The Price of Admission: Organizational Deference as Strategic Behavior[1]

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Why would market organizations engage in symbolic and material acts conveying appreciation and respect to other organizations that confirm their inferior position in an established hierarchy? The authors argue that deference is the price outsider organizations pay to pass categorical and symbolic boundaries and gain acceptance in contexts where insiders regard them as impure. Because not all organizations can or are willing to pay the price, deference varies according to positional, dispositional, and interactional characteristics. The authors examine and find support for the view of organizational deference as strategic behavior using empirical evidence on market finance organizations investing in film production in France over two decades. The analysis expands research on nonconflictual interactions and symbolic boundaries in market settings.

INTRODUCTION

Goffman's (1956, 1959, 1967) seminal work emphasizes the role that deference plays in enabling strangers and people of different standings, occupa-

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tions, and status to liaise and act jointly, avoiding conflict and maintaining their relations as actors in society. Deference includes ceremonial and symbolic acts and events "by which appreciation is regularly conveyed to a recipient" and distinguishes societies by their linguistic, gestural, spatial, task embedded, and communication structures (Goffman 1956, p. 477). Earlier studies focused on how individuals of unequal rank within a professional or occupational group communicate and coordinate. Nurses, for example, engage in deference to doctors when they are attempting to influence the doctor to write a medication prescription (Rushing 1962). Police enforce law and order in society and expect deference from civilians (Sykes and Clark 1975). Later studies have examined lateral deference among employees in corporate settings, a behavioral pattern in which people defer to their peers to reduce competitive pressure (Fragale et al. 2012).

Following and extending studies of individual interactions, scholars have essentially conceptualized deferential behaviors among organizations as a corollary of socioeconomic hierarchy (Piazza and Castellucci 2014).[2] Extant studies suggest that organizations with high market status receive deference from other organizations in the form of ceremonial mentions on product labels (e.g., in the wine sector; Benjamin and Podolny 1999), references to prior inventions (e.g., in the semiconductor industry; Podolny, Stuart, and Hannan 1996), and citations in press releases (e.g., Kennedy 2008; Castellucci and Ertug 2010). Although high market status explains who receives deference, who benefits from it, and how receivers take advantage of it (e.g., Benjamin and Podolny 1999; Lynn, Podolny, and Tao 2009), the reason why organizations give deference to others remains elusive. Why would modern market organizations engage in symbolic and material, potentially costly, acts conveying appreciation and respect to others that confirm their inferior position in an established hierarchy?

To elucidate this puzzle, we build on the literature on deference and social interactionism (Goffman 1956; Alexander 2006; Hallett 2007). Following Goffman (1956, p. 479), the view of deference as a manifestation of explicit or implicit social hierarchies is "extremely limiting": There are many forms of symmetrical deference (Fragale et al. 2012) and deference obligations that superordinates owe their subordinates (Collins 2000). Goffman notes (1956,

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[2] As Goffman (1956, p. 477) remarked, "both actor and recipient [of deference] may not really be individuals at all."

p. 479) that the appreciation conveyed through deference need not be related to "respectful awe," but rather typically has an instrumental dimension—often a desire to belong and be accepted in a social setting or situation. Nurses, for instance, resort to "strategies of deference"—for example, pretending to know less than doctors—with the goal of maintaining their relationship with doctors when suggesting a change in treatment plans (Rushing 1962, p. 146).

Deference, we argue, is a strategic behavior aimed at establishing and maintaining relationships with others reluctant to do so. As such, deference giving cannot be understood without accounting for the social dynamics of exclusion (Lamont 1992; Hall and Lamont 2013). With a focus on social hierarchies and deference receivers, the literature on organizational deference in modern market settings has overlooked the moral and cultural underpinnings of deference that presuppose exclusion of the repulsive, the impure, the profane (Durkheim 1965; Lamont 1992). For an outsider, that is, an "impure," deference is the price to pay to pass symbolic boundaries and form relationships with insiders. Because not all can or are willing to pay the price, deference behaviors vary across actors. Factors such as professional identity (Rushing 1962; Shils 1968), inclination to acknowledge insiders' beliefs and values (Lee and Ofshe 1981; Fragale et al. 2012), and prior sanctification in industry ceremonials (Collins 2000; Hallett 2007) may all affect deference giving.

We examine these arguments by studying the empirical case of "SOFICAs," a form of private investment funds operating in the French film industry.[3] Introduced in the mid-1980s by the government to help remedy a shortage of capital available for film production, SOFICAs suffer from the stigma associated with finance and profit making in the film industry and cannot abolish these symbolic boundaries that separate them from film producers (Lamendour 2012; Hall and Lamont 2013). For producers who are embedded in the cultural professions shaped by the *auteur* movement of the *nouvelle vague*—that is, the "antimarket" production of "arty" and intellectual films that celebrate directors' craft, vision, and genius—SOFICAs as bankers are impure and cannot be regarded as full-fledged members of the film industry.

Using unique qualitative and quantitative data, we study the entire population of SOFICAs from their creation in 1987 up until a regulatory overhaul in 2008 that altered their mission. Our qualitative evidence reveals that SOFICAs conveyed appreciation and respect to film producers through investments in low-profit art house films—a form of deference giving—to strategically establish and maintain relationships with producers. Consistent with the view of deference as a strategic behavior, we find that the SOFICAs engaging in deference were rewarded with greater acceptance

[3] Sociétés pour le Financement du Cinéma et de l'Audiovisuel (Funds for Financing Film and Audiovisual Production).

in the network of producers but paid the price of their greater inclusion as they suffered from lower profitability. Variations in deference were related to SOFICAs' identity distance from film producers, their disposition to acknowledge and accept film producers' values, and their prior sanctification in industry ceremonials. Alternative explanations such as state coercion, celebrity attraction, and portfolio theory are tested and ruled out, supporting the view of organizational deference as strategic behavior.

