanthropy, or community engagement emphasize a firm's positive traits to build goodwill among stakeholder groups proactively (Godfrey, 2005; Godfrey, Merrill, & Hansen, 2009; Janney & Gove, 2011; Zavyalova et al., 2012). Given their benevolent nature, firms may use ceremonial actions to accrue positive evaluations among multiple stakeholder groups, making a subsequent negative event seem more like an aberration than a consequence of a firm's actions, thereby reducing its impact on firm outcomes.

For example, using a sample of publicly traded firms across multiple industries, Janney and Gove (2011: 1569) found that corporate social responsibility proactively builds a reputational defense against a financial scandal and argued that this ceremonial action creates an offsetting response that "permits the firm to balance a negative behavior against multiple positive behaviors." Indeed, oil and gas firms use ceremonial actions, such as building schools or employing local contractors, to accrue goodwill (Wasserstrom & Reider, 1998). Suppose an unpredictable negative event, such as water contamination, a rig blowout, or an oil spill, occurs. In that case, these proactive benevolent actions can reduce negative evaluations and impacts on firm outcomes, with stakeholder groups categorizing the event as an anomaly rather than attributing responsibility to an otherwise benevolent firm (Godfrey et al., 2009; Janney & Gove, 2011). However, because ceremonial actions appeal to multiple stakeholder groups, such actions may be less effective at targeting and managing the impressions of a subset of stakeholder groups, such as shareholders.

We summarize the key characteristics of voluntary disclosure, AIM, and ceremonial actions as proactive impression management behaviors ahead of negative events in Table 1. The table highlights the negative event for which each behavior is more effective (predictable or unpredictable) and how each differently manages impressions (multiple stakeholder groups or a subset of stakeholder groups). Importantly, we also illustrate that voluntary disclosure, AIM, and ceremonial actions do not comprehensively circumscribe the array of behaviors firms can use to manage impressions ahead of negative events. In the following section, we use insights from political theory, psychology, and sociology to introduce and develop the concept of flaunting as a proactive impression management behavior that appeals to a *subset* of stakeholder groups ahead of *unpredictable* negative events.

## FIRM FLAUNTING AS A PROACTIVE IMPRESSION MANAGEMENT BEHAVIOR

Though seemingly absent from the management literature, flaunting has a rich history in other disciplines and is evident in practice. Veblen's (1899) theory of the leisure class suggests that creating images of power and wealth can effectively gain the esteem of others. More recent advancements in sociology have highlighted the desire to use symbolic possessions to "keep up with the Joneses" (Carr & Vignoles, 2011: 518) or maintain social standing via affluence displays. This is especially true ahead of evaluative

**TABLE 1**
**Proactive Impression Management Ahead of Negative Events**

| Proactive Impression Management Behavior | Purpose | Negative Event | Stakeholders' Impressions to be Managed |
|---|---|---|---|
| Voluntary disclosure | To reveal the challenges facing the firm as well as those actions taken to address them. | Predictable | Multiple stakeholder groups |
| AIM | To clarify information or distract stakeholders ahead of a negative event. | Predictable | A subset of stakeholder groups |
| Ceremonial actions | To alter the impressions of stakeholders positively by accruing goodwill. | Unpredictable | Multiple stakeholder groups |
| Flaunting | To convey an image of wealth via ostentatious displays of the firm's affluence and robust resource base. | Unpredictable | A subset of stakeholder groups |

events, such as when the flaunting individual rents a luxury car to drive to a class reunion to "see the head turns of [classmates] . . ." (Bagwell & Bernheim, 1996: 352). In psychology, strategic self-presentation and "peacocking" behaviors can also effectively convey desirable images ahead of evaluative events. By magnifying positive attributes, individuals regulate the content of social interactions to shape subsequent audience impressions (Leary, 1995).

We build on this literature to define firm flaunting as ostentatious behaviors that convey an image of the firm's affluence and robust resource base. Firms can flaunt via attributes such as luxuriously designed headquarters or equipping employees with the latest technologies. For example, architecture critic Rowan Moore has suggested that firms invest in extravagant headquarters as "symbols of their global power," not unlike the bankers of the Italian Renaissance (Testado, 2017). Firms can also flaunt via activities, such as lavish parties and retreats. For example, the extravagant holiday parties hosted by Twitter at AT&T Park or the UBS theme party at the American Museum of Natural History were activities both firms used to convey affluence (Frier & Huet, 2015). These ostentatious attributes and activities demonstrate "Veblen effects": grandiose displays that are not functionally different from a comparative, non–ostentatious attribute or activity but that create "invidious comparison" such that those that have the attribute or attend the activity can differentiate themselves from those that do not (Bagwell & Bernheim, 1996: 350).[1]

The utility of flaunting resides in its potential to generate positive stakeholder group evaluations (Bagwell & Bernheim, 1996). Like other impression management strategies, however, the utility of flaunting is not guaranteed. Rather, firms engage in flaunting because it *can* be effective (Bundy et al., 2017; Elsbach, 2003). Yet, specific contexts or situations may make flaunting (or another impression management strategy) a better (or worse) choice. For example, AIM has less utility and may be a less effective strategic choice in highly competitive industries. In their study of foreshadowing and analysts' reactions, Busenbark, Lange, and Certo (2017: 2490) noted that foreshadowing "may prompt unwanted countermoves by competitors." Similarly, ceremonial actions may have less utility when used after the focal firm engages in wrongdoing, as they could be "interpreted as self-serving and cynical" (Zavyalova et al., 2012: 1095).

Noting the importance of these specific contexts or situations for the utility of impression management, we suggest that flaunting has less utility in at least two scenarios: (a) when the flaunting behavior occurs after the negative event, or (b) when the flaunting behavior appears "illegitimate." First, flaunting may be a poor strategic choice when the flaunting behavior occurs after the negative event. For example, following a government bailout, finance and insurance firm AIG came under scrutiny from multiple stakeholders—including customers, government officials, competitors, and the general public—when it held a $500,000 weekend junket for its top agents (Whoriskey, 2008). Although AIG reported that bailout funds were not used for this event, the proximal timing to the

[1] There are a range of behaviors firms can use to manage impressions, including verbal accounts, activities, categorizations, labels, symbolic behaviors, and physical attributes (Elsbach, 2003). We use attributes and activities taxonomically to capture the array of actions that comprise flaunting behaviors, and we assume they have similar predictive power. We revisit the idea that attributes and activities may generate different outcomes in the Discussion. (We thank an anonymous reviewer for this insight.)

government bailout was viewed as disconcerting and distasteful (Wayne & Clifford, 2009). As such, the flaunting behavior failed to convey the desired image of affluence and a robust resource base.

Second, flaunting may be a poor strategic choice when this behavior appears "illegitimate" (when it is inconsistent with the firm's perceived image). For example, NextHash, a small cryptocurrency company, sponsored a team in the Tour de France despite the firm's "slim assets ledger" that would suggest it could not "afford the $2 to $5 million annual commitment that's required to be a second-line naming partner to even an average-budget WorldTour team" (Lindsey, 2021). In this case, the flaunting behavior failed to convey an image of affluence and a robust resource base because of its inconsistency with the perceived image of NextHash as a low-visibility and financially fragile firm.

