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# Getting known by the company you keep: publicizing the qualifications and former associations of skilled employees

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When product quality cannot be ascertained in advance of purchase, producers must convince relevant audiences that they are worthy of consideration as quality players. We propose that quality-oriented producers will selectively publicize information about their skilled employees in anticipation of signaling benefits, which include the accrual of visibility and the projection of quality-based identities. We validate our perspective on publicizing affiliation information by analyzing how a sample of Australian wine producers publicized specific career information about their skilled employees (i.e., their winemakers), including the names of certain former employers of these individuals.

In many market settings, quality matters but cannot be ascertained in advance of purchase (Nelson, 1970). To effectively participate in these markets, producers strive to make products that are of high quality. Here, the contributions of skilled employees, or experts (Teece, 2003), can be critical for success. At the same time, these producers must convince relevant audiences that despite the absence of direct information about product quality, they are relevant and worthy quality players. These audiences include customers themselves, as well as the gatekeepers (i.e., critics and analysts) and other channel participants that mediate the relationships between producers and consumers (Podolny, 2001; Hsu, 2006). In this article, we address this latter issue by analyzing whether and how producers publicize specific information about the careers of their skilled employees; information that includes the indirect associations with these individuals' former employers. Such communication practices seem widespread. In the restaurant industry, Rao *et al.* (2003: 821) note that "chefs embody the culinary model of the restaurant." It is therefore not surprising that in 14 paragraphs of text describing its head chef, the web site of New York restaurant *Aquavit* describes him and his formal training and lists many of his former employers.<sup>1</sup> Publicizing information about writers, directors, and

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<sup>1</sup>See, <http://www.aquavit.org/flash.html>, accessed on May 1, 2003.

producers is also common in the film and television industries (Bielby and Bielby, 1994). In 2002, *Solaris* was widely touted as being “brought to you by the makers of *Titanic* and *Traffic*.” Advertisements that proclaim the previous awards garnered by these individuals are further indication of the practice of indicating quality with visible references to specific employee qualifications. Finally, publicizing the names of the former employers of skilled employees is also an accepted tactic in the fashion industry. *Christian Dior*’s web site identifies its chief designer while noting that he worked previously at *Givenchy*.<sup>2</sup>

In the spirit of Zuckerman’s (1999; 2003a) candidate–audience model, we assume that producers seek to be included in their audiences’ consideration sets. Once inside, they strive to receive more favorable valuations. To meet the dual requirements of consideration and differentiation, producers seek two types of signaling benefits. They must overcome capacity constraints on the critical functions that govern these markets. Hirsch (1972: 652) alludes to such constraints when pointing out that “the number of books, records, and low-budget films released annually far exceeds coverage capacity and consumer demand for these products.” Because producers cannot be sure that they will attract attention, they seek to enhance their visibility within the market’s quality-oriented niches. While seeking visibility, they must also project identities that are consistent with the requirements of the quality-oriented niches. Here, producers try to provide some indication that their products are of reasonable quality.

A critical but overlooked question relates to how producers pursue these signaling benefits. One answer comes from network sociology. Those studying the implications of market ties stress that affiliations serve signaling functions when audience members are otherwise unsure about a producer’s underlying quality (Podolny, 2001, 2005). Ties to venture capital firms indicate the underlying quality of new business ventures (Stuart *et al.*, 1999). Filmmakers “buy insurance” when they employ established stars in their movies (Baker and Faulkner, 1991), while television executives link new series to producers of prior successes or to the celebrities who starred in those series in order to provide assurances as to the commercial viability of the new series (Bielby and Bielby, 1994). At the individual level, affiliations with prominent talent agencies certify screenwriters and thereby influence the distribution of career outcomes (Bielby and Bielby, 1999); while, the prestige of one’s doctoral program and supervisor significantly improve the odds of securing a faculty job at a top university (Long *et al.*, 1979).

Central to the operation of the signaling effects is that relevant affiliations be made visible to audience members. This is because signaling works by resolving alter-centric uncertainty (Podolny, 2001). We propose that producers operating in environments characterized by alter-centric uncertainty will recognize this fact and

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<sup>2</sup>See, <http://fashion.dior.com/dior4.html>, accessed on May 1, 2003.

selectively publicize information about their most relevant direct and indirect market affiliations. In the current context, this means the selective publication of the qualifications and former employers of their skilled employees.

The empirical setting for our analysis is the Australian wine industry. Wine is what Nelson (1970) would call an “experience good”. Without guidance, it is simply impossible to know the quality of a bottle of wine before opening it. As such, producers seek ways to indicate that they belong in the quality-oriented niches of the market, and that they are able to produce high-quality wines (Benjamin and Podolny, 1999). One approach that some take is that of publicizing information about winemakers, because “who better can speak for a winery than a superstar winemaker? . . . winemakers actually do something productive – and are artisans to boot, or so the perception goes” (Stuller and Martin, 1994: 171–172). As this quotation suggests, winemakers are skilled employees whose qualifications serve as indicators of the unobserved quality of the producers that employ them. Therefore, a producer’s communications to the market may emphasize specific winemaker information. As Kramer (2001) suggests, “the ‘winemaker’s vision’ is a romantic idea. And . . . the business temptation to capitalize on the ‘name game’ is irresistible.”

The next section documents how a sample of Australian wine producers publicized specific information about their winemakers. It shows communications that include information about specific winemaking qualifications as well as the names of certain former employers. We then elaborate the aforementioned signaling benefits (i.e., visibility and the development of a quality-based identity) by developing a set of hypotheses related to the incidence and implications of this communication behavior. Our predictions are tested in a series of models that examine the probability of publicizing winemaking credentials and then the names of specific former employees. The final analysis relates the publicizing of winemaker information to the volume of critical coverage received in the postobservation period. We conclude the article with a discussion of our results and suggestions for further research.

## 1. Publicizing information about winemakers

We start by identifying the tactics used by a sample of Australian wine producers to publicize information about their winemakers. Beginning with the 1279 Australian wine producers listed in the 2001 *Australian and New Zealand Wine Industry Directory* (ANZWID), we searched the internet to locate web sites for each producer. Because web site communications are targeted to the wine market in general and because of the extensive reach of the internet, web site communications are able to reach the producers’ many audiences, including critics, distributors, retailers, and end consumers. Note here that web sites are not the only means of communicating with relevant audience members. However, we assume that the information that they contain is consistent with that publicized in other media. In this respect, prior research suggests that there is a strong correspondence between the information

offered by producers through one medium and that appearing elsewhere (Bielby and Bielby, 1994; Rosa *et al.*, 1999). The same applies in our context—similar winemaker descriptions tend to show up in promotional pamphlets and on other wine industry web sites.

A total of 453 Australian wine producers maintained web sites in early 2002. Roughly 80% of these web sites referred explicitly to the winemaking function while 63% identified the winemaker by name. We recorded all of the content devoted to describing winemakers and then analyzed the descriptions to isolate the specific tactics used in their development. In particular, we searched for references to *specific* winemaker information, ignoring generic expressions that signify that an individual is “good” or of “high quality.” Iterating through the descriptions, the most common information publicized by producers was the extent of winemaking experience, the names of former employers, the presence of formal winemaking training, the extent of international winemaking experience, and the various experiences as judges at local and international wine shows (Table 1).