This study focuses on deference giving to examine strategic intent by linking the social-psychological literature on deference to relationships among market organizations. Our findings reveal the nature of deference as a strategic behavior and the organizational characteristics likely to lead actors to defer in an adverse context marked by categorical and symbolic boundaries. In light of these findings, we discuss the sources of organizational deference giving, its role in capital conversion, and the maintenance of relationships in conflicting institutional environments. This study advances research beyond previous studies on linguistic, communicative, and symbolic acts of deference; it assesses the actual levels of deference giving (in monetary terms) and its concrete impact at the levels of organizations, markets, and society.

DEFERENCE GIVING AS STRATEGIC BEHAVIOR

Goffman's (1959, 1967) seminal ethnographic studies showed how acts of deference are the "oil of conversation" that provide a common language to smooth working relationships. He defines different forms of symbolic communication that ease relationships. Presentation rituals are prescriptions such as salutations, invitations, compliments, and services that focus toward the dominant actors' characteristics. Presentation rituals attest to what needs to be done and how individuals will be treated in the interaction. In contrast, avoidance rituals are proscriptions such as taboos and interdictions that lead actors to keep a ceremonial distance from recipients so as not to appear threatening. As a fundamental social practice to establish nonconflictual interactions and maintain social and economic orders (Coser 1961, p. 31), deference is a useful concept to understand how social actors with different backgrounds, values, goals, and identities manage to socialize and interact with each other despite their essential alterity. According to Goffman (1956, p. 488; 1967), actors forge relationships in a dialectic of presentation and avoidance leading to more or less deferent behaviors, yet still maintain their different attributes, rules, and principles.

The recipients of deference are clearly identified in the literature. For Goffman and subsequent researchers (e.g., Alexander 2006; Hallett 2007; Fragale et al. 2012), deference represents a mark of status differences: lower-status actors tend to defer to higher-status others. Previous research has established this relationship from many different accounts at the interpersonal level in many different contexts (Goffman 1967; Brown and Levinson 1987). Researchers have suggested that deference is a collective reward paid to individual merit: "deference is given in exchange for merit or quality" (Lynn et al. 2009, p. 759) and to "those who achieve well" (Goode 1978, p. 8). Individuals who make significant contributions to a group (or society) are rewarded with deference in exchange for the benefits those contributions offer (Blau 1964; Gould 2002; Stewart 2005). Deference is granted as an incentive to increase valuable individuals' involvement in future collective activities (Emerson 1962). In the scientific community, for instance, the significance of scholars' contributions to the corpus of scientific knowledge is a basis for their receiving deference (Stuart and Ding 2006, p. 138).

Applied to organizations, scholars have argued that deference intrinsically relates to market status, with lower-status organizations deferring to prominent ones (Podolny 1993; Benjamin and Podolny 1999). The two concepts are so closely associated in the organizations literature that deference often serves as a basis for measuring the relative market status of organizations (Piazza and Castellucci 2014). However, deference is puzzling when expressed by market-based organizations as it seems misaligned with their economic utility. In particular, while there is a general understanding of who attracts deference, we have an incomplete understanding of the reasons why actors give deference to others.

Hence, what is the rationale for organizational deference giving? If deference serves to confirm lower market status, which is known for being associated with economic disadvantages (Podolny 1993) and social prejudice (Washington and Zajac 2005), why would organizations engage in deference? Furthermore, if deference giving was just a consequence of status differences, there would be little variation in both deferent actions and the consequences of giving deference. Yet anecdotal evidence shows that not all low-status actors defer to higher-status actors and that some recipients of deference are not necessarily of higher status. We argue that organizational deference is best understood as a strategic behavior that some organizations, deemed impure and foreign by incumbents, use to enter into privileged relations with local organizations. This behavior has associated costs and some advantages and varies significantly depending on the impure organizations' characteristics. Before formulating research hypotheses, we introduce the setting of our study.

SETTING: PRIVATE EQUITY FUNDS IN THE FRENCH FILM INDUSTRY

Description of SOFICAS

SOFICAs are private equity funds dedicated to financing French filmmaking (Cineuropa.org; Durand and Jourdan 2012). Mainly founded by private banks, SOFICAs are accountable to individual investors and are supervised by the Autorité des Marchés Financiers (AMF), the counterpart to the U.S. Securities and Exchange Commission. SOFICAs are small organizations usually formed around a few managers, assisted by a limited administrative staff and, in some cases, by an investment committee that is accountable to a board of directors appointed by the organization's founders. SOFICAs rely on financial institutions such as commercial banks and specialized brokers to distribute shares to individual investors who benefit from an up-front flat tax deduction the year they buy shares.

In the early 1980s, new forms of film entertainment (e.g., VHS tapes, videocassette recorders, pay television) increasingly pulled consumers away from theaters, dramatically reducing the nonrefundable advances film distributors contributed to finance production. The value of these rights dramatically shrank throughout the 1980s, and the market for French films dropped from 108 million theater admissions in 1982 to 78 million in 1985, eventually falling below the 50 million mark in 1987, progressively cutting down the resources available to producers and prompting the French Ministry of Culture to initiate reforms. Incapable of garnering adequate resources from within the film industry, and under budget restrictions after the failed socialist reforms of 1981–84, the state for the first time made a bold appeal to the financial markets, introducing SOFICA investment funds as a new form of organization. Between 1987 and 2008, SOFICAs contributed between 6% and 12% of financing for French film production, complementing the investments made by television companies, theatrical and video distributors, coproducers, and various subsidies.