In contrast, we suggest that flaunting can be especially useful as a proactive impression management behavior to reduce the impact of a future unpredictable negative event. Like other proactive impression management behaviors, flaunting is both intentional and discretionary (Elsbach et al., 1998), and firms choose whether, how, and to what extent to flaunt. However, unlike other proactive impression management behaviors, firms neither flaunt to identify risks (voluntary disclosure), to offset stakeholder evaluations ahead of predictable events (AIM), nor to demonstrate their benevolent social and environmental activities (ceremonial actions). Rather, flaunting aims to gain an endowment of positive evaluations (i.e., the esteem of others) (Veblen, 1899) so that when an unpredictable negative event occurs, the positive evaluations of a subset of stakeholder groups can reduce the fallout of the event for the firm (see Table 1).

Unpredictable negative events are particularly challenging for firms because they impact firm outcomes and because it is difficult to prepare for them and forecast their effects on stakeholders (Quarantelli, 1988). Therefore, proactive impression management behaviors that generate positive evaluations of the firm more generally (e.g., voluntary disclosure and ceremonial actions) and ones that relate to a specific event (e.g., AIM) may be less effective at reducing the fallout from an unpredictable negative event. Because it is difficult to foresee which stakeholder groups will be affected by an unpredictable negative event, it may be advantageous for the flaunting firm to gain an endowment of positive evaluations from a subset of stakeholder groups that benefit from or admire flaunting. In turn, these groups may "circle the wagons" (Zavyalova, Pfarrer, Reger, & Hubbard, 2016: 271) in support of the flaunting firm when an unpredictable negative event occurs.

Thus, we theorize that flaunting may be effective at generating an endowment of positive evaluations from a subset of stakeholder groups ahead of an unpredictable negative event. Though these positive evaluations do not prevent the event from occurring, they can serve as an "airbag" for the firm, reducing the impact of the unpredictable negative event on firm outcomes (Bundy et al., 2017; Pfarrer, Pollock, & Rindova, 2010). When an unpredictable negative event occurs, these stakeholder groups' positive evaluations may lead them to attribute less responsibility to the flaunting firm and rationalize the event as an aberration (Bundy & Pfarrer, 2015). Returning to the Tesla and Yeezy examples above, the positive evaluations of a subset of stakeholder groups seemed to overshadow the negative events and reduce their impact on Tesla's stock price and Yeezy's sales.

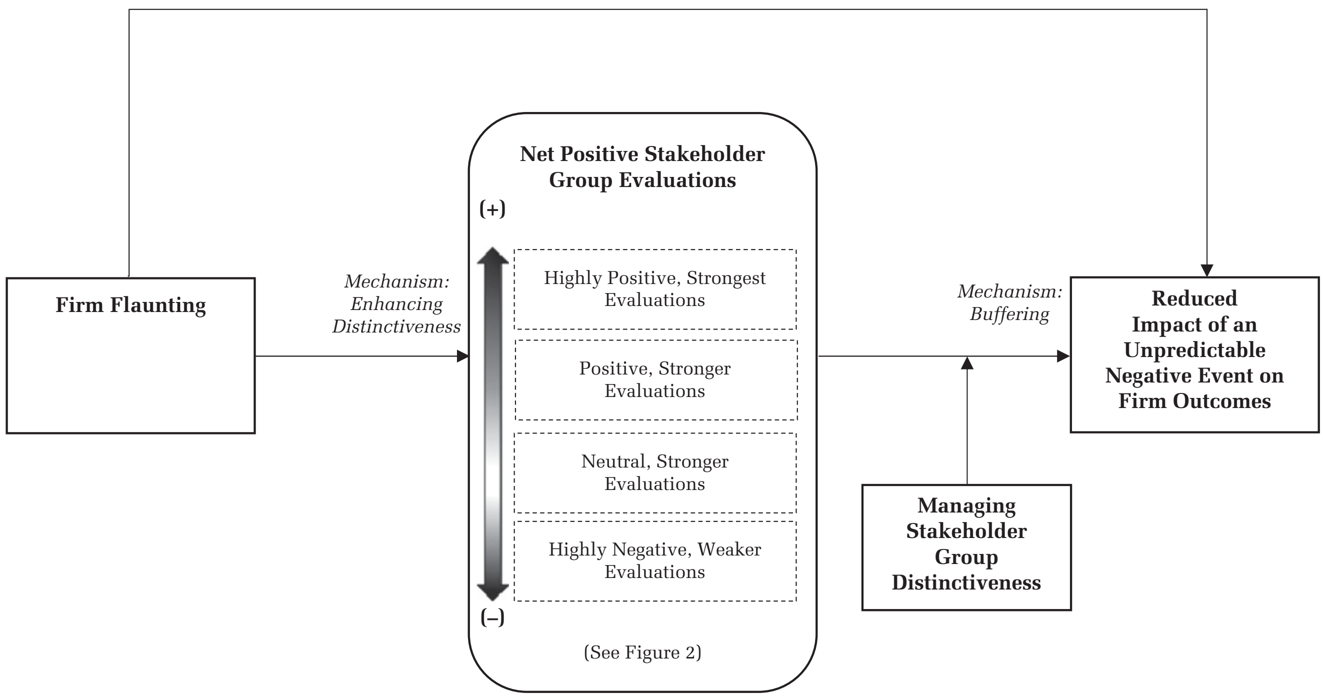
In sum, we recognize that flaunting, similar to other proactive impression management behaviors, can reduce the impact of a negative event on firm outcomes. However, we submit that it does so in a distinct way by managing the impressions of a subset of stakeholder groups and suggest it is effective ahead of unpredictable negative events. We therefore offer the following argument as a baseline for our theorizing and as the fundamental relationship we will explicate in the remainder of the article. Firm flaunting can reduce the impact of an unpredictable negative event on firm outcomes.

Our introduction of flaunting as a proactive impression management behavior and how it can reduce the impact of an unpredictable negative event on firm outcomes enables us to theorize a two-part model of *how* flaunting does this and *why* it is effective. In part one, we explain how flaunting generates net positive evaluations of the firm by *enhancing distinctiveness* among four stakeholder groups. In part two, we theorize that flaunting is an effective impression management behavior because stakeholder groups' net positive evaluations *buffer* the impact of the unpredictable negative event on firm outcomes. We advance this second argument to suggest that the buffering effect is amplified when the flaunting firm manages stakeholder group distinctiveness. We provide a conceptual model of our theorizing in Figure 1 and dedicate the remainder of the article to explicating how and why flaunting works.

## HOW FLAUNTING AFFECTS STAKEHOLDER GROUP EVALUATIONS

As an ostentatious behavior, flaunting can be both enticing and off-putting—while a subset of

**FIGURE 1**
**A Theoretical Model of Firm Flaunting**




stakeholder groups may admire and benefit from flaunting, others may view it as tacky or distasteful (Bagwell & Bernheim, 1996). Thus, flaunting does not generate positive evaluations across all stakeholder groups but rather can generate *net* positive stakeholder group evaluations. To understand how flaunting does this, we first present a typology of stakeholder groups based on two dimensions—firm–stakeholder interdependence and schema congruence. Interdependence and schema congruence are particularly relevant to our theorizing as they capture stakeholder groups' extrinsic and intrinsic concerns, both of which can influence their evaluations (Bundy, Vogel, & Zachary, 2018). More specifically, interdependence influences stakeholder group evaluations because it appeals primarily to the group's extrinsic concerns, such as current and future beneficial outcomes, that result from a relationship with the firm (Nartey, Henisz, & Dorobantu, 2018). In contrast, schema congruence influences stakeholder group evaluations because it appeals primarily to the group's intrinsic concerns, such as establishing mutually meaningful interactions that result from value congruence with the firm (Alvesson, 2011; Baldwin, 1992).