Faulkner and Anderson (1987: 889) stress the importance of an individual’s prior accomplishments in establishing her qualifications: “attributes translate into professional reputation and into a distinct industry identity: the person slowly becomes a personage, a valuable commodity to buyers.” Similarly, when referring to the training qualification, Len Evans once noted that “a great many Australian winemakers have studied at Roseworthy College, and it is significant that describing someone as a ‘Roseworthy Graduate’ *means that he knows what he’s about*” (1973: 89, emphasis added). While winemakers use their qualifications to advance their

**Table 1** Examples of winemaker information publicized by wine producers

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Winemaking experience ( $N = 128$ )

“Fran Austin comes to Bay of Fires with a wealth of experience that belies her youth.” (Bay of Fires)

“Graham [Buller] . . . has been involved in the winemaking industry for over 25 years.” (Berri Estates)

Former employers named ( $N = 118$ )

“Natalie [Fryar] gained valuable winemaking experience at Seaview Wynns and Wirra Wirra before working at Lindemans Karadoc as white winemaker for 3 years.” (Yalumba)

Formal winemaking training ( $N = 117$ )

“David Slingsby-Smith . . . studied Oenology at Roseworthy completing his degree in 1983.” (De Bortoli)

International experience ( $N = 73$ )

“Brett [McKinnon] . . . has extensive experience with overseas winemaking in California, Germany and Italy.” (Wyndham Estate)

Judging experience ( $N = 13$ )

“Andrew Wigan . . . is held in esteem as a wine show judge and has adjudicated at many Australian wine shows over the years.” (Peter Lehmann)

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own careers, we submit that they are also useful for the producers that employ them. Published expressions of a winemaker's qualifications offer concrete signals about the identity of the employing producer by visibly linking that producer to those qualifications. Meyer and Rowan (1977: 332) and Stinchcombe (1990: 322) support this by suggesting that hiring a Nobel Prize winner brings great ceremonial benefits to a university. Similarly, Kimsey (1999) discusses how promoting winemakers offers similar benefits to wine producers. Using examples of campaigns run by *Simi* and *Echelon* (two US wine producers), she stresses that a key audience for these efforts are the editors and reporters employed by the wine press: "Marvin Shanken [editor of the *Wine Spectator*] sees the cult of celebrity has worked in other areas, and sees that it will work with wine . . . eighty-five percent of the time, there's a personality on the cover, not a wine bottle." In the end, she concludes that "a winemaker is like a great chef . . . he or she can come in and take a sleepy, dusty winery and turn it into a hot property."

In order to benefit from investments in product quality, producers must receive consideration within the market's quality-oriented niche. According to Zuckerman (1999; 2003a), this means having an identity that is consistent with the prerequisites for that niche. Extending Baron's (2004) idea that an organization's identity emanates in part from its activities in the labor market, we propose that in markets that bridge cultural and commercial realms, a producer's quality-based identity derives in part from the qualifications of its skilled employees. This is consistent with Fine's (1992) analysis of the chef's role in restaurant production. He argues that it is typically the creative individuals who work within profit-seeking organizations that hold quality ideals most dearly. The winemaker qualifications that are highlighted in a producer's communications help contribute to that producer's quality-based identity (Podolny and Hill-Popper, 2004: 98–99).

Following this line of reasoning, our baseline claim is that the qualifications that are publicly transferred from a winemaker to her employer contribute to that producer's identity and reputation. This should be more important in quality-oriented market niches wherein audience members place greater weight on indications that products are of high quality and on products that are produced by the right producers. We therefore propose that:

*P1: Publicizing a winemaker's qualifications is more likely for producers competing in quality-oriented market niches.*

We now offer a caveat to this proposition by hypothesizing that it is subject to certain limiting conditions. Producers in many industries—including the wine industry—face an intrinsic dilemma that pits artisan against commercial interests (Baker and Faulkner, 1991). Hirsch (1972) makes this point by noting that all producers fall somewhere on a continuum between purely cultural and purely utilitarian. He then stresses that these two producer types tend to look quite different

from one another: “the mass distribution of cultural items requires more bureaucratic organizational arrangements than the administration of production [with] . . . higher fixed overhead . . . the more highly bureaucratized distribution sector of cultural industries is characterized by more economic concentration than the craft-administered production sector” (1972: 646 and 647). In other words, larger producers are naturally viewed as placing more emphasis on the commercial side of the equation (Holbrook, 1999: 147). In light of this perception, larger producers must find ways to overcome their identity problem. One way to do this is by promoting the contributions and qualifications of skilled employees. This is stressed by Mike Lynch (a partner at Johnson Lynch): “it is very important for the winery, *especially large wineries*, to be perceived as ‘people’ rather than a corporate.” (Kimsey, 1999, emphasis added).

Publicizing an individual’s qualifications initially helps to overcome a larger producer’s lack of intrinsic quality-based identity. However, there may be limits to this approach as growth continues. Wine producers must be concerned about the coherence of their different projections to the market and therefore seek to ensure that the visible properties of their “identity codes” (Polos *et al.*, 2002) are mutually consistent. Here, Rao *et al.* (2005: 970) stress that “conformity to categorical imperatives is necessary lest members face role conflict, confuse critics, and receive penalties such as downgraded valuations.” The largest producers in the market are what Carroll *et al.* (2002) call generalists. Ecological research demonstrates that generalists occupy different market niches than do specialist producers. They do so in part because each possesses different capabilities, but also because they tend to project very different identities. This latter difference underpins Carroll and Swaminathan’s (2000) theorizing that specialists can benefit “when they deploy an identity perceived as expressing an *anti-mass production sentiment*.” (Freeman and Audia, 2006: 153, emphasis added) Along this line, Swaminathan (2001) highlights the identity barriers that demarcate the different niches within the wine industry. The intrinsic identity of the mass-market wine producer stands in stark contrast to the demands of the quality-oriented artisan niches. That very large size can be antagonistic to audience inferences about wine quality is evident in an article lamenting how Monterey County (in California) is having a difficult time becoming known for the quality of the wines produced there:

Monterey County has demonstrated that it can produce world-class grapes and wines, but it still hasn’t entered the top tier of wine-producing regions. To do that, it needs more visibility . . . Also needed are more label designations of appellation and vineyards, more promotion, but, most of all, more visible premium wineries. Rich Smith, whose *Paraiso Springs* winery belongs in the top tier with *Talbott*, *Morgan*, *Bernardus*, *Mer Soleil*, *Jekel* and *Chalone*, says, ‘We need more artisanal wineries.’ (Franson, 2000)

Given this juxtaposition of very large size and artisanal wineries, the largest producers in the market may be less effective at projecting quality-based identities with reference to the qualifications of skilled employees. They are simply too large, complex and bureaucratic to make the implicit artisan quality claim credible. We therefore hypothesize a nonmonotonic relationship between producer size and the propensity to publicize winemaker qualifications:

*H1: The propensity to publicize a winemaker's qualifications first increases and then decreases with producer size.*

To be clear, the latter part of our size prediction is based on two assumptions. First, markets for wines are ones in which innate quality inferences and very large producer sizes are at odds with one another. However, Park and Podolny (2000) stress this relationship depends on the industry setting; a producer's status may be positively or negatively correlated with its size and scope. This suggests that our theorizing and findings might be most applicable to culture-based industries, but less relevant in other market settings. Second, given problems associated with inauthentic or incoherent self-presentations, the largest producers in the market should be able to employ other means to participate in markets that reward quality. We revisit these issues in Section 4 of the article.