SOFICAs are intermediaries who raise capital in the financial markets and use that capital to make financing deals with film producers. As figure 1 illustrates, SOFICAs negotiate exchanges between the film world—primarily producers—and the financial sector. They operate as financial organizations: as box office hits are relatively rare events resulting in a highly skewed distribution of revenues, SOFICA managers use investment techniques inspired by venture capital. SOFICA fund managers are under constant pressure and scrutiny from banks and brokers to make film investment choices that are "primarily driven towards increasing investors' financial returns rather than for aesthetic considerations" (Senator Jacques Carat, Senate discussion, November 21, 1990). As Chevalier (2008, p. 12) points out, financial institutions "exert a constant pressure on SOFICA managers to yield higher returns than expected."

SOFICAS as Impure Players

SOFICAs face the challenge of accomplishing their financial investment goals within an order of interactions that is controlled by professional pro-

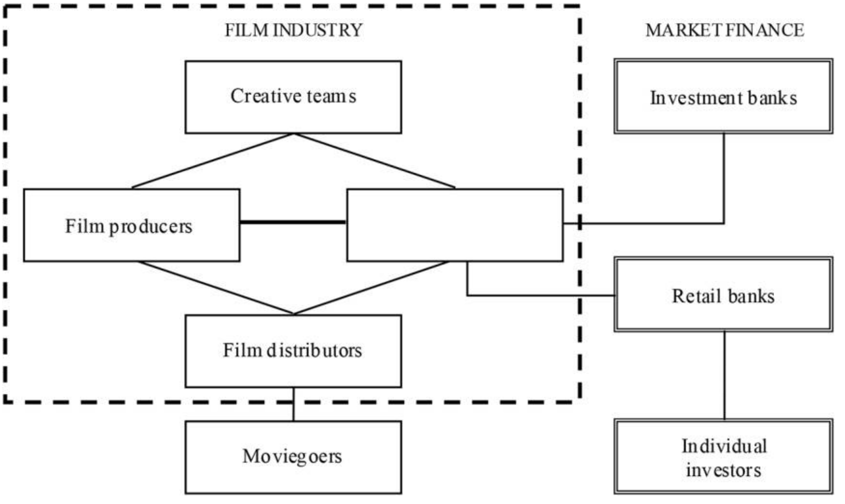

FIG. 1.—Graphic representation of the context of the interaction between SOFICAS and film producers

ducers, directors, and film critics, who stigmatize outward profit seeking. France endorsed cinema as an art form and as a critical part of the French cultural legacy worth preserving after the Second World War. In 1946, the Blum-Byrnes agreement forced the French state to remove laws banning the screening of foreign films, which created a market for foreign films and suddenly opened the doors of local theaters to Hollywood movies. France's reaction to this change prompted the creation of the protectionist Centre National de la Cinématographie (CNC), a state agency created to "strengthen the French film industry and to correct the effects of the market" (CNC 2007, p. 6). The continued threat of foreign competition galvanized a coalition between the state, film professionals, and the (privately held) film production firms against these new market mechanisms, which they perceived as illegitimate and as a threat to French cinema. The resulting interdependence between the interests of the state and those of film professions was sealed by the state's policies aimed at further developing the national economy by cultivating a national cinematographic legacy (CNC 2007).

The film professions were offered resources to create freely without the burden of market constraints—via a variety of sponsorship schemes designed to support local producers and protect them from fierce competition from Hollywood studios. The resulting structure consolidated the state's role as a regulatory and bureaucratic gatekeeper to bolster the French film industry. The creation of the Cannes Film Festival consolidated the trend toward professionalization. First envisioned as a competing arena for national film productions, Cannes rapidly evolved to structure the industry by creating a forum for recognizing artistic prowess and technical mastery: for example, with the institution of the first Palme d'Or award in 1955 and of the vibrant Cannes film market in 1959.

Films became increasingly regarded as a form of art by French society (Baumann 2001). François Truffaut's (1954) pamphlet "Une certaine tendance du cinéma français" (A certain tendency of French cinema) fueled the rise of the nouvelle vague movement of directors and critics (a theorization effort as in Strang and Meyer [1993]), which emphasized the role of the auteur. While the movement's aesthetics eventually faded away, it had a lasting influence on filmmakers and French culture, as well as the artistic professions more generally (Rao, Monin, and Durand 2003). The claims of the movement—also known as *auteurism* or *auteur theory*—resonated symbolically with the legacy of the older French legal doctrine of "moral right" (Marvin 1971), which (specifically in the film domain) gives directors the authority over a film's "final cut"—a striking difference from the situation in the United States. In the French film industry, the sources of identity and status are centered in film as art and culture and the director as artist, and legitimacy stems from the aesthetics of film as signaled by prestigious awards and critical acclaim (Martin 1995). The "Art & Essay" label, rewarding "research and novelty in film creation" and granted by a gatekeeper organization of film directors, critics, and art house theaters (Association Française des Cinémas d'Art et Essai), is a living testimony to this heritage. Table 1 elaborates the ideal-typical institutional logics of auteurism followed by film producers, and market finance, followed by SOFICA funds.