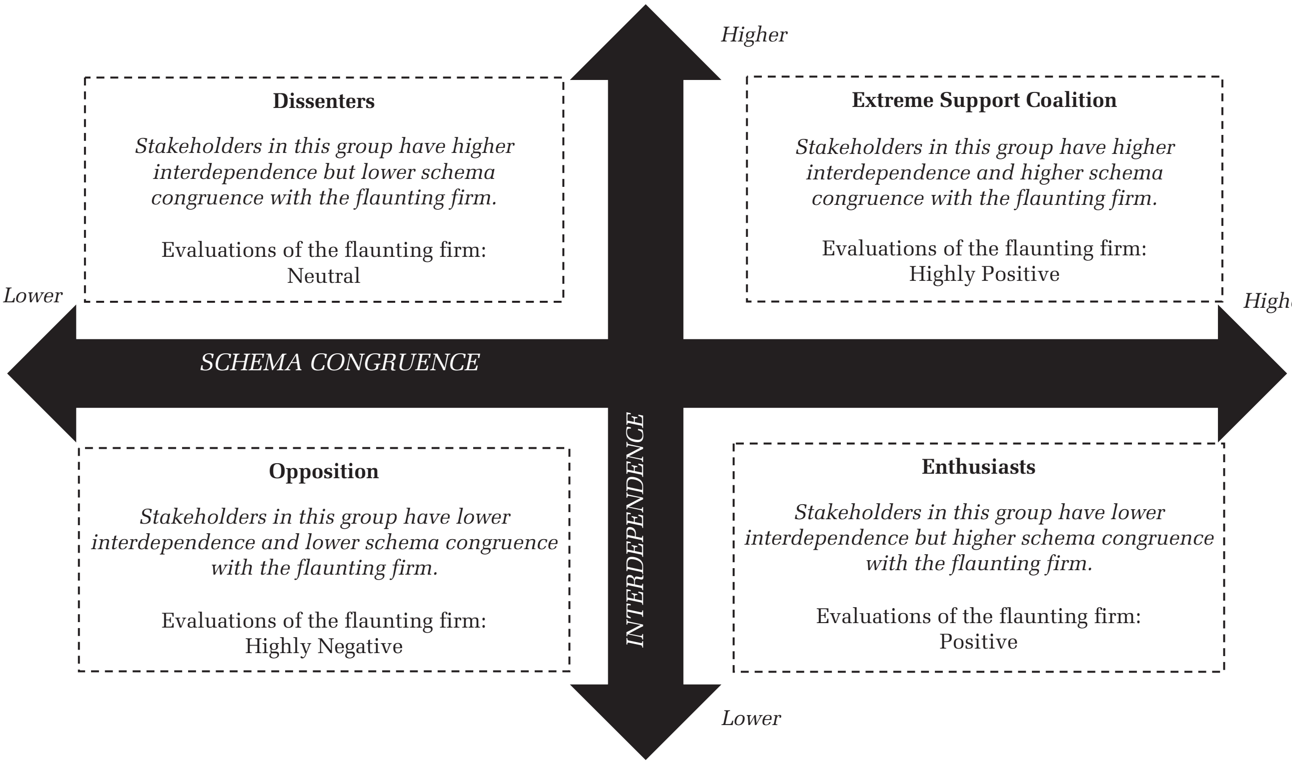
Next, we describe these two dimensions of firm–stakeholder interdependence and schema congruence and explicate how they generate a typology of four distinct stakeholder groups: the extreme support coalition, the enthusiasts, the dissenters, and the opposition (Figure 2). We then use this typology to argue how flaunting leverages these two dimensions to generate net positive stakeholder group evaluations by enhancing distinctiveness.

### Dimension 1: Firm–Stakeholder Interdependence

Firm–stakeholder interdependence (interdependence) exists when there is mutual dependence, or "the existence of bilateral dependencies in the [stakeholder–firm] dyad" (Casciaro & Piskorski, 2005: 170).[2] The dyadic relationship between a firm and a stakeholder group can take the form of

[2] We recognize that interdependence can exist between varied entities, such as between stakeholders and among stakeholder groups. However, we focus on firm–stakeholder interdependence as the dyadic relationship between the firm and a stakeholder group (Casciaro & Piskorski, 2005; Frooman, 1999). We are grateful to an anonymous reviewer for encouraging us to provide this point of clarity.

**FIGURE 2**
**Interdependence, Schema Congruence, and Differences in Stakeholder Group Evaluations**




consent, such as the relationship between an oil and gas firm and a landowner; a contract, such as the relationship between a retailer and its supplier; or a transaction, such as the relationship between a bank and its customers (Phillips, 1997). Interdependence between the firm and the stakeholder group occurs when a firm becomes dependent on a stakeholder group's activities and a stakeholder group on the firm's outcomes, requiring coordination and mutual adjustment (Frooman, 1999; Jones et al., 2018; Thompson, 1967). That is, a firm and the stakeholder group are mutually dependent, albeit for different reasons. While the firm might be dependent on the stakeholder group for necessary capital (investors), revenue (customers), or property (landowners), the stakeholder group may be dependent on the firm for outcomes such as wealth generation, products or services, or financial opportunities (Wry, Cobb, & Aldrich, 2013).

Higher interdependence indicates stronger mutual dependence between the stakeholder group and the firm, with both "afforded *ex ante* exchange benefits" (Nartey et al., 2018: 370) through exchanging resources and outcomes. Reciprocity of exchanging resources and outcomes stabilizes the dyadic firm–stakeholder group relationship by increasing the mutual benefit experienced by both actors (Frooman, 1999; Gouldner, 1960; Pfeffer & Salancik, 1978). That is, the firm (stakeholder group) has a stake In ensuring reciprocity to maintain the exchange of resources and outcomes. Reciprocity can also exist between the firm and the stakeholder group out of mutual obligation, thus establishing or maintaining interdependence in the relationship.

In contrast, lower interdependence indicates that the firm (stakeholder group) has weaker dependence on the stakeholder group (firm), receives minimal or no exchange benefits, and there is limited or no reciprocity. To this end, the higher the interdependence between the firm and the stakeholder group, the more likely there is a reciprocal exchange and that the firm appeals to this group's extrinsic concerns (Bundy et al., 2018).

### Dimension 2: Firm–Stakeholder Schema Congruence

Schemas represent interpersonal knowledge used by actors, such as a firm and a stakeholder group, about how to interpret and act on social information (Baldwin, 1992, 1997). Schemas help actors interpret social information through sensemaking of the social situation, including the other actors involved and the context in which the social information is embedded (Tsai, Dionne, Wang, Spain, Yammarino, & Cheng, 2017). Schemas, therefore, provide actors with “scripts for behavior” (Clemens & Cook, 1999: 445) “to meet certain social goals” (Baldwin, 1992: 467), helping firms and stakeholder groups navigate social interactions. Firm–stakeholder schema congruence (schema congruence) exists when a firm and a stakeholder group interpret social information similarly, reflecting the likeness of values between them. For example, schema congruence reflects an investor’s expectation of the firm to provide quarterly or annual updates or a preferred customer’s anticipation of a holiday gift and note from the firm. In turn, the firm meets these stakeholder groups’ expectations by engaging in these behaviors.

Higher schema congruence between a firm and a stakeholder group implies that schemas are aligned such that these actors hold similar meanings of relevant organizational social behaviors (Alvesson, 2011; Smircich, 1983). Stakeholder groups with higher schema congruence may notice some firm behaviors while overlooking or ignoring others, interpret firm behaviors in ways that are consistent with the group’s expectations, and preferentially recall behaviors consistent with and relevant to the schema (Baldwin, 1992).