Besides publicizing their winemakers' specific qualifications, another prominent tactic found in Table 1 is that of naming former employers of these individuals. This tactic has been noted by others commenting on the wine industry. In a quotation attributed to public relations consultant Julie Ann Kodmur, Kimsey (1999) reports that when the winery recruits a winemaker, they will probably "rattle off his/her former winery affiliation." Giuffre (1999: 818) notes that "histories of past associations travel with the actors as part of their prestige." The mobility of skilled individuals across employers (Bielby and Bielby, 1999) and the history of specific employee–producer associations that this mobility creates allow a current employer to indirectly associate itself with a select subset of these former employers. At one level, these prior associations offer testimony of a winemaker's qualifications in the same way as statements about her overall level of winemaking experience (Zuckerman *et al.*, 2003b: 1026). However, the decision to publicize the name of a former employer has more nuanced ramifications because it invites comparisons with a specific other producer. As such, the communications have different implications depending on the relative standing of that former employer.

One thing that the focal producer might seek from its indirect associations with specific former employers is improved visibility within the quality-oriented niches. In the wine industry, there are literally thousands of producers selling a range of different wines. So, even if consumers have potential access to direct or indirect information about product quality, they still face the problem of which products and producers to actively consider when making their purchases

(Roberts and Reagans, 2007). As such, quality-oriented producers seek greater returns on their investments in quality by enhancing their visibility (Merton, 1968). This should lead them to publicize their indirect associations with more prominent former employers. Stuart (2000: 808) supports this conjecture by noting that ties to “small and insignificant” firms do very little to promote an organization’s social standing. More specifically, the need for visibility will lead producers to publicize associations with older and therefore more established former employers:

*H2a: The propensity to publicize the name of a former employer increases with the age of that former employer.*

We offer a similar prediction for former employer size, with an important caveat. As argued above, very large wine producers innately project identities that are inconsistent with the demands of the quality-oriented market niches. Therefore, visibility-seeking producers will avoid publicizing the names of former employers that are themselves extremely large:

*H2b: The propensity to publicize the name of a former employer first increases and then decreases with the size of that former employer.*

In addition to enhancing visibility, indirect associations with former employers attest to the otherwise unobservable quality of a producer’s offerings. These associations are known to be important determinants of a producer’s status, which serves as one signal of underlying product quality (Podolny, 1993). When market participants observe associations with high quality (low quality) others, the status of the focal producer increases (decreases). Quality-oriented producers are therefore biased in favor of identifying those former employers that offer some visible indication of product quality. Following recent discussions of status dynamics (Podolny and Phillips, 1996), we expect that producers will seek to publicize former employers that are themselves active in quality-oriented niches and downplay indirect associations with the others. We therefore hypothesize that:

*H3: The propensity to publicize the name of a former employer is higher when that former employer participates in the quality-oriented market niche.*

The final issue that we address relates to the consequences of publicizing affiliation information. More specifically, given the salience and influence of critics within wine markets (Benjamin and Podolny, 1999), we ask whether producers that publicize the qualifications and former employers of their winemakers tend to attract more critical coverage in the future. Shrum (1991, 1996) shows that published reviews direct the attention of consumers toward certain offerings and away from others. As such, quality-oriented producers seek to garner more attention from influential critics (Hsu, 2006). Such attention is valuable in its own right for those who are primarily

interested in being known for the quality of their wines (Scott-Morton and Podolny, 2002). It is also valuable for the more profit-oriented producers because greater critical attention allows them to be taken seriously by potential consumers (Zuckerman, 1999).

Wines are selected for review by discriminating critics with indirect knowledge of who the producer is. If publicizing specific winemaker information enhances both visibility and perceptions of a producer's potential for quality wine production, then we should see the effects in the form of a greater volume of critical coverage in the future:

*H4: Publicizing a winemaker's qualifications or the names of her former employers increases the amount of subsequent critical coverage.*

## 2. Data and analysis

The sample for our first set of analyses is comprised of the 453 Australian wine producers that maintained active web sites in early 2002. We condensed the information in Table 1 into an indicator variable that is set to one whenever a producer publicized specific information about its winemaker's qualifications; i.e., its winemaking experience, formal training, international winemaking experience, or judging experience. Overall, 169 (37%) of the sampled producers publicized at least one of these winemaking qualifications.

Our baseline proposition (P1) posits a positive relationship between publicizing winemaker information and participating in quality-oriented market niches. To be clear, virtually all of the sampled producers would probably include some variant of "product quality" among their stated organizational objectives. However, not all of them participate in those segments of the market where product quality is highly important and closely scrutinized. Rather, in many industries, especially culture-based industries, participation in the quality-oriented niches is indicated by the coverage decisions of influential market mediators. Shrum (1991, 1996) suggests that discriminating publics follow the coverage decisions of critics to determine which theatrical productions are worthy of attention. Zuckerman *et al.* (2003b) similarly contend that receiving coverage by appropriate critics legitimates a producer's participation in a particular niche of the motion picture industry.

Following this line of research, we identify producers in the quality-oriented niche as those that have ever been processed by at least one of the critics that mediate the relationships between Australian wine producers and their quality-oriented customers. More specifically, we searched the archives of four different wine publications to identify the sampled producers that received at least one published review or rating during the 1982–2001 period. The *Wine Spectator* and the *Wine Advocate* publish reviews of wines from all major wine-producing countries. Every year, the *Wine Spectator* reviews more than 12,000 wines, the majority of which

are submitted by the wineries themselves or by their distributors. Robert Parker of the *Wine Advocate* tastes all of the wines that are submitted to him for review. However, he is more selective and given space limitations, there is no guarantee that a wine review will actually be published (Franson, 2004). *Winestate* targets the Australian market and provides broad coverage of the wines offered by Australian wine producers. They publish reviews of every wine submitted to them by producers or their representatives. Finally, James Halliday is an influential Australian wine critic who publishes annual reviews of Australian wines and their producers.

Between 1982 and 2001, 342 of the sampled producers had at least one published review in any of these four outlets (Figure 1). We created a quality niche indicator variable which is set to one for each of these producers. We then make an additional distinction between local and cosmopolitan quality niches. Local producers sell from their own cellar doors, in local restaurants and wine stores and through national distribution channels. The more cosmopolitan producers also sell on global markets and are concerned about reaching a wider audience of quality-oriented consumers. Of the 342 quality niche producers, 173 received at least one prior review in either the *Wine Spectator* or the *Wine Advocate*, the two preeminent sources of published quality ratings for wines sold on global markets. In what follows, we isolate this group with a second cosmopolitan quality indicator variable.