TABLE 1
Ideal Types of Institutional Logics in the French Film Industry, 1987–2008

	Auteurism	Market Finance
Societal-level logic	Profession Family	Market
Symbolic analogy	Profession and family as relational network	Market as allocation mechanism
Economic system	Personal capitalism	Market capitalism
Sources of identity	Film as art and culture Director as artist	Film as asset Producer as manager
Sources of status and legitimacy	Film aesthetics Prestigious awards Box office admissions	Film economics Fund performance Box office profits
Goals	Build art Break even	Build fund reputation Maximize returns
Basis of norms	Membership in guild	Self-interest
Focus of attention	Film historical position	Quality of deal flow
Strategy (of film production)	Build producer's reputation	Hedge risks Predict box office hits
Theory of values	Quality of craft	Mass market demand

As epitomizing the financial market logic, SOFICAs are considered outsiders by many film industry members, including producers. As Lamendour (2008, 2012) demonstrates in her detailed historical survey of corporate representations in French cinema, bankers and financiers receive little regard in the industry and are typically depicted in negative ways. Filmmakers' "dependence on financiers, mocked in many films for their lack of culture and shortsightedness" is a recurrent narrative theme (Lamendour 2008, p. 78).[4] As far back as 1912, Ferdinand Zecca and René Leprince depicted the suspicious nature of financial capitalism in *La Fièvre de l'or* (Gold fever), which tells the tragic story of Maxime Vermont, a banker without scruples who is portrayed as an "identifiable moral enemy." Louis Feuillade's contemporary piece *Le Trust* denounces the greedy nature of financiers—represented by the dark figure of Jacob Berwick, the ruthless president of a financial trust—and calls attention to the eviction of pioneer French film companies from the U.S. market by the Motion Pictures Patents Company (also known as Edison's Trust).[5] Echoing Catholicism's long-rooted negative view of money accumulation, French cinema typically represents finance as a disrupting appropriating force that invades the cultural world. Filmmakers repeatedly use a gambling metaphor to describe financial activities, perpetuating a "confusion between finance and gambling, either seen through a critical, ideological or moral lens" (Lamendour 2012, p. 125). From Jean-Luc Godard's *Le Mépris* (1953) to Jean-Marc Moutout's *Violence des échanges en milieu tempéré* (2003), French films have portrayed clueless and often amoral financiers manipulating corporations and employees, typically presented as the victims of financial capitalism.

Not only is SOFICAs' moneymaking mission frowned on, but their tax incentive–based structure is regarded with distrust. Long after their creation, a 1998 report debate in French parliament lamented that "investments from SOFICAs go mostly to movies that have a high box-office potential" and noted that independent producers consider them as "fiscal privilege" (minutes of parliamentary debates, July 8, 1998; Legifrance.fr). SOFICA managers experience the symbolic boundary of impurity and exclusion (Hall and Lamont 2013) that sets them apart from the rest of the film industry. In one

[4] Nor is this theme absent from American cinema either. For instance, Michael Douglas told the audience of the 2012 Academy of Motion Pictures award ceremony the story of director Leo McCarey walking away from a bank because a banker asked him what a director does.

[5] After holding the first commercial screening of projected motion pictures on December 28, 1895, at the Indian Salon of the Grand Café in Paris, the Lumière Brothers rapidly expanded into both domestic and foreign markets. By 1914, French companies, led by Léon Pathé and Charles Gaumont, had captured about 90% of the world market (Roud 1983).

of our interviews, a high-profile SOFICA manager described how his peers suffer from the stigma associated with finance when they interact with producers: "Film producers primarily see SOFICAs as bankers; they never see SOFICAs differently. This is rather frustrating because SOFICAs make at-risk investments in films while banks ask for all sorts of collaterals SOFICAs don't [ask for]. Producers see SOFICA money as expensive, because they don't consider the full picture. Actually, producers see SOFICAs as leeches. There is a real misunderstanding in how producers perceive SOFICAs. . . . In general, producers are not appreciative of what they do." As profane players, SOFICA managers experience a form of social distancing (Merry 1984): an informal exclusion from social interactions or associations with other film industry members and groups (Westphal and Khanna 2003). For instance, a SOFICA manager recalls how such funds are included in major industry events only as marginal, peripheral participants:

> Twenty years down the road . . . , it is obvious that most film producers have never considered SOFICAs as members of the industry, and still don't. It's revealing that when a SOFICA manager, about to invest €10m in film production, submits an accreditation request to the Cannes film festival—a central event in the industry as producers know well and a place where many relationships are formed—he is not regarded as part of the cultural crowd (auteurs, directors, actors, critics). He is immediately categorized as "business" and oriented toward situations where they speak money and don't waste their time watching movies! (Chevalier 2008, p. 28)

Another SOFICA manager we interviewed deplored the fact that funds get little recognition: "You see, we invested in Movie M. This movie got two César awards: Best first movie, and best movie. Amazing! So they got to jump up at the ceremony to thank everybody twice. Neither time did they thank us! Worse: they came to us afterwards and said: 'Guys, we brought you in: you owe us one!' Soon, we will have to thank people when a film hits big time. It's the world upside down!" For film producers, SOFICAs remain just financiers before anything else. As a SOFICA manager we interviewed said, producers perceive SOFICAs as "just another bank counter, nothing more really. . . . We're like a fifth wheel." As outsider or even impure organizations, SOFICA funds can minimize their interactions with film producers or use deference as a strategic behavior to get closer to the film producers. What do they gain? What do they pay? And which SOFICAS are the more likely to defer?

COSTS AND REWARDS OF DEFERENCE GIVING

The literature on deference highlights variations in deference behaviors in given situations. When given an order they think contrary to the patient's welfare, nurses have two reactions (Rushing 1962): they either carry out the order as asked or follow strategies of deference aimed at maintaining their relationships with doctors while trying to influence their treatment plan. When civilians meet police officers, the former vary in the level of deference they express to the latter (Sykes and Clark 1975). Nurses and doctors, as well as civilians and police officers, are separated by different educational backgrounds and professional roles that constitute the cultural and symbolic boundaries that contain actors' behaviors (Lamont 1992). The nurse is at the periphery of the decision-making process, while the doctor gets the final authority on prescription; the policeman is central and enforces the law and the civilian must obey. For outsiders, deference giving is a strategy to reduce tensions and frictions in the interaction. For instance, an act of deference (e.g., eye aversion) is used to relieve the stress induced by a direct stare (Rushing 1962; Mazur 1985, p. 385). In organizational settings, individuals use deferent forms of communication to appease superiors and peers, preventing tensions that may inhibit successful interactions (Fragale et al. 2012). Deference thus helps establish and maintain otherwise strained or unlikely relationships. Yet the deference strategy is anything but costless. In its simplest form, showing respect and appreciation requires time and effort (e.g., salutations, niceties of ceremony, avoidance tactics). Deference in individual interactions typically comes with self-esteem costs, for instance, when psychiatric nurses pretend they know less than doctors (Rushing 1962). Often, material expenses may also be engaged, for instance, in the form of gifts given to express respect (Mauss 1954).