In contrast, lower schema congruence indicates that schemas are not aligned. The firm and the stakeholder group hold dissimilar meanings of relevant social behaviors. As such, the firm or the stakeholder group might behave in ways inconsistent with the other’s expectations. To this end, the higher the schema congruence between the firm and the stakeholder group, the more the schemas are aligned, and the more likely the firm behaves in ways that are meaningful, relevant, and appeal to this group’s intrinsic concerns (Bundy et al., 2018).

Based on the two dimensions of interdependence and schema congruence, Figure 2 depicts a typology of four stakeholder groups: the extreme support coalition (higher interdependence, higher schema congruence), the opposition (lower interdependence, lower schema congruence), the enthusiasts (lower interdependence, higher schema congruence), and the dissenters (higher interdependence, lower schema congruence). For parsimony and to highlight the differences in stakeholder groups’ evaluations of the flaunting firm, we theorize about the four conditions based on our two dimensions to describe “ideal types” of stakeholder groups (Cornelissen, 2017; Delbridge & Fiss, 2013; Doty & Glick, 1994). However, we recognize that both dimensions—and thus the four conditions associated with schema congruence and interdependence—can exist along a continuum.

Drawing on this typology, we extend our theorizing to explicate how flaunting leverages the two dimensions of interdependence and schema congruence to enhance distinctiveness among these four stakeholder groups. Stakeholder groups have distinct evaluations of the flaunting firm, ranging from highly positive (the extreme support coalition) to highly negative (the opposition).

### Stakeholder Group Evaluations

***The extreme support coalition.*** The extreme support coalition has both higher interdependence and higher schema congruence with the flaunting firm. Due to higher interdependence, the extreme support coalition is likely to benefit from flaunting based on reciprocity and exchange resources and outcomes (Nartey et al., 2018; Thompson, 1967). Thus, flaunting appeals to this stakeholder group’s “extrinsic concerns, or the tangible outcomes that may be achieved from the relationship” with the firm (Bundy et al., 2018: 484). Additionally, higher schema congruence enables the firm to tailor its flaunting behaviors in meaningful ways or meet the relational expectations of the extreme support coalition. Thus, higher schema congruence also appeals to this group’s intrinsic concerns or the inherent meaning derived from the firm’s behavior (Bundy et al., 2018; Ryan & Deci, 2000). Given the combination of higher interdependence and higher schema congruence, the extreme support coalition will likely form highly positive evaluations of the flaunting firm (see Figure 2).

The exclusive group of customers of the Yeezy fashion line is an example of the extreme support coalition. From 2015–2022, Yeezy collaborated with Adidas to sell apparel and shoes that ranged in price from $200 to $3,000 per item (Jones, 2017). Yeezy hosted exclusive events for its extreme support coalition of customers—such as renting out Madison Square Garden in New York City—where customers could see the new line, meet and greet the line’s founder and designers, and rub elbows with entertainment and fashion celebrities (Mazurek, 2016; Scott, 2016). Individuals had to own a piece from the fashion line to be a member of this exclusive group. Membership entailed receiving benefits from the firm (such as attending exclusive events), which appealed to these customers' extrinsic concerns and ensured reciprocity and mutual dependence. Further, these customers shared schema with Yeezy, valuing the "opulence" and "exclusivity" offered by owning an item from a line with limited availability, which appealed to their intrinsic concerns (Jones, 2017). As a result, these customers had highly positive evaluations of Yeezy, publicly posting comments such as "Praise Yeezus" (Sblendorio, 2017).

***The opposition.*** The opposition has lower interdependence and lower schema congruence with the flaunting firm. A stakeholder group with lower interdependence (e.g., the media) is less likely to experience flaunting and may neither enjoy the same opportunities for exchange nor reap the benefits from the flaunting behavior (Battilana, 2006). Thus, flaunting may not appeal to this group's extrinsic concerns. In addition, lower schema congruence may result in this group's view of flaunting as inappropriate, thereby failing to appeal to this group's intrinsic concerns. As such, flaunting not only will fail to fulfill this stakeholder group's extrinsic and intrinsic concerns (Bundy et al., 2018; Ryan & Deci, 2000), but it is also likely to reflect the opposition's perceived outsider status via invidious comparison (Bagwell & Bernheim, 1996). Indeed, the opposition is likely to have highly negative evaluations of the flaunting firm.

An example of this stakeholder group is the American Civil Liberties Union (ACLU) of North Dakota and its interactions with the Energy Transfer Partners' (ETP) Dakota Access pipeline. In 2018, ETP made the largest donation ever to the capital campaign of a local, nonsecular university (Emerson, 2018). The donation size, and the fact that ETP made it public, suggests the firm used the donation to convey an image of wealth that appealed to a subset of stakeholder groups. The ACLU opposed ETP, declaring that the donation was "designed to divide people" (Mosier, 2018). In this case, the ACLU did not have a mutually dependent relationship with ETP, indicating the ACLU's lower interdependence. Moreover, the ACLU's criticism of ETP's flaunting was reflective of its lower schema congruence. Thus, ETP appealed neither to the extrinsic nor intrinsic concerns of the ACLU, and the ACLU's public statements indicated its highly negative evaluations of ETP.

***The enthusiasts.*** The enthusiasts have lower interdependence but higher schema congruence with the flaunting firm. The lower interdependence indicates that this stakeholder group is unlikely to benefit from its relationship with the firm, and the firm may not appeal to its extrinsic concerns. However, the higher schema congruence entails shared scripts of behavior, leading enthusiasts to have an idealized perception of the flaunting firm (Murray, Holmes, & Griffin, 1996). For example, if both the stakeholder group and the flaunting firm view exclusivity as meaningful, then a corporate retreat at a private resort would convey a shared and appropriate image of wealth. To this end, the meaning-making created by flaunting appeals to this stakeholder group's intrinsic concerns, resulting in their positive evaluations of the firm. However, as noted in Figure 2, this group's evaluations are not as positive as those of the extreme support coalition, given this group's lower interdependence with the flaunting firm.

An example of this stakeholder group is the Jaguar Enthusiast Club. The club is open to anybody for whom the Jaguar "marque [is] dear to their hearts" (Jaguar Enthusiast Club, 2018). This stakeholder group is "a community of like-minded individuals banding together to share [their] passion" for Jaguar's design and performance (Jaguar Enthusiast Club, 2018). Many in this group neither own the car nor can they afford one. Given this stakeholder group's lower interdependence, it views Jaguar's flaunting from an outsider's perspective—visiting Jaguar showrooms to admire the latest models and the luxury of the exhibit rather than as a customer intending to purchase a vehicle. Indeed, posts on the club's website include descriptions of the Jaguar showrooms in "spacious and luxurious building[s]" with "delicious food and drinks aplenty" to deliver a "special feeling" for those that attend (Jaguar Enthusiast Club Ireland, 2018), indicating schema congruence that appeals to this stakeholder group's intrinsic concerns while failing to meet their extrinsic ones. However, this stakeholder group still has positive evaluations of the firm, with members commenting that it is a "great company" (Jaguar Enthusiast Club Ireland, 2018).

***The dissenters.*** Dissenters are those with higher interdependence but lower schema congruence with the flaunting firm. Higher interdependence indicates that dissenters may benefit from mutually beneficial exchanges that appeal to this group's extrinsic concerns (Blau, 1964; Thompson, 1967). These beneficial exchanges are likely to create positive outcomes for the dissenters. However, lower schema congruence indicates that the firm's behaviors may not align with the dissenters' values, thus failing to appeal to this group's intrinsic concerns. This misalignment likely means that the stakeholder group is uninterested in, or may even dislike, the flaunting behavior. Like the enthusiasts, the dissenters are higher on one dimension and lower on the other.