By examining the coverage decisions of a range of wine publications with slightly different rules for inclusion, the above approach provides a systematic means of identifying producers that participate in (at least the periphery of) the market's quality-oriented niche. This said admission into this niche is governed by the actions and aspirations of the producers as well as the actions of the wine critics. One potential concern with our identification strategy is that it is based solely on the actions of the critics. It is therefore important to demonstrate that the actions of

	Others	<u>Quality-Oriented Niche</u>
		<i>Cosmopolitan</i>
Count:	111	<u>342</u> 173
Maximum price (N=426):	\$AU23.36	<u>\$AU38.44</u> \$AU47.79
Tourism-oriented:	18.0%	<u>7.9%</u> 4.0%
Exported to US/UK:	7.2%	<u>58.2%</u> 86.1%

**Figure 1** Producers across quality niches.

producers vary predictably across the different niches. Clemens (2004) proposed that a wine critic is “simply a consumer with influence . . . but the critics’ influence is limited . . . because critics are rarely sent inexpensive wines to review.” This suggests that a producer’s quality orientation is reflected in part in its pricing strategies, with products offered at higher price points competing more on quality. The *Australian Wine Pros* web site reports the price ranges of the wines offered by many of our sampled producers. For each producer, we recorded the maximum price charged in 2001. Across 426 producers, maximum prices ranged from \$AU10 to \$AU500. Comparing means across niches reveals that the average for all quality-oriented producers is \$AU38.44, compared to \$AU23.36 for the other producers (Figure 1). The subset of cosmopolitan quality producers has an even higher average: \$AU47.79. Thus, the producers’ observed pricing decisions do seem to conform to the quality niches as revealed by the critics.

These pricing differences raise the question of what operational differences exist between producers in the different niches. In many cases, Australian wine producers also offer accommodation, dining, entertainment, and any number of other tourism-related products and services. We suspect that as the importance of the tourism trade increases, the significance of wine quality will tend to diminish. Based on an analysis of each producer’s web site, we identified 47 producers that are predominately in the tourism trade and then examined the tendency for producers in the different niches to diversify their activities. As seen in Figure 1, producers outside of the quality-oriented niche are roughly 2.5 times more likely to engage in nontrivial tourism activities.

Finally, we examined how the producers vary in their tendency to export wines to either the United States or the United Kingdom. We created an indicator variable set to one if the focal producer had indicated (in the *ANZWID*) that they exported to either of these overseas markets in any of the years leading up to 2001. Figure 1 shows that, as expected, cosmopolitan quality-oriented producers are much more inclined to engage in exporting. This corroborates the expected heightened global orientation of the cosmopolitan quality producers.

To test our coherence constraint hypothesis (H1), we obtained size information from the 2001 edition of *ANZWID*, which reports the number of tonnes of grapes processed by each producer. There are 10 size categories, ranging from <20 tonnes processed to >10,000 tonnes processed. For each producer, we computed the natural logarithm of the average of the upper and lower bounds of the assigned size category. To assess the curvilinear effects, we created a second squared size variable.

In many ways, the simplest explanation for what is observed in Table 1 is that the decision to publicize information about a winemaker’s qualifications is predicted by her actual qualifications (Wade *et al.*, 1997). From back issues of *ANZWID*, we counted the number of years that each winemaker occupied a leading winemaking position in the Australian wine industry between 1982 and 2000. Our models include a control variable that counts each winemaker’s total years of actual winemaking experience. We also obtained the graduate rolls from the two most

prominent oenology programs in Australia—*Roseworthy College* and *Charles Sturt University*—and used them to create a dummy variable set to one if the winemaker in question had actually completed formal training at either institution prior to 2001.

Publicizing employee information may make a producer vulnerable because part of its identity and reputation come to reside in someone who may ultimately leave (Coff, 1997; Kimsey, 1999). Any concerns about dependence on mobile employees (Pfeffer and Salancik, 1978) may preclude a producer from signaling its own quality with reference to individuals who are not committed organizational members. This concern is shared by some industry participants who stress that “putting a winemaker on a pedestal is one of the greatest mistakes you can make . . . a big problem can come if you build up a winemaker and he suddenly leaves, taking your investment in building his image with him (quotation attributed to Dennis Marion).” (Stuller and Martin, 1994: 173–174) At the same time, when many wineries employ a winemaker simultaneously, producers may become concerned that a number of competitors will benefit from their communication efforts. This proliferation of outside beneficiaries may also dampen a producer’s desire to publicize winemaker information. To account for these relational concerns, we leverage the fact that winemaking may be done either by a full-time employee or by a contract winemaker. In our sample, these two groups of winemakers are not statistically distinguishable in terms of their overall winemaking experience, their incidence of formal training, or their total number of former employers. As such, each offers a similar cadre of qualifications and associations to a producer’s communication efforts. However, contract winemakers are nonpermanent employees so their relationships with employers tend to be more transitory—an average of 3.1 years as opposed to 6.4 years for full-time winemakers. At the same time, contract winemakers tend to work for an average of five sampled producers simultaneously. Because relational concerns may influence the decision to publicize winemaker information, we include a dichotomous contract winemaker variable in all models.

Our models include four additional controls. We collected information on each producer’s founding year from *ANZWID* and created a variable that captures the age of each producer in 2001. Because it suggests a different orientation on the part of producers (see the discussion surrounding Figure 1), we include the variable that indicates whether the focal producer is predominantly oriented toward the tourism trade. Producers that make a wider range of wines may also differ in important respects from those that focus on a smaller set of varieties. According to the *Australia Bureau of Statistics*, Australian producers make wine from more than 21 different varieties. However, nine varieties represent >80% of total Australian wine production: cabernet sauvignon, chardonnay, grenache, merlot, pinot noir, riesling, sauvignon blanc, semillon, and shiraz.<sup>3</sup> We created a variable from information housed in the

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<sup>3</sup>See, Australian Bureau of Statistics (1329.0), *Australian Wine and Grape Industry*.

*ANZWID* that counts the number of these varietals that a producer used to make its wines in 2001.

Finally, in order to be included in our sample, a producer must have maintained an active web site in early 2002. In the course of our analysis, we noted that the producers with active web sites tended to be older and larger. This prompted us to control for a possible selection bias by returning to the overall sample of Australian wine producers and modeling the decision to have a web site as a function of the quality niche variables, the size and age variables, and the contract winemaker variable. To identify the selection equation, we included two additional variables that should influence the decision to have a web site. The first corporate-owned variable indicates whether the focal producer is owned by one of the large Australian wine companies. These firms tend to have corporate web sites which may reduce the felt need for the focal producer to maintain its own. We also noted from each producer's email address whether it had its own domain name. These producers are likely to be more internet-savvy and therefore more likely to maintain web sites. With the exception of the age, contract winemaker and cosmopolitan quality variables, each coefficient in the selection equation is significant and in the expected direction. Moreover the fit of the equation is satisfactory (as indicated by a pseudo- $R^2$  of 0.189). We included the predicted probability of having a web site as a final control variable in our models.

The second set of analyses tests the visibility and status hypotheses by focusing on whether an indirect association with the winemaker's former employer is publicized. Table 1 indicates that 118 of the sampled producers identified at least one former employer by name. Here, between 1 and 10 former employers were named yielding a total of 287 named former employers. We returned to the 1982 through 2000 editions of *ANZWID* and recorded the names of all former employers of any of the winemakers employed by our sampled producers; i.e., those producers that hired them as one of their two most senior winemakers during any year. This revealed 950 former employers that were not named in the winemaker descriptions publicized by the focal producers. Our second analysis combined the lists of named and unnamed former employers into a sample of 1237 producer-former employer ties and created an indicator variable set to one for any former employer that was named by the focal producer in its winemaker description.