We argue that deference giving is not just explained by inferior status, but by the expected costs and benefits incurred by the organizations located at the industry margins that the dominant actors consider foreign or impure. The gist of our argument is that while costly, and hence reducing their short-term profits, deference giving helps SOFICAs overcome the foreignness and impurity stigma, leading to a greater proximity with central insiders.

What are the consequences for a SOFICA fund of deferring to film producers? On the one hand, for SOFICAs, deference giving is likely to result in coordination costs and underoptimal allocations of time, effort, and assets (Westphal and Khanna 2003; Anderson, Ames, and Gosling 2008). As is typical when organizations holding contradictory logics interact (e.g., Zietsma and Lawrence 2010), deferent SOFICAs will be obliged to spend time and energy in dialogue with local producers. On the basis of their distinct visions and objectives, such discussions are likely to lead to quibbling about project characteristics and costs, which can distract attention away from more profitable activities and complicate their relationships with producers and directors. Artistic projects exacerbate the confrontation between auteurism and market principles, and as one interviewee explained, "The producers' role is to say 'no' to directors, and when you say no to an artist, it's pure frustration. They need time to digest rebuttals, they look at you and you read: 'You are stupid bastards who don't understand my genius.'" Since artistic films are not primarily designed to maximize returns, but to express the art of French film directors, they tend to be more complex and difficult to handle, to add coordination costs, to be subject to uncertain revenues, and to be less profitable than commercial movies. As a result, more deferent SOFICAs are likely to be less profitable than are less deferent funds.

On the other hand, deference giving can result in a fund gaining greater acceptability in the focal industry and in developing social capital. By social capital we mean the aggregation of "actual or potential resources linked to possession of a durable network of institutionalized relationships of mutual acquaintances and recognition" (Bourdieu 1986, p. 248). Hence, different levels of deference giving can result in distinct economic and social outcomes. Although funds that repeatedly express deference will likely generate inferior profitability in the short term, they will potentially gain higher social capital in the industry over the longer term (Coleman 1988; Lin 1999; Burt 2004). Therefore, at the organizational level, deference may appear as a form of capital conversion—that is, from financial to social capital (Bourdieu 1986). Thus, acts of deference as "gestures of approval" (Gould 2002, p. 1147) build relationships that result in an increase of (impure) organizations' social capital (Sauder, Lynn, and Podolny 2012, p. 268). As Goffman (1967) and Collins (2000) have both pointed out, being included in a circle of reciprocity with industry members involves the performance of deference, and acting deferentially is likely to translate into gaining richer social capital relative to other impure organizations that defer less:

HYPOTHESIS 1.—*Deference to film producers has a negative effect on a SOFICA's financial performance.*

HYPOTHESIS 2.—*Deference to film producers has a positive effect on a SOFICA's social capital.*

VARIATIONS IN DEFERENCE GIVING

Not all organizations engage in deference in the same way. Why some organizations are more likely than others to express deference and engage in capital conversion is related to three types of attributes. Positional attributes such as identity distance, dispositional characteristics such as the ability to acknowledge others' values, and interactional aspects such as preservation of the interactional order between outsider (impure) and insider (sacred) actors all influence an organization's propensity to give deference.

Positional attributes related to the expression of deference emphasize the behavioral signs of identity differences (Rushing 1962) that are reflected in practices (Goffman 1956, p. 477). Actors are deferent on the basis of their perception of positional identity characteristics, referred to as "deference entitlements," such as occupation, role, wealth, educational level, political or corporate power, ethnicity, performance, title, rank, or celebrity (Shils 1968, p. 106; Kurzman et al. 2007). Fragale et al. (2012, p. 374) identified visible identity differences leading actors to acknowledge positional differences, if not inferiorities among employees, stating, "I accept my place, I acknowledge your ranking in the hierarchy and I'm no challenge to you." The greater the identity distance separating actors, the more likely peripheral actors or outsiders activate the capital conversion mechanism and defer to central or insider players, thus paying the price to get closer to them (Goffman 1956, p. 480; Zhou 2005).

An organization's identity is shaped by the prior experience of its founders and managers (Thornton and Ocasio 1999; Rao et al. 2003; Almandoz 2012). Identity distance characterizes the differences between the expected and the actual composition of executive committees or boards of directors. Hence, the greater or lesser number of bankers on a SOFICA's board of directors is reflective of the level of identity distance between outsider bankers and incumbent producers and indicates the extent to which a SOFICA is more or less "one of us" (Czarniawska and Wolff 1998; Gioia et al. 2010). Of the total population of SOFICA funds, about two-thirds of the board members, which average 5.5 members, have backgrounds in finance—mostly in private banking.[6] The other board members typically have backgrounds in film production or distribution. Out of 121 funds created in the period under study, 74 have boards composed of both financiers and film industry members, 37 are composed of purely financial directors, and 10 have only film professionals as directors.