However, the evaluations of this stakeholder group are functionally different than those of the enthusiasts. Because flaunting appeals to the dissenters' extrinsic but not intrinsic concerns, this group has realistic rather than idealized evaluations of the firm (Murray et al., 1996). Consequently, although the group may consider the firm's flaunting inappropriate or wasteful due to a lack of schema congruence, the beneficial exchanges they receive from the firm as a consequence of higher interdependence render their evaluations neutral (see Figure 2).

An example of dissenters includes some of Apple Inc.'s investors. Apple has been cited repeatedly for its flaunting efforts—from providing employees with its latest products (Mortensen, 2007) to over-the-top, themed product launch events (Sofia, 2018). As such, Apple is a desirable stock for some investors based not only on its performance but also on the firm's flaunting to meet their extrinsic concerns. Although some of Apple's investors may disagree with the firm's flaunting because they view the behavior as unnecessary or wasteful, they still benefit from flaunting because it conveys images of firm wealth, which can positively influence performance evaluations. For example, though Apple events "have become the stuff of legend" (LaFrance, 2015), with grandiose displays of products that often represent incremental rather than radical advances, the effect of such events and associated product launches on Apple's stock price is typically positive (Krollmeyer, 2018).

Thus far, we have theorized how the two dimensions of our typology, interdependence and schema congruence, combine to generate four ideal types of stakeholder groups and four distinct evaluations. Next, we theorize how flaunting leverages these two dimensions to generate net positive stakeholder group evaluations by enhancing distinctiveness.

***Generating net positive stakeholder group evaluations by enhancing distinctiveness.*** Flaunting can generate net positive evaluations of the firm by enhancing the distinctiveness among the four stakeholder groups. Political science research has suggested that political parties build coalitions by drawing a boundary between their group and others in terms of ideology and identification (Poole & Rosenthal, 1984). For example, in presidential elections, some individuals vote along party lines to maintain support for their party or vote against the other party, regardless of whether they support their party's presidential nominee (Pew Research Center, 2020; Phillips, 2015). In doing so, there is a boundary between the group of supporters and the opposition.

Firms flaunt to achieve the same objective: to draw and emphasize boundaries between stakeholder groups by enhancing distinctiveness among them. Distinctiveness is a "groupish" mechanism (Bion, 1961: 168), defined as the perception of convergence of group and individual interests (Petriglieri & Petriglieri, 2020; Ridley, 1996; Stone, 2008). Groupishness secures inclusion within a group and exclusion between groups in an us-versus-them way (Brewer, 1999). Distinctiveness, therefore, makes intergroup boundaries salient (Stone & Crisp, 2007) and clarifies the existence of diverse groups based on differences in interdependence and schema congruence (Stone, 2008). As a result, a sense of us versus them arises from flaunting's appeal to some stakeholder groups' extrinsic or intrinsic concerns (i.e., the extreme support coalition, the enthusiasts, and the dissenters) but not to others (i.e., the opposition).

Consider, for example, Go Daddy's and Tesla's extravagant parties or the virtual concert with a celebrity entertainer (Becker, 2014; Louie, 2020). Although some stakeholder groups perceive these flaunting behaviors as wasteful or inappropriate, others may admire or benefit from them, indicating differences across stakeholder groups' perceptions of appropriate firm behaviors (Amis, Barney, Mahoney, & Wang, 2020). The flaunting behavior enhances the distinctiveness among stakeholder groups not only in terms of invidious comparison between those that attend the party or event and those that do not (i.e., appealing to the extrinsic concerns of the attendees) (Bagwell & Bernheim, 1996) but also between those that admire the parties or events (i.e., appealing to the intrinsic concerns of the admirers) and those that view them as wasteful or inappropriate.

When the flaunting firm appeals to the stakeholder group's extrinsic or intrinsic concerns, it creates an anchor that can be a source of a unidirectional flow of support toward the flaunting firm. In the political science literature, anchors serve as an "institutionalized accommodation of mutual priorities" (Schlozman, 2015: 2) between the political party and the stakeholder group so that the stakeholder group maintains or intensifies its evaluations of and loyalty to the political party. In our theory of flaunting, the anchor makes the convergence of interests between the given group and the firm salient, strengthening the group's evaluations. In contrast, the absence of an anchor leaves the stakeholder group less collectively organized toward evaluating the firm.

Thus, in addition to qualitative differences in stakeholder group evaluations (i.e., highly positive, positive, neutral, or highly negative [Figure 2]), the

**TABLE 2**
**Anchors and the Strength of Stakeholder Group Evaluations**

| | Anchor 1: Extrinsic Benefits | Anchor 2: Intrinsic Benefits | Strength of Evaluations |
|---|---|---|---|
| The extreme support coalition | ● | ● | Strongest |
| The enthusiasts | ○ | ● | Stronger |
| The dissenters | ● | ○ | Stronger |
| The opposition | ○ | ○ | Weaker |

strength of evaluation can differ across stakeholder groups. Appealing to the extrinsic or intrinsic concerns of the stakeholder group creates an anchor that can strengthen the group as a collective and subsequently strengthen the group's evaluations (Stone, 2008). In contrast, stakeholder groups for which flaunting does not appeal to their extrinsic or intrinsic concerns lack an anchor, resulting in a weaker or less organized group with generally weaker evaluations (McDougall, 1920). We depict these differences in the strength of stakeholder group evaluations in Table 2 and provide greater detail below.

We theorize that stakeholder groups with one anchor have stronger evaluations than those without an anchor, and those with two anchors have stronger evaluations than the others (Gerard & Hoyt, 1974). That is, when the flaunting firm appeals to the extrinsic or intrinsic concerns of the stakeholder group, there is an anchor for the collective, and the stakeholder group's evaluations of the flaunting firm are stronger. Stated differently, stakeholder groups with one or more anchors recognize the flaunting firm's "us" group and, to varying degrees, see themselves as part of it. In contrast, stakeholder groups that lack any anchor recognize they are part of the flaunting firm's "them" group.

The strength of stakeholder group evaluations (and anchors) is a key part of explaining how the flaunting firm generates net positive stakeholder group evaluations. The extreme support coalition has highly positive evaluations of the flaunting firm due to higher interdependence and higher schema congruence, and it also has the strongest evaluations of the flaunting firm because it has two anchors that hold in-group membership. The enthusiasts (positive) and dissenters (neutral) have strong evaluations (although not as strong as the extreme support coalition) because a single anchor holds in-group membership for each stakeholder group. In contrast, the opposition has highly negative evaluations of the flaunting firm due to lower interdependence and lower schema congruence. This group also has the weakest evaluations of the flaunting firm because it lacks an anchor. As a result, the strength of the evaluations of the extreme support coalition, the enthusiasts, and the dissenters is likely greater than the strength of the evaluations of the opposition, thereby generating a net positive evaluation for the flaunting firm when flaunting is functioning effectively.

In this way, we theorize that flaunting is a discrete proactive impression management behavior that differs from voluntary disclosure, AIM, and ceremonial actions because it can generate net positive stakeholder group evaluations. To do so, however, the flaunting firm must enhance distinctiveness among stakeholder groups via interdependence and schema congruence and also appeal to the extrinsic or intrinsic concerns of the extreme support coalition, the enthusiasts, and the dissenters so that the strength (anchors) of these stakeholder groups' evaluations are stronger than the opposition's evaluations. We therefore submit that firm flaunting can generate net positive stakeholder group evaluations by enhancing distinctiveness.

Next, in part two of our model, we explicate why net positive stakeholder group evaluations buffer the impact of an unpredictable negative event on firm outcomes. We also theorize how this effect is amplified when the flaunting firm manages stakeholder group distinctiveness.