To test the visibility hypotheses (H2a and H2b), we consulted *ANZWID* to determine the age and size of each former employer in 2001. To test the status hypothesis (H3), we applied our classification of producers into quality niches (i.e., overall and cosmopolitan quality) to each former employer. Finally, note that the models that test hypotheses H2a through H3 also include the contract winemaker, producer age, tourism, varietals, and selection control variables, as well as the focal producer's quality niche and size variables described above.

Descriptive statistics and pair-wise correlations for all variables are found in Tables 2 and 3. In a series of logistic regressions, we analyzed the drivers of the

**Table 2** Descriptive statistics and correlations for publicizing qualifications sample ( $N=453$ )

Variable	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1. Publicize qualifications	0.373	0.484	1.000									
2. Actual winemaking experience	8.616	5.900	0.087	1.000								
3. Actual formal training	0.216	0.412	0.049	-0.096	1.000							
4. Contract winemaker	0.172	0.378	-0.146	0.067	-0.041	1.000						
5. Age	23.044	29.802	0.155	0.129	0.026	-0.139	1.000					
6. Tourism	0.104	0.305	-0.203	-0.007	-0.038	0.056	-0.095	1.000				
7. Count of varieties	4.971	1.866	0.137	0.064	0.112	-0.150	0.253	-0.170	1.000			
8. Selection variable	0.509	0.247	0.088	0.019	0.063	-0.092	0.167	-0.114	0.255	1.000		
9. Quality niche	0.755	0.431	0.206	0.037	0.050	-0.080	0.175	-0.143	0.214	0.237	1.000	
10. Cosmopolitan quality	0.382	0.486	0.220	0.116	0.073	-0.202	0.286	-0.163	0.295	0.315	0.448	1.000
11. Size	4.956	1.897	0.249	0.050	0.139	-0.223	0.387	-0.183	0.494	0.459	0.315	0.478

**Table 3** Descriptive statistics and correlations for publicizing names of former employers sample ( $N=1237$ )

Variable	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1. Publicize name of former employer	0.232	0.422												
2. Contract winemaker	0.406	0.491	-0.298											
3. Age	20.752	27.639	0.217	-0.169										
4. Tourism	0.117	0.322	-0.165	-0.025	-0.138									
5. Count of varietals	4.735	1.904	0.255	-0.212	0.327	-0.275								
6. Selection variable	0.505	0.242	0.114	-0.168	0.139	-0.174	0.217							
7. Quality niche	0.706	0.456	0.199	-0.077	0.233	-0.189	0.235	0.250						
8. Cosmopolitan quality	0.343	0.475	0.257	-0.312	0.342	-0.173	0.379	0.305	0.466					
9. Size	4.754	1.948	0.305	-0.451	0.440	-0.172	0.532	0.448	0.323	0.525				
10. Former employer age	33.352	42.054	0.504	-0.222	0.181	-0.107	0.170	0.071	0.124	0.213	0.239			
11. Former employer size	5.117	2.299	0.541	-0.261	0.211	-0.117	0.228	0.140	0.171	0.225	0.353	0.602		
12. Former Employer quality niche	0.686	0.464	0.232	-0.089	0.022	-0.046	0.026	0.053	0.059	0.086	0.094	0.213	0.330	
13. Former employer cosmopolitan quality	0.335	0.472	0.479	-0.188	0.090	-0.072	0.167	0.079	0.150	0.174	0.226	0.461	0.629	0.480

decision to publicize information about a winemaker's qualifications (Models 1–4) and the name of a particular former employer (Models 5–7). In these latter models, there can be multiple observations from a single producer. We therefore estimated these models with robust standard errors clustered on producers. Robust standard error estimators provide asymptotically consistent estimates of the variance without making assumptions about the distribution of the errors in our equations.

Our final analysis examines whether publicizing winemaker qualifications or the names of former employers influences the volume of subsequent critical coverage. Here, we count the wine reviews published in the *Wine Spectator* for each producer between 2002 and 2004. In the presence of overdispersion, it is appropriate to analyze count data with negative binomial regression models. In our data, an additional complication arises due to the preponderance of observations with zero critical reviews. Overall, 304 of the 453 sampled producers received zero critical coverage from the *Wine Spectator* between 2002 and 2004. Therefore, we estimate zero-inflated negative binomial regression models. These two-equation models jointly model the occurrence of nonzero counts (i.e., producers with one or more critical reviews) and the likelihood of zero-count observations. Preliminary analyses suggested that this latter probability is affected by the number of reviews received in the 1998 to 2001 period, the two quality niche variables as well as the state of origin of the focal producer. These variables are therefore included as covariates of the probability of zero-count observations.<sup>4</sup> In the main equation, we estimate the extent to which the variables used to predict the publicizing of winemaker qualifications and former associations also influence the number of reviews published in the ensuing 3 years. To this set of variables, we add the variable that counts the number of 1998 to 2001 reviews because critics are more likely to provide coverage to those producers they have reviewed more regularly in the past. We also add the variables that indicate whether the producer publicized winemaker qualifications or the names of former employers to determine their impact on subsequent critical coverage.

### 3. Results

The models in Table 4 analyze the probability that a producer publicized specific winemaker qualifications. Model 1 includes the control variables while Models 2 and 3 add the quality-oriented niche and producer size variables, respectively. Because the coefficients are stable across each specification, we discuss the results from Model 3. Our baseline proposition posits a higher propensity for producers in the quality-oriented niche to publicize winemaker qualifications. This is confirmed in Model 3, where the impact of the quality niche variable is positive and significant. Note that the coefficient on the variable isolating the cosmopolitan quality producers is

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<sup>4</sup>In all cases, Vuong tests support the need for zero inflated negative binomial models.

**Table 4** Publicizing qualifications

	Model 1	Model 2	Model 3	Model 4	Model 3a WM fixed effects	Model 4a WM fixed effects
Constant	-1.132 (0.372)***	-1.452 (0.418)***	-3.309 (0.892)***	-1.898 (0.531)***	-	-
Actual winemaker experience	0.030 (0.017)*	0.026 (0.018)	0.026 (0.018)	0.026 (0.018)	-	-
Actual formal training	0.206 (0.246)	0.187 (0.249)	0.123 (0.252)	0.110 (0.253)	-	-
Contract winemaker	-0.768 (0.305)**	-0.689 (0.312)**	-0.585 (0.316)*	-0.641 (0.315)**	-3.955 (1.616)**	-3.490 (1.597)**
Age	0.006 (0.004)*	0.004 (0.004)	0.003 (0.004)	0.003 (0.004)	-0.113 (0.065)*	0.137 (0.071)*
Tourism	-1.829 (0.539)***	-1.731 (0.543)***	-1.662 (0.545)***	-1.700 (0.546)***	-6.870 (2.662)***	-7.990 (3.645)**
Count of varietals	0.058 (0.059)	0.030 (0.061)	-0.018 (0.065)	-0.016 (0.065)	0.417 (0.434)	0.009 (0.461)
Selection variable	0.227 (0.426)	-0.175 (0.452)	-0.625 (0.487)	-0.524 (0.477)	-8.917 (4.260)**	-9.846 (4.333)**
Quality niche	-	0.738 (0.298)**	0.603 (0.305)**	0.699 (0.305)**	3.543 (1.613)**	3.962 (1.583)**
Cosmopolitan quality	-	0.355 (0.247)	0.167 (0.257)	0.192 (0.257)	0.450 (1.795)	0.733 (1.795)
Size	-	-	0.804 (0.321)**	-	1.998 (1.761)	-
Size <sup>2</sup>	-	-	-0.053 (0.026)**	-	-0.138 (0.166)	-
Size category 2	-	-	-	0.976 (0.422)***	-	1.653 (1.476)
Size category 3	-	-	-	1.568 (0.518)***	-	6.622 (2.792)**
Size category 4	-	-	-	1.259 (0.708)*	-	-
N	453	453	453	453	67	65
Log likelihood	-277.613	-271.110	-266.089	-266.093	-24.840	-22.066
Pseudo R <sup>2</sup>	0.072	0.094	0.111	0.111	0.439	0.485