SOFICAs with greater identity distance from film producers are likely to perceive a greater benefit at making themselves comprehensible and agreeable to film industry members (greater presentation rituals are needed per Goffman [1956] and Hallett [2007]). SOFICAs with a greater proportion of bankers on their board project a stronger banking identity that appears extraneous, if not despicable, to film producers. Therefore, banker-oriented SOFICAs are more likely to narrow their identity distance and get closer to film producers by expressing greater deference to them. In contrast, SOFICAs with identity characteristics closer to the film professions (e.g., a weaker

[6] SOFICA investment funds are introduced to the public through a prospectus aimed at informing investors about financial prospects and risks. A review of all the financial prospectuses issued by 121 active SOFICA funds between 1985 and 2008 reveals little variation in structure and content, as these are public documents largely modeled on a similar template due to strict regulatory and legal constraints. For instance, most prospectuses state similarly broad investment objectives: to secure invested funds and to provide a fair return on investment in proportion to the level of risk. The few areas in which the prospectuses differ relate to their identity (board members) and market orientation that characterizes the way they will interact with film producers.

banker's identity) will be spared the need to engage in presentation rituals to reconcile their identity, will not value as highly the benefits of deferring, and are less likely to express deference:

HYPOTHESIS 3.—*The more distant SOFICAs' identity is from that of film producers, the more likely they are to defer to film producers.*

Dispositional attributes associated with deference giving focus on actors' inclination to relate to others by acknowledging their values and the reasons supporting their practices. Experimental evidence suggests that demeanor, that is, a dispositional attribute, is a more important determinant of influence in interactions than positional attributes such as occupational status (Lee and Ofshe 1981, p. 77). A disposition connoting a deferent demeanor helps reduce stress levels and alleviate the insiders' concerns (Coser 1961). Hence, an actor's disposition to reduce the degree of tension in social encounters and associations will affect deference giving. In this view, the extent to which a social actor acknowledges and accepts the values and goals of insiders positively affects the likelihood of deference giving. Indifference or hostility, by contrast, will not be positively associated with deference.

Therefore, independent of their identity positions relative to incumbent players (as per hypothesis 1), outsider organizations are more or less disposed to appease tensions by expressing deference to incumbents. As in a case in which accountants in a hospital pay attention to medical issues, or in contrast express interest only in the "bottom line" (Livne 2014), SOFICAs can vary in their adherence to strict financial policies and the degree to which they seek to appease film producers. A critical area of differentiation stated in the SOFICA funds' prospectuses (see n. 6) relates to the level of guaranteed returns offered to investors. In addition to tax benefits, SOFICAs may guarantee to return a share of the money invested in the fund independent of the box office outcomes. SOFICAs with guaranteed returns commit to strict financial objectives—maximizing their financial returns. The level of guaranteed returns is a public announcement indicating how much a SOFICA overlooks the values and goals of auteurism. Funds with higher guarantees are expected to be stronger "sign vehicles" (Goffman 1956) of finance. They make it explicit that their strategic intent is to enter into lucrative deals with film producers, which is likely to activate existing industry biases against finance and increase the potential for conflict with producers. By contrast, SOFICAs that do not guarantee any specific return to shareholders do not reject ex ante the preeminence given to the artistic nature of the film industry, indicating their disposition to appease and avoid conflict with film producers. By explicitly not stressing return maximization as their main goal, nonguaranteed funds signal their disposition to avoid conflict in their interactions with film producers, more highly value the social capital benefits of their interactions, and are more likely to pay deference to them. Therefore

Hypothesis 4.—*The more SOFICAs extol favorable dispositions vis-à-vis film producers, the more likely they are to defer to film producers.*

A third attribute related to the expression of deference in the film industry emphasizes interactional characteristics at the core of Goffman's arguments: the preservation of the interactional order. According to Goffman, the interactional order is performed and maintained through rituals and ceremonies that hierarchize members' worth and reify social ladders by attributing signs of sacredness (e.g., prizes, titles, awards). During these foundational events, in-group members are singled out for their particular merit and, so to speak, sanctified. While impure actors can be associated with such celebrated actors because they have worked together or have contributed to their achievements, symbolic boundaries prevent them from claiming much of the merit and the grace conferred by the in-group to their idols (Lamont 1992). Instead, being distinguished, even indirectly by association, creates a social incongruity: impure actors are not supposed to wear the attributes of sacredness, and incumbents may feel threatened and react negatively if they do so (Goffman 1952, 1956). Therefore, outsiders who come to be associated with sanctification must reintroduce balance in the relational order to renegotiate, justify, and maintain their relationships with insiders and demonstrate that they neither claim to accumulate merit—undue merit in the eyes of incumbents—nor usurp membership in the in-group. In other words, prior sanctification obliges, prompting foreign actors involved in sanctification to acknowledge their impure and inferior nature by deferring to the insiders and their symbols. By being deferent, they strive to preserve the sacredness of the field.[7] Denying insiders the deference they expect in future interactions would indicate that "open insurrection has begun" (Goffman 1956, p. 480): conflict and tension would soon reappear, jeopardizing relationships carefully established between socially distinct groups. Hence, the more an impure actor is ceremonially acknowledged and anointed, the more we expect this actor to be inclined to pay deference in return.