## WHY FLAUNTING CAN BE EFFECTIVE AHEAD OF UNPREDICTABLE NEGATIVE EVENTS

Our previous theorizing suggested that the flaunting firm can enhance distinctiveness among stakeholder groups to generate an endowment of net positive stakeholder evaluations. We extend this logic to suggest that these net positive evaluations *buffer* the impact of an unpredictable negative event on firm outcomes.

Buffering is a mechanism that creates a protective barrier for the firm via the "stockpiling of [resources]" (Thompson, 1967: 20)—in this case, net positive evaluations. Buffering is effective because it "may reduce the severity of [the] problem" (Thompson, 1967: 33)—in this case, a negative event. When the flaunting firm generates net positive stakeholder group evaluations, it creates an endowment of more stakeholder groups with stronger positive or neutral evaluations of the firm than those with weaker, negative evaluations. When an unpredictable negative event occurs, the net positive stakeholder group evaluations then buffer the impact on firm outcomes. This is similar to the "circling the wagons" phenomenon theorized in existing management research that describes why evaluations from a subset of stakeholder groups shield the firm from the negative evaluations of other stakeholder groups (Busenbark et al., 2019; Zavyalova et al., 2016).

Interestingly, the impact of an unpredictable negative event on firm outcomes is not buffered similarly across all stakeholder groups. Though the stronger (anchored) evaluations of the extreme support coalition, the enthusiasts, and the dissenters are likely to be buffered, the opposition's (unanchored) negative evaluations of the flaunting firm are not. We suggest that the extreme support coalition and enthusiasts will likely rationalize the event as an aberration. The dissenters may recognize the negative event but attribute less responsibility to the flaunting firm because of their extrinsically beneficial relationship. In contrast, the opposition's outsider status can generate highly negative evaluations of the flaunting firm when an unpredictable negative event occurs, but these evaluations will not be as strong as the other groups' because the opposition lacks an anchor to the flaunting firm. In this way, for the stakeholder groups with positive-to-neutral and stronger (anchored) evaluations of the flaunting firm, these endowed evaluations can buffer the impact of an unpredictable negative event—similar to an airbag in a vehicle crash. We therefore submit that net positive stakeholder group evaluations can reduce the impact of an unpredictable negative event on firm outcomes via buffering.

### Managing Stakeholder Group Distinctiveness

To amplify the buffering mechanism we theorized above, the flaunting firm must manage stakeholder group distinctiveness by recognizing the differences across stakeholder groups in terms of the valence and magnitude of their evaluations (Amis et al., 2020; McGahan, 2020). To do so, the flaunting firm can (a) manage the exclusivity of the extreme support coalition, (b) entice the enthusiasts by appealing to their intrinsic concerns, and (c) placate the dissenters by appealing to their extrinsic concerns. We maintain that by managing stakeholder group distinctiveness, the flaunting firm can amplify the net positive stakeholder group evaluations generated by the enthusiasts, dissenters, and extreme support coalition so as to buffer the impact of an unpredictable negative event on firm outcomes.

***Managing the distinctiveness of the extreme support coalition.*** Considering that flaunting enhances distinctiveness in an "us-versus-them" way, the extreme support coalition's higher interdependence and schema congruence make it part of the flaunting firm's "us" group (Brewer, 1999). Additionally, unlike the other stakeholder groups, the flaunting firm appeals to both the extrinsic and intrinsic concerns of the extreme support coalition, resulting in this group having the strongest evaluations of the firm. In this way, the extreme support coalition is an exclusive group (vis-à-vis the other stakeholder groups). Therefore, the flaunting firm must manage this group's distinctiveness by recognizing that this group is different from the other stakeholder groups, and thus the interests of this group must be managed differently.

While it may seem attractive for the flaunting firm to manage all groups similarly and appeal to both the extrinsic and intrinsic concerns of all stakeholder groups, doing so would likely dilute the exclusivity of the extreme support group. Thus, it would be an ineffective way to manage this group's distinctiveness. We therefore theorize that the greater the extent to which the flaunting firm manages the distinctiveness of the extreme support coalition, maintaining its status as the firm's "us" group by appealing to both its extrinsic and intrinsic concerns, the more likely that this group's highly positive, strong evaluations of the flaunting firm will buffer the impact of an unpredictable negative event on firm outcomes. This reasoning aligns with both the political science and management literature. When an unpredictable negative event occurs, this group is likely to circle the wagons around the flaunting firm, strengthening its position and evaluation of the firm (Poole & Rosenthal, 1984; Ura & Ellis, 2012; Zavyalova et al., 2016). In summary, we submit that managing the extreme support coalition's distinctiveness amplifies the buffering effect for this group when an unpredictable negative event occurs.

***Reinforcing the distinctiveness of the opposition.*** Our logic above suggests a corollary: when flaunting enhances the distinctiveness of the extreme support coalition so that it is part of the "us" group, flaunting can also enhance the distinctiveness of the opposition so that it is part of the "them" group (Brewer, 1999; Busenbark et al., 2019; Zavyalova, Pfarrer, & Reger, 2017; Zavyalova et al., 2016). Given that managing the exclusivity of the extreme support coalition likely reinforces the opposition's exclusion, we maintain that the flaunting firm will not actively manage the opposition.

When an unpredictable negative event occurs, the opposition likely will attribute more responsibility to the flaunting firm, and this group's negative evaluations will reflect, rather than buffer, the impact of the event (Busenbark et al., 2019; Zavyalova et al., 2017; Zavyalova et al., 2016). For example, when ETP was responsible for two leaks of more than 100 gallons of natural gas, the ACLU attributed the event directly to ETP and pressed for an environmental review of the firm, as well as stronger regulations (Associated Press, 2017). In this instance, this group's negative evaluations of the flaunting firm were reinforced and did not buffer the negative event for ETP.

Given that the unpredictable negative event is buffered for the extreme support coalition but not the opposition, we theorize that the flaunting firm must manage the distinctiveness of the remaining stakeholder groups to amplify the buffering effect and reduce the impact of the unpredictable negative event. We submit that the flaunting firm does so by enticing the enthusiasts and placating the dissenters.

***Managing the distinctiveness of the enthusiasts and dissenters.*** As we theorized above, the enthusiasts' positive evaluations and the dissenters' neutral ones are functionally different, but both groups' evaluations are stronger than those of the opposition. Flaunting appeals to the enthusiasts' intrinsic concerns via their higher schema congruence and the dissenters' extrinsic concerns via their higher interdependence (Bundy et al., 2018). In terms of the "us-versus-them" groupings that flaunting generates, both the enthusiasts and the dissenters are part of the "us" group, albeit to a lesser extent than the extreme support coalition. As such, the evaluations of both groups contribute to (or, in the case of the dissenters, at least do not counteract) the net positive stakeholder group evaluations generated by flaunting.

Managing interdependence and schema congruence—and therefore, managing the distinctiveness of these two stakeholder groups—entails fundamentally different activities (i.e., appealing to extrinsic versus intrinsic concerns). We follow previous research on schema development (Bingham & Kahl, 2013) to propose how the firm can attend to the enthusiasts' schema without attending to its lower interdependence, thereby managing this stakeholder group differently. One way the flaunting firm can entice the enthusiasts and thus manage this group's distinctiveness is by incorporating new elements into existing behaviors. For example, in addition to reading an article about an extravagant party, the enthusiasts might also read about the lifestyle of the firm's executives. Additionally, the flaunting firm can entice the enthusiasts by inducing novelty via replacing established flaunting behaviors with new ones. For instance, the firm might publicize executive meetings with powerful or noteworthy individuals. Finally, the firm can entice the enthusiasts by strengthening the connectedness among different flaunting behaviors. For example, by hosting a corporate retreat at a luxury resort, the firm flaunts by associating with the resort's appeal, and the enthusiasts consider this association desirable even though they are not in attendance.