(DV = probability that experience/formal education/international experience/judging experience qualification is publicized).

\*\*\* $P < 0.01$ ; \*\* $P < 0.05$ ; \* $P < 0.10$ .

positive but not statistically significant. It seems that all (local and cosmopolitan) producers competing in the quality niche are similarly predisposed to publicize their winemakers' qualifications.

The estimated size effects support hypothesis H1. The main effect of producer size on publicizing qualifications is positive and significant, while its squared effect is negative and significant. The parameter estimates suggest that the probability of publicizing winemaker qualifications increases until the size variable equals 7.595 which is roughly 1.4 standard deviations above the mean of the size variable. Beyond this point, larger size makes signaling a quality-based identity using an individual's qualifications less likely. We provide further evidence of this nonlinear size effect by sorting the producers into four distinct size intervals: the smallest size category (<20 tonnes processed), two intermediate categories (from 21 to 500 tonnes and from 501 to 10,000 tonnes), and the largest size category (>10,000 tonnes processed). In Model 4, we replace the two continuous size variables with the categorical size variables. The results show that relative to the omitted smallest size category, producers in the second and especially the third category are significantly more likely to broadcast their winemakers' qualifications. In the largest size category, the estimated effect is smaller in magnitude and only significant at a  $P < 0.10$  level.

In terms of the control variables, the contract winemaker effect is consistently negative and significant. Despite the fact that these individuals are equally experienced and well trained, their temporary status and broader-based market participation dampens a producer's willingness to publicize their qualifications. The coefficients on the producer age and varietal count variables are typically insignificant, while the effect of the tourism variable is consistently negative and significant. The effect of the selection variable never approaches statistical significance.

The variables that capture a winemaker's actual qualifications return positive coefficients that fall short of statistical significance. It seems that the decision to publicize information about a winemaker's qualifications is driven more by the signaling needs and constraints operating on the producer and less by the actual qualifications of the individual. To further address this claim, note that many of the winemakers in our sample worked for multiple producers in 2001. If the decision to publicize qualifications were fully determined by actual qualifications, then the same communications would be observed from all producers employing the same individual. This was not the case as roughly two-thirds of these winemakers had their qualifications publicized by some but not all of their employers. We isolated 67 cases in which there were multiple observations on a given winemaker and within-winemaker variance in broadcasting behavior. Note that this smaller sample is not representative of the larger sample in several respects. Although there is roughly the same propensity to broadcast winemaker information, producers in the multiple-winemaker subsample are significantly smaller: 72 tonnes processed versus roughly 162 tonnes in the rest of the sample. In fact, there is only one producer in the top size

category in the smaller multiple-winemaker subsample. Not surprisingly, producers in the multiple-winemaker subsample are also more likely to employ contract winemakers more heavily involved in tourism-related activities. When we use this smaller subsample and replace the winemaker experience and formal training variables with a set of fixed winemaker indicator variables, we are able to replicate the quality niche, contract winemaker, and tourism-orientation results (Models 3a and 4a). Moreover, despite the absence of the largest producers in the smaller subsample, we see a similar pattern of size results and a positive and significant coefficient on the third size category variable in Model 4a.

Table 5 summarizes our analyses of the decision to name a specific former employer. Here, the sample consists of all known former employers and the

**Table 5** Publicizing names of former employers

	Model 5	Model 6	Model 7
Constant	-2.656 (0.909)***	-9.684 (1.428)***	-9.531 (1.400)***
Contract winemaker	-1.467 (0.367)***	-1.277 (0.387)***	-1.273 (0.378)***
Age	0.004 (0.005)	0.003 (0.005)	0.005 (0.005)
Tourism	-1.625 (0.505)***	-1.981 (0.646)***	-1.928 (0.645)***
Count of varieties	0.153 (0.081)*	0.182 (0.091)**	0.189 (0.092)**
Selection variable	-0.580 (0.576)	-0.785 (0.621)	-0.811 (0.633)
Quality niche	0.815 (0.414)**	0.925 (0.453)**	0.854 (0.438)*
Cosmopolitan quality	0.067 (0.335)	-0.132 (0.360)	-0.110 (0.368)
<i>Langton</i> producer	-	-	-0.713 (0.530)
Size	0.238 (0.348)	0.373 (0.408)	0.322 (0.394)
Size <sup>2</sup>	-0.015 (0.028)	-0.033 (0.033)	-0.027 (0.032)
Former employer age	-	0.012 (0.003)***	0.011 (0.002)***
Former employer size	-	1.673 (0.311)***	1.679 (0.311)***
Former employer size <sup>2</sup>	-	-0.104 (0.024)***	-0.104 (0.024)***
Former employer quality niche	-	0.063 (0.321)	0.110 (0.320)
Former employer cosmopolitan quality	-	0.924 (0.290)***	0.601 (0.292)**
Former employer <i>Langton</i> producer	-	-	1.705 (0.398)***
<i>N</i>	1237	1237	1237
Log pseudo-likelihood	-553.709	-385.767	-370.569
Pseudo R <sup>2</sup>	0.174	0.424	0.447

(DV = probability that a former employer is named; *standard errors adjusted for clustering on focal producer variable*).

\*\*\* $P < 0.01$ ; \*\* $P < 0.05$ ; \* $P < 0.10$ .

dependent variable is set to one whenever the former employer is named in the focal producer's winemaker description. Models 5 and 6 incorporate the control, quality niche, and producer size variables and then the variables that reflect the age, size, and quality orientation of the former employers. Because the effects are consistent across specifications, we again discuss the results from the more complete model. As before, the effects of the focal producer quality niche variable is positive and significant, while the effect of the cosmopolitan quality variable is insignificant.

Although the direction of the focal producer size effects is consistent with hypothesis H1, neither coefficient is statistically significant. Differences between Models 3 and 6 refine our understanding of the role played by a producer's size in constraining the use of an individual's qualifications and associations to project a quality-based identity. In developing the coherence constraint hypothesis, we emphasized that the prospect of incoherent projections makes it problematic for very large producers to effectively borrow the qualifications of skilled employees. A vast size and scope of operations makes this approach less credible. However, when publicizing indirect associations with a winemaker's former employers there are two effects to consider. Here, the projected message is not only simply "we are good because the individual who makes our products is highly-qualified," but also "we are good because we run in the same circles as other accomplished producers." The value of this latter message may not be diminished for the largest producers.