In the film world, sanctification is most visibly displayed in events such as highly mediatized festivals and ceremonies, where a small number of actors are celebrated by their peers (Rossman, Esparza, and Bonacich 2010). For the industry insider, accolades convey the respect and appreciation of peers (Cattani, Ferriani, and Allison 2014). For the foreign and impure, like a SOFICA, being associated with professional awards may entail the risk of committing what Goffman (1952) calls a cardinal social sin: to define oneself as an industry insider while lacking the qualifications an incumbent is sup-

[7] This mechanism does not extend to insiders (i.e., traditional film producers in our case) who may defer rather less to their peers once they get recognition: consecrated high-status peers may even differentiate their behaviors more significantly than others from the accepted mores and practices (e.g., Goode 1978; Phillips and Zuckerman 2001; Rao et al. 2003).

posed to possess. SOFICAs as outsiders cannot legitimately claim professional merit in the film world: as described earlier, financiers are not given any credit in the creative achievements that are celebrated in prominent events and festivals. Deference in that condition serves to acknowledge their (inferior) nature and avoid committing themselves to a conception of the self that the flow of events will most likely discredit, placing them in a position of having to be "cooled out" (Goffman 1952). Failing to defer to film producers may fuel perceptions of undue symbolic appropriation and further justify their social exclusion. In sum, for impure actors such as SOFICAs, we argue, signs of prior sanctification received in major industry ceremonies, even indirectly, create a need to reassure incumbents that they do not threaten the interaction order rooted in their distinct essence. Although financiers do not receive much of the reflected glory of film festivals and celebrations, having their projects celebrated and sanctified in a major professional event increases the odds that they will engage in future deference. As a result

Hypothesis 5.—*The more SOFICAs are associated with prior sanctification, the more likely they are to defer to film producers.*

DATA AND METHODS

We constructed an original quantitative data set from archival sources: the financial market regulator (AMF), the Registre Public du Cinéma (RPCA), and other industry publications. The resulting data set includes the activities of the entire population of firms involved in the French film production industry, including SOFICAs, producers, distributors, and television networks, from 1987, when the first SOFICAs started to operate, up until 2008, before new regulatory rules meant to constrain investments were implemented. We ground our understanding of the archival data in the domain experience of the lead author, who worked for six years in the financing and production of French films for a well-known American film production organization operating in France. We also conducted preliminary conversations with key industry participants to identify and gain access to an initial group of interviewees. In total, we conducted 23 open-ended interviews with a sample gathered by the snowball technique, including SOFICA managers, financial brokers, state regulators, and CNC officials, producers, directors, and talent managers to further ground our interpretation of the quantitative data. Interviews averaged 45 minutes and were tape-recorded (Strauss and Corbin 1998).

Our data include the entire population of SOFICA fund organizations and their prospectuses as recorded by the AMF, the official oversight agency. Prospectuses include information on the governance of the funds and their investment strategies. Funds are required by French law to file a prospectus with the AMF for any SOFICA share offering. After the AMF's approval, banks and brokers distribute the prospectus to potential investors. The prospectuses capture the investment offerings of 127 SOFICAs established between 1985 and 2008, of which 121 were active during the period 1987–2008.

We also obtained exhaustive data on SOFICA investments from the RPCA reports, which by law contain all production and distribution contracts ever filed. Of the contracts archived in the public registry, we extracted all those related to SOFICAs' investments. Removing some technical amendments resulted in a total of 2,737 contracts, representing a total of €755.41 million. These contracts related to 1,729 titles, including 1,192 feature films, 401 made-for-television films or series episodes, and 136 film projects that never made it to the screen. This approach follows that used in Uzzi and Spiro's (2005) study of Broadway musicals; it allowed us to identify film projects in the early production stage and avoid survival biases. Data provided by the CNC under a nondisclosure agreement allowed us to identify the full set of films that qualified as French productions according to laws and regulations.[8] The data set was further augmented with film attributes, distribution, and box office performance variables from the Ciné Box Office database and issues of the weekly trade journal *Le Film français*, and with additional data about the Cannes Film Festival awards obtained from the related organizations' websites. We follow SOFICAs during their active investment periods (10 quarters on average), starting in the quarter of their first deal and ending in the quarter of their last contract, assigning each investment to the time period of the signature date of the contract. Actual dates of film market releases and awards receipts are used to update the relevant variables. The final data set is an unbalanced panel of 1,224 quarterly observations relating to the investment activities of 121 SOFICAs.[9]

Table 2 presents a cross-tabulation of SOFICA investments by film-market category and investment volume during the observation period. Most investments were directed to feature films (75.3%), of which 29.4% were dedicated to Art & Essay films. This label is granted by the French Association of Art House Theatres (AFCAE), which is the gatekeeper of auteurism. The AFCAE was established in 1955 at the outset of the nouvelle vague movement by a group of avant garde film critics and theater owners interested in

[8] The qualification process, known as "agrément de production" (production approval), conditions the eligibility of executive producers for both CNC subsidies and SOFICAs' investments. Criteria, which are formally defined by law, include the language of the film, the filming locations, and the nationality of the directors and producer firms. Following the 2007 Conseil d'Etat (Supreme Court) ruling against Warner Bros. Pictures, films financed by foreign firms are excluded.

[9] A SOFICA fund may raise follow-on funding, or alternatively, another SOFICA may be created as a distinct legal entity but under the same organizational identity (e.g., Cinémage 1 created in 2004 was followed by Cinémage 2 in 2005). Since there may be organizational discrepancies within a family of SOFICAs, we focus on the individual SOFICA as our unit of analysis.

TABLE 2
SOFICA Investments by Type of Product in the French Film Industry, 1987–2008

Type of Product	Number of Titles	Investments (Euros)	Total Investment (%)
Feature films:			
Art & Essay.	648	222,037,671	29.4
Mainstream.	544	346,691,600	45.9
Made-for-TV.	401	118,272,731	15.7
Unreleased as of 2008. . . .	136	68,407,770	9.1
Total	1,729	755,409,772	100

Note.—The data set includes all titles released as of the first quarter of 2011. Films not classified as Art & Essay are labeled as mainstream. Eight of the 136 unreleased titles were planned for release at a later date. Remaining titles were not theatrically released in France.

encouraging and proactively promoting the distribution of art house films as "independent movies dedicated to all creative endeavors with unlimited freedom" (http://www.art-et-essai.org; accessed April 15, 2011). The AFCAE evaluation committee is composed of exhibitors, producers, directors, and critics that meet twice a month to screen upcoming films. As figure 2 shows, SOFICAs helped finance between 16 and 86 films a year, of which 38%–69% were Art & Essay films.