Conversely, the flaunting firm manages the dissenters' distinctiveness by attending to its higher interdependence without attending to this group's lower schema congruence, thereby managing this stakeholder group differently. We follow previous research on stakeholder bonds (Bosse & Coughlan, 2016) to identify how the flaunting firm placates the dissenters. One way the flaunting firm can do this is by emphasizing the importance of the dissenters' dependence on firm outcomes and the firm's dependence on the dissenters' contribution to these outcomes (Klein, Molloy, & Brinsfield, 2012). For example, the firm might try to maintain or increase favorable ties with a supplier via reciprocity (e.g., on-time payments and increased communication). Additionally, the firm can placate the dissenters by emphasizing mutual dependence on a future outcome (Cohen, 2007). For instance, some investors may disapprove of the flaunting firm's luxurious corporate retreats but believe that such retreats create opportunities for interactions between key individuals, thus contributing to the firm's future performance. Finally, the flaunting firm can placate the dissenters by communicating the exclusive or difficult-to-replicate aspects embedded in its relationship with the dissenters. For example, a board member may disapprove of the firm's flaunting behavior but may choose to continue the relationship because the firm has emphasized the exclusivity of the board membership, and the board member lacks invitations from other boards of similar prestige.

Collectively, we have theorized that the flaunting firm must manage the distinctiveness of the enthusiasts, dissenters, and extreme support coalition by appealing to their intrinsic concerns, extrinsic concerns, or both. In doing so, the firm can effectively manage the interests of distinct stakeholder groups ahead of an unpredictable negative event. We therefore submit that the greater the extent to which the firm manages stakeholder group distinctiveness, the more the net positive stakeholder group evaluations will reduce the impact of an unpredictable negative event on firm outcomes via buffering.

In summary, we have theorized that flaunting is effective at proactively managing the impressions of a subset of stakeholder groups ahead of an unpredictable negative event. Specifically, flaunting generates net positive stakeholder group evaluations by enhancing distinctiveness via interdependence and schema congruence and appealing to the extrinsic or intrinsic concerns (anchors) of stakeholder groups. In turn, the net positive stakeholder group evaluations can buffer the impact of an unpredictable negative event on firm outcomes. To the extent that the flaunting firm manages the distinctiveness of the stakeholder groups, the buffering effect is amplified. In concert, our theorizing suggests that flaunting is both enticing and off-putting. That is, gaining the love of some stakeholder groups may come at the cost of being disliked (or worse) by others when an unpredictable negative event occurs.

## DISCUSSION

In this article, we introduced firm flaunting as a proactive impression management behavior and described how and why it reduces the impact of an unpredictable negative event on firm outcomes. To advance this argument, we differentiated among four stakeholder groups based on two dimensions—interdependence and schema congruence. We illustrated how flaunting generates net positive stakeholder group evaluations by enhancing distinctiveness among these groups. Generating net positive stakeholder group evaluations can buffer the impact of an unpredictable negative event on a range of firm outcomes, including reputation, sales, and financial performance. We also theorized that when the firm manages stakeholder group distinctiveness, the buffering effect is amplified. Below, we discuss the theoretical, empirical, and practical implications of our arguments and offer additional considerations for future research.

### Theoretical Implications

A fundamental premise of the proactive impression management literature is that firms need not simply "brace for impact" and manage the repercussions ex post. Instead, firms can mitigate the effects of future negative events ex ante. Theory and empirical evidence have indicated that firms can use voluntary disclosure to manage the impressions of multiple stakeholder groups or AIM to manage a subset of stakeholder groups ahead of predictable negative events. In contrast, research has suggested that ceremonial actions can be effective ahead of unpredictable negative events. In this way, the firm builds goodwill among multiple stakeholder groups that can be "cashed in" when a negative event ultimately occurs.

Given the assumptions and boundary conditions associated with voluntary disclosure, AIM, and ceremonial actions, we considered how firms proactively manage the impressions of *a subset* of strategically important stakeholder groups ahead of *unpredictable* negative events. We theorized and observed firms engaging in ostentatious behaviors to convey an image of affluence and a robust resource base and conceptualized these behaviors as a new construct for impression management research: firm flaunting. More specifically, we theorized that firms proactively engage in flaunting to buffer the impact of an unpredictable negative event on firm outcomes by generating net positive stakeholder evaluations.

We then theorized along two dimensions—interdependence and schema congruence—to create a typology of four distinct stakeholder groups. We suggested that each stakeholder group has different evaluations of the flaunting firm in terms of valence (highly positive to highly negative) and magnitude (some evaluations that are stronger than others), enhancing the distinctiveness among the groups. In this way, flaunting leverages the distinctiveness among stakeholder groups, making it discrete among impression management behaviors. Such behavior is akin to the person who rents a luxury car for a class reunion (Bagwell & Bernheim, 1996). It is not enough to simply rent the car—the person rents it expecting that some will admire the flaunting behavior while others will view it as tacky or wasteful. Some will have stronger opinions than others, but the net evaluation will be positive overall. Thus, our contribution is not a "one-size-fits-all" approach to impression management because not all stakeholder groups will evaluate the flaunting firm similarly. Instead, flaunting is strategic in the sense that it purposefully appeals to a subset of stakeholder groups, but in doing so, it might alienate others.

To this end, flaunting's effectiveness at reducing the impact of a negative event on firm outcomes is contingent on the firm's ability to manage stakeholder distinctiveness. More specifically, although it may seem appealing for the firm to recruit all stakeholders to the extreme support coalition, doing so may dilute this group's exclusivity and thus weaken their strong and highly positive evaluations. Thus, we theorized that firms manage distinctiveness among stakeholder groups rather than manage all groups similarly. In sum, we argued that courting the love of some may come at the cost of being disliked (or worse) by others when an unpredictable negative event occurs.

## Empirical Implications

Our theory of firm flaunting has the potential to stimulate future empirical research. Our introduction of firm flaunting to the field of impression management provides the opportunity to operationalize this construct for empirical work through scale development or by the use of proxies. Flaunting is grounded in Veblen's (1899) theory of the leisure class. The literature on conspicuous consumption in psychology, sociology, and marketing also shares its grounding in Veblen's (1899) theory. Future research could adapt the conspicuous consumption scales (Chung & Fischer, 2001; Krause, Wagner, Krasnova, große Deters, Baumann, & Buxmann, 2019) to capture the "ostentatious behaviors" of firm flaunting. With regard to proxies, scholars could measure flaunting via firm spending on corporate headquarters or parties that supersede industry or competitor norms. Future research could also consider content analyzing media accounts of firm events as well as participants' social media posts. Or, researchers could consider developing corporate surveys to inquire directly into firm flaunting via attributes and activities.

Anecdotal evidence provides some face validity to our arguments, and empirically testing the relationships we propose would help establish its predictive validity. Given the two related research questions captured in our model, a laboratory may be an ideal setting to establish (a) how flaunting generates distinct stakeholder group evaluations and (b) why some of these evaluations buffer the impact of a negative event on important firm outcomes. We suggest exposing lab participants to vignettes of firm flaunting, assigning some participants to an interdependence condition and measuring the participants' schema congruence with, and evaluations of, the flaunting firm. Analyzing interdependence, schema congruence, and evaluations of the flaunting firm can offer insight into the validity of the stakeholder groups in our typology (and their distinctiveness). Creating a subsequent vignette that describes an unpredictable negative event (such as a product recall) and measuring the relationship between the participants' evaluation of the flaunting firm and their impact on firm outcomes—for example, the participant's willingness to invest in the firm—would provide empirical support for our predictions.