The large improvement in explanatory power across Models 5 and 6 attests to the effects that alter characteristics have on the decision to identify a former employer. Although a producer's own age does not significantly effect its decision to publicize winemaker qualifications or former employer names, the age of the former employer has a positive and significant effect on the probability that it will be named. This supports hypothesis H2a and indicates that producers consider how established a former employer is as they seek to enhance their own visibility in the market. The size of the former employer also exerts a positive and significant effect on the likelihood that it will be identified. However, the effect is nonmonotonic. The negative second-order effect in Model 6 indicates that producers seek to avoid the stigma of visibly associating with the largest producers. The inflection point for the size-probability of publicizing relationship is 8.072. Note the similarity between this inflection point and that reported in Model 3. The point at which focal producers begin to have concerns about indicating their own quality using references to winemakers is roughly the same size at which former employers begin to pose problems in terms of their ability to augment a producer's visibility.

The variable identifying quality-oriented former employers has no significant effect on the probability of being named. Although local quality producers are more likely to publicize names of former employers, they are not more likely to be named in the communications of others. On the other hand, there is a positive and significant effect for cosmopolitan quality former employers, providing qualified

support for hypothesis H3. As long as the quality orientation of the former employer is strong and broad enough, it is more likely to be named by current employers. We further develop this point by identifying an elite subgroup of cosmopolitan quality producers. *Langton* producers are a set of 34 Australian wine producers that have well-established market positions. According to the *Langton* web site, its classification “is based on the objective criteria of time and market demand . . . market-driven criteria relate to value, consistency and volume of demand in the market over at least 10 years.”<sup>5</sup> As testimony of their position as elite wine producers, note that the average of the maximum list prices charged by the 34 *Langton* producers is \$82.54 compared to \$47.79 for all cosmopolitan quality producers. Model 7 shows that when the focal producer is a *Langton* producer, it is less likely to publicize the names of its winemaker’s former employers, although this effect is not statistically significant ( $P=0.179$ ). However, the *Langton* designation significantly increases the likelihood of a producer being named in another producer’s communication. In fact, the coefficient on the *Langton* variable is roughly triple that associated with the cosmopolitan quality variable. Because the effects are additive (i.e., the *Langton* producers are a subset of the cosmopolitan quality producers), this suggests that *Langton* producers are roughly four times as likely to be named relative to other cosmopolitan quality producers. So, while the elite producers tend to avoid being indirectly associated with other producers, the subsequent employers of their winemakers are actively creating more visible associations.

The models that test our last hypothesis are found in Table 6. In Model 8, the coefficient on the publicizing winemaker qualifications variable is positive and significant. Above and beyond the effects of quality niches, producer size and the number of previous critical reviews, publicizing specific information about a winemaker’s qualifications further solidifies a producers’ quality-based identity, leading to greater future critical coverage. Model 9 replicates this analysis, substituting a count of the actual number of former employers for the winemaker experience and training variables, and then replacing the publicizing qualifications variable with another that is set to one for producers that publicize the name of at least one former employer. Again, the decision to publicize these indirect associations enhances a producer’s further critical coverage.

#### 4. Discussion and conclusions

Recently, there have been calls to bring individuals back in to the study of organizational outcomes. In this respect, Shane and Khurana (2003) examine the influences of career backgrounds on organizational foundings, while Teece (2003) stresses the need to better understand organizational experts and the labor markets in

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<sup>5</sup>See, <http://www.langton.com.au>, accessed on February 24, 2005.

**Table 6** Predicting critical coverage, 2002–2004

	Model 8	Model 9
Constant	−1.685 (1.188)**	−1.469 (1.205)
<i>Wine Spectator</i> reviews, 1998–2001	0.029 (0.006)***	0.027 (0.006)***
Actual winemaker experience	−0.010 (0.010)	–
Actual formal training	0.210 (0.141)	–
Actual former employers	–	−0.024 (0.018)
Contract winemaker	−0.422 (0.309)	−0.346 (0.315)
Age	0.002 (0.002)	0.001 (0.002)
Tourism	−0.544 (0.391)	−0.676 (0.396)***
Count of varietals	0.033 (0.038)	0.014 (0.038)
Selection variable	0.404 (0.290)	0.274 (0.293)
Quality niche	0.637 (0.791)	0.667 (0.793)
Cosmopolitan quality	0.723 (0.247)***	0.674 (0.257)***
Size	0.405 (0.239)*	0.444 (0.245)*
Size <sup>2</sup>	−0.025 (0.018)	−0.027 (0.018)
Publicized winemaker qualifications	0.337 (0.132)***	–
Publicized names of former employers	–	0.060 (0.036)*
N	453	453
Log likelihood	−560.742	−562.833
Vuong statistic	5.360***	5.150***
Adjusted R <sup>2</sup>	–	–

(DV = count of *Wine Spectator* Reviews published during 2002–2004 period).

\*\*\* $P < 0.01$ ; \*\* $P < 0.05$ ; \* $P < 0.1$ .

which they participate. Although sensitive to the tangible contributions that a skilled employee makes, our emphasis is on a producer's decision to inform others about the specifics of that employee's career, including her qualifications and the names of specific former employers. Because affiliations must be visible to audience members in order to serve as signals, producers first decide with whom they will associate and *then* whether to make the affiliations more salient. Managing the salience of market affiliations involves spending effort selectively communicating direct and indirect tie information to the market.

Quality-oriented producers publicize certain affiliation information in order to increase their visibility when not all aspiring producers gain the attention of critics, middlemen, and consumers, and to develop an identity that fits the quality-oriented market niches. Consistent with this framing, Tables 4 and 5 show that producers in the quality-oriented niche are more likely to publicize their winemakers' qualifications and the names of their former employers. These results support our baseline proposition. The size results suggest that publicizing affiliation information

is also influenced by a producer's need to project coherent indicators of its underlying quality identity. Our analysis of the decision to publicize the name of a former employer suggests that concerns about visibility and status are very important in determining who gets mentioned; with older, moderately larger, and quality-oriented alters offering the greatest signaling benefits.

Given the expected and realized (Table 6) benefits that come with publicizing affiliation information, it becomes interesting to juxtapose the results that we obtained *vis à vis* producer size and employing contract winemakers. This points to limitations on a quality-oriented producer's obtaining signaling benefits at both ends of the size continuum. High-quality wine production tends to require the contribution of a skilled employee with solid qualifications. One way to gain access to such an individual is to hire her outright. However, very small producers have a difficult time assembling the resources necessary to compensate well-qualified individuals on a full time basis. To overcome this constraint, they hire contract winemakers. This expectation is consistent with the fact that the average size of the 78 producers in our sample that employed contract winemakers was roughly 56 tonnes, compared to an average size of roughly 170 tonnes for the 375 producers that employed full-time winemakers. However, this arrangement does not allow the smaller producers to fully benefit from the informational cues that these individuals carry. The more temporary nature of the employment relationship combined with broader participation in the market both work against making qualifications and indirect associations more visible. As a producer's size increases, so too does its ability to compensate a full-time winemaker. And, our results suggest that as size grows initially so too does the propensity to publicize a winemaker's qualifications and prior associations. So, in the intermediate range of the size variable, both the resource access and signaling benefits of market ties accrue simultaneously. At the upper end of the size distribution, producers have the maximum ability to compensate full-time winemakers. However, the coherence constraint militates against these very large producers using individual qualifications to indicate a quality-based identity. As such, the value of the winemaker's qualifications to the producer seems limited at both ends of the size continuum to just the resource access effects of the association. It is in the intermediate range of producer size where producers are best positioned to gain the benefits of both resource access and signaling.