While the laboratory setting can establish the predictive validity of our conceptual model, subsequent field studies can investigate key mechanisms and relationships in the model. Qualitative studies adopting a grounded theory approach (Creswell, 2012; Strauss & Corbin, 1994) can capture the social construction of firm flaunting as experienced by stakeholder groups, while phenomenological studies (Creswell, 2012; Van Maanen, 2011) can explore the lived experiences of stakeholder groups that observe or participate in flaunting. In particular, how do extreme support coalition stakeholders experience flaunting, and how does it shape their perceptions of the firm?

Given society's growing "passion for prestige" (Tait, 2020), there may be promising sources of archival data that reflect the concepts in our model. For example, firm flaunting is likely to be present across social media platforms in attributes and activities, and these may generate more nuanced stakeholder reactions than we theorized here. Coding and content analyzing how firms flaunt and whether they have different effects on stakeholders' evaluations and firm outcomes could extend our arguments in a meaningful way. In addition, social media as a data source offers the opportunity for a natural experiment. The flaunting firm's social media data collected before and after an unpredictable negative event can provide insight into the impact on firm outcomes and give color to how stakeholder group evaluations are (or are not) buffered. These data can also provide insight into whether flaunting's effectiveness is limited. That is, is there a decreasing or curvilinear effect in which flaunting is effective to a certain extent, or are there boundary conditions—much like those we suggest in our theorizing—that make flaunting more or less effective? We encourage future research to explore these questions.

## Practical Implications

Flaunting is an intentional act, but not all firms may want to engage in this behavior because it can be both enticing and off-putting. Thus, we caution firms to consider how specific stakeholder groups interpret ostentatious displays and associated images of wealth. When making this consideration, firms should identify which flaunting behaviors are meaningful to the extreme support coalition and the enthusiasts without alienating the dissenters. It may be monetary and material attributes or activities, but it could also be lifestyles, exclusive memberships, invitations, or being at the forefront of social or technological trends. Thus, an important practical implication of our theory is to ensure that flaunting firms are aware of stakeholder groups' values and that the firm flaunts in ways that appeal to these values.

An additional practical concern is the trade-off associated with flaunting. We put forth the argument that gaining the love of a subset of stakeholder groups provides a benefit that may come at the cost of being disliked (or worse) by others. However, the polarizing nature of flaunting may be too precarious for some firms. Thus, firms need to recognize these trade-offs and the costs associated with the negative evaluations of the opposition and the potential diminishing returns or negative spillovers that could be related to flaunting (Zavyalova et al., 2017; Zavyalova et al., 2016).

### Additional Considerations for Future Research

We see several opportunities for advancing a theory of flaunting. For example, future research could consider how different firm and industry characteristics shape decisions to flaunt. Is flaunting more effective when used by new ventures or by firms in industries in which flaunting is more prevalent (Bitektine, 2011; Suchman, 1995)? Similarly, is flaunting industry specific (e.g., large and lavish parties in the tech or luxury goods industries or exclusive membership perks in the alcohol and tobacco industries)?

This leads to another question: Are there other specific contexts or situations that might make flaunting less effective? For example, a key tenet of flaunting is that it uses ostentatious displays to generate net positive stakeholder group evaluations. As such, the behavior must be conspicuous to be evaluated. Indeed, following Veblen (1899: 24), "wealth must be put into evidence for esteem is awarded only in evidence." If the flaunting firm fails to make the behaviors visible or resonant for stakeholder groups to evaluate, then flaunting may have less utility. Similarly, flaunting may have less utility when the firm is deploying a scrutiny-bundling approach to manage negative events. In this approach, the firm temporally clusters scrutiny-hazarding activities "when the firm is already burdened with stakeholders' negative affinity" (Titus et al., 2018: 637). Scrutiny bundling relies on attention fatigue, and flaunting may reinvigorate attention on the firm and its scrutiny-hazarding activities.

Additionally, flaunting could be used to reduce information asymmetry between the firm and stakeholder groups (Connelly, Certo, Ireland, & Reutzel, 2011; Spence, 1974). This might be especially effective if the firm intends for a stakeholder group to take action due to the flaunting behavior, such as prompting investors to purchase stock in the firm (Certo, 2003; Connelly et al., 2011). Along these lines, do attributes and activities hold differential predictive power for the effectiveness of flaunting? Our theorizing also begs the question of whether there is a tipping point to flaunting. This echoes theorizing and findings from Zavyalova and colleagues (2016) in their examination of a "tipping point" related to a firm's positive evaluations. Even firm insiders or high-identification groups (e.g., fans and club members) may have a threshold that, when crossed, makes impression management less effective. This argument could hold for flaunting as well. Future research might explore these and other specific contexts or situations to identify the boundary conditions of flaunting's effectiveness and when flaunting may be a better (or worse) strategic choice.

We focus on schema congruence to capture the degree to which schemas between the flaunting firm and the stakeholder group are aligned. However, it is also possible that the flaunting behavior could go beyond misaligned schema to *violate* the stakeholder group's schema. If the stakeholder group perceives the flaunting behavior to violate its values, the violation might be enough to influence its interdependence. Thus, future research should investigate the effects of violating schema via flaunting. To this end, stakeholder groups may be viewed as less homogenous "regarding how they would like to see a firm managed" (Amis et al., 2020: 499), and thus, what they view as "appropriate" firm behavior may differ. Therefore, agency theory and stakeholder governance perspectives could provide powerful insights related to the opposition's negative evaluations based on economic or noneconomic interests, or a combination of both. An additional avenue may be to look at the "shadow side" (Creswell, 2013: 46) of flaunting by investigating why certain stakeholders view it as wasteful or vain.

We suggest that flaunting generates net positive stakeholder group evaluations based on distinctiveness not just from differences along the two dimensions of interdependence and schema congruence but also from differences in appealing to the extrinsic or intrinsic concerns that strengthen the evaluations of some stakeholder groups more than others. Still, other dimensions could be relevant to stakeholder group evaluations of the flaunting firm, such as the frequency of flaunting.

We identified extrinsic and intrinsic concerns as the anchors that strengthen the evaluations of some stakeholder groups more than others. Our logic suggests that an anchor allows the stakeholder group a source of convergence that can fuel the power or influence of the collective. Though we theorized that the opposition lacks an anchor based on the scope of our theorizing, we can surmise that the inclusion of additional dimensions may create anchors around which the opposition can converge, resulting in their stronger evaluations. Thus, future research should identify the anchors that the opposition could organize around and provide a threat to the effectiveness of flaunting and its ability to generate net positive stakeholder group evaluations.

## CONCLUSION

The political theory, psychology, and sociology literature has pointed to the pervasiveness of flaunting among individuals and groups. Industry evidence has also suggested that firms proactively engage in these behaviors and that they can be effective at managing stakeholder impressions. Indeed, employees may want to work for firms that convey images of wealth to share in the spoils of success. Investors may want to invest in these firms because they represent lucrative opportunities. Suppliers may view these firms as desirable alliance partners. We have theorized that the benefit for the flaunting firm is not only that these stakeholder groups view it favorably but also that the firm has the support of these stakeholder groups when an unpredictable negative event occurs. However, flaunting can be an all *and* nothing game—we offer that courting the love of some may be worth the cost of being disliked (or worse) by others.

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