Note, how these constraints to using a skilled individual's credentials to signal quality links our framework with economic theories of signaling. In Spence's (1973) model of job market signaling, employees signal their skill levels to prospective employers by acquiring certain levels of education. When it is less costly for individuals with high ability to acquire education than it is for those with lower abilities, employers will choose to pay higher wages to the more educated employees. They do this because they know that the proportion of high-ability individuals is greater among the educated cohort. For this model to work, it is not necessary for

education to have any intrinsic value, as long as it conveys information about individuals to potential employers. The translation of Spence's (1973) ideas to the current context is straightforward. Certain wineries are able to signal their skills to relevant audiences by publicizing information about the qualifications and affiliations of skilled employees. Because it is less costly for wineries with the appropriate orientation and resources (i.e., those that are neither too big nor too small) to hire and then promote the qualifications of those employees, audience members will indeed offer more consideration (in the case of the critics, more coverage) to wineries that publicize appropriate winemaker qualifications. They do so because they know that the proportion of appropriate producers is higher among the publicizing cohort.

This raises the question of how the largest producers might signal quality to their audiences. One possibility is that larger volume of output allows for more substantial advertising budgets that can promote winery accomplishments or wine brands instead of winemakers. To check this possibility, we reviewed all of the 2000 and 2001 issues of *Winestate* and counted the number of advertisements placed by each producer. Twenty-four of our sampled producers placed a total of 118 advertisements during this 2-year period. All but one of these producers emphasized the awards won in the recent past or promoted one or more specific wine brands. The other producer emphasized its long history as an established winery. We obtained similar advertisement count data from *Wine Angels* (2003), which tracked the advertisements placed in the *Wine Spectator* over the same period. Here, eight of the sampled producers placed 60 different advertisements. We combined the two advertisement counts into a single variable and examined how it varied across the four size categories found in Model 4. We found that producers in the smallest size category placed no advertisements in either publication, while those in the largest size category placed an average of 5.25. This latter average is much larger than those observed for the two intermediate size categories (0.17 and 1.19 advertisements, respectively). These observations suggest that as large producers grow beyond their effective participation as artisan quality players, they rely more heavily on traditional means of establishing quality-based claims.

Our findings regarding the decision to publicize the names of certain former employers also have implications for how we think about networks and status transmission. Podolny (2001: 41) stresses that "the highest status producer may wish to avoid exchange relations with a low-status actor . . . because the producer is simply concerned that the affiliation with a low-status actor will lower the producer's own status." The findings in Table 5 suggest that producers may not fully control the pattern of indirect affiliations that become visible in the market. The mobility of skilled employees across producers combined with a norm of promoting career histories means that lower status producers may benefit from indirect associations with higher status alters by publicizing the names of former employers. This is seen clearly by comparing the two local quality effects in Table 5. When focal producers

participate in local quality niches they are significantly more likely to publicize names of the other producers to which they are indirectly associated. However, other producers do not reciprocate. Local quality producers are no more likely to be named in communications than are the “no quality” producers. The pattern is exactly opposite for the elite *Langton* producers. These producers are less likely to publicize names of former employers but significantly more likely to be named as former employers in the communications of other producers.

We also believe that our work provides an effective bridge between research on social networks and that focusing on organizational communications, symbolic management, and storytelling. Elsbach and Sutton (1992) address how and why organizations attempt to present favorable images to others leading Elsbach (1994: 59, emphasis added) to claim that “institutional theorists have not discussed the specific mechanisms organizations have used to *communicate* or *advertise* their legitimating characteristics.” In their analysis of how firms communicate the rationales underlying CEO compensation decisions, Zajac and Westphal (1995: 284) stress that “there may be value in studying...how firms explain their compensation decisions to shareholders and other interested constituents.” Similarly, Lounsbury and Glynn (2001: 546 and 551) note that “stories that are told by or about entrepreneurs define a new venture in ways that can lead to favorable interpretations.” Our project complements these themes by stressing that organizational communications include specific information about direct affiliations with key employees and indirect associations with their former employers. In this respect, we empirically address Pfeffer’s (1981: 22, emphasis added) belief that “one of the important ways of generating external support...[is] through identification of the organization with *socially valued and accepted individuals*, institutions, and methods of operation.” We also add credence to Elsbach and Sutton’s (1992: 715) claim that “personnel conformity entails filling roles with members that have qualifications, education, and certification that are isomorphic with the institutional environment.”

Given these varied implications for organizational researchers, future studies should probe the extent to which our approach and findings generalize to other industry contexts. Even within the wine industry, publicizing individual information may be a “New World” practice. McCoy (2005: 189) once claimed that “[Robert] Parker’s skepticism of the mystical importance of *terroir* was tantamount to heresy in Burgundy... ‘*C’est l’homme qui fait la difference*,’ he often said – ‘It’s the man that makes the difference,’ a sentiment from Parker’s lips that others felt smacked of the New World’s elevation of the winemaker over the vineyard.” Given a historical unwillingness to recognize the contributions of individuals, French wine producers may be more likely to publicize references to place (i.e., *terroir*) than to the qualifications of skilled employees. Outside of the wine industry sit others—including the restaurant, film, and fashion industries mentioned in the introduction to this article—where signaling quality seems to be done in part with public references to the

contributions of skilled individuals, be they chefs, producers, or designers. These are ideal industry settings in which to replicate or extend our basic ideas.

This said, each of these industries shares a common feature with the wine industry—they sit clearly at the intersection of Hirsch's (1972) cultural and commercial worlds. Producers therefore may rely more heavily on their skilled employees to develop the artisan identity that is necessary for success. Moreover, as suggested earlier, culture-based industries might more readily reveal a negative correspondence between very large producer size and audience inferences about underlying quality. A more complete understanding of how individual information can be used to indicate a producer's quality should ascertain whether the communications and the factors that drive them are evident in other industries that do not share this feature. We therefore close by noting that an employee's credentials—and especially her previous employers—do seem to be linked to producer quality claims in other market contexts. Consider that the *Financial Times* publishes a weekly column entitled *Movers and Shakers* that announces the hiring of key individuals to readers of the financial press. More often than not, these announcements contain information about a new employee's previous employers:

*Watson Wyatt* [a global consulting firm] has taken on Steven Grahame and Craig Mercer as investment consultants to its manager research teams in the UK. Mr. Grahame previously worked at *UBS Wealth Management* as a fund analyst, and with *ABN AMRO* as a senior equity analyst. Mr. Mercer joined from *Stamford Associates* where he was a research analyst. Prior to that, he was an investment analyst with *Aon Consulting*. (Taylor, 2005)

This practice of publicizing names of former employers in consulting and financial services provides an interesting opportunity to replicate and extend our analysis into other nonculture based industries.

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