Table 3 shows that the estimated average gross returns of non–Art & Essay films is higher than those of Art & Essay certified films (one-way t-test with unequal variance significant at $P = .004$). That is, the number of artistic films certified as Art & Essay is greater than that of non–Art & Essay films,

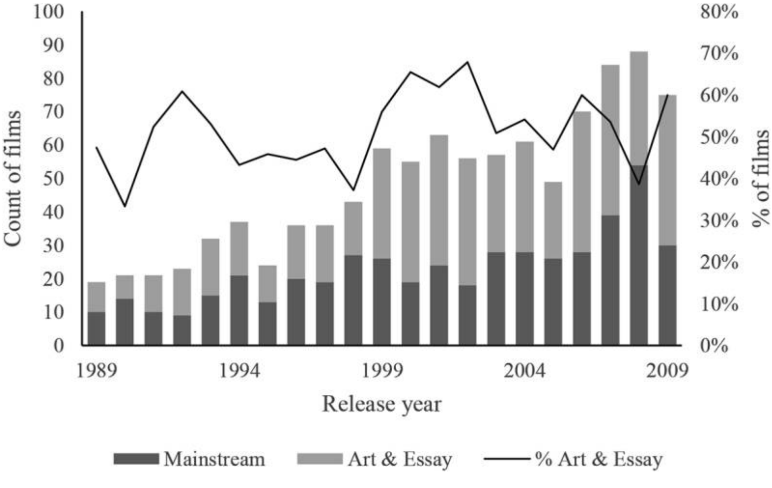

Fig. 2.—Films financed by SOFICAs. The firms financed in 1987–88 by the first SOFICAs were released in the theatrical market in 1989.

TABLE 3
AVERAGE ECONOMIC CHARACTERISTICS OF ART & ESSAY FILMS AND MAINSTREAM FILMS, 1987–2008

	N	Tickets Sold	Average Budget (Euros)	Average Gross Return
Art & Essay	648	264,777	3,843,555	.37
Mainstream	544	621,533	7,513,279	.49

NOTE.—Average gross return estimated by a ratio of box office revenues over production budget.

but the number of tickets sold to these artistic films is considerably lower. Using these data, we calculated an estimate of gross returns as the ratio of gross box office revenues to production budget. The average Art & Essay film in the data set sold 264,777 tickets, as compared to 621,533 tickets for non–Art & Essay certified films. As assumed and reported by industry participants, our data indicate that, despite lower production costs, Art & Essay films appear to be less profitable; in fact, such films achieve significantly lower financial returns (.366 vs. .493, one-way t-test with unequal variance significant at $P = .004$).

Measuring Deference

Our interviews indicated that Art & Essay investments are important ways for SOFICAs to convey deference to the film producers and to the core professional values of auteurism that they instantiate. In one interview, a SOFICA manager remarked, “It was important for us to show that we care about French cinema. Investing in Art & Essay does exactly that.” Another manager added, “We chose the strategy [to invest in Art & Essay] because we thought this was the best way to change the perceptions producers have of SOFICAs. We had the will to show we were heading in the right direction, in the direction of [offering] support to independent cinema.” Indeed, selecting only commercial films may aggravate the negative perception producers have of financial organizations and compromise future interactions. As a *Hollywood Reporter* writer notes, “for admirers of auteur films, French commercial movies are an anathema—something to largely avoid, or else to tolerate like a distant, trashy relative that you only need to see once a year, usually at Christmas time” (Mintzer 2013). A closer look at the data also reveals that, while most SOFICAs have invested in Art & Essay films, there is considerable variance across funds in terms of the compositions of their film portfolios. Out of 121 active SOFICAs, 13% do not invest in Art & Essay, 50% make three or fewer investments a year, and 80% finance six or fewer art house films a year (fig. 3*a*). Although the majority of funds are primarily

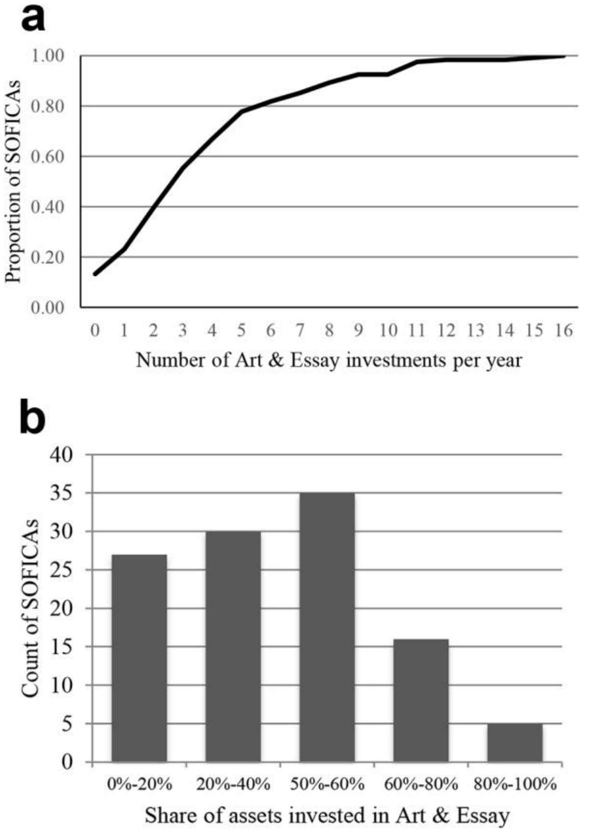

FIG. 3.—*a*, Cumulative distribution of SOFICAs according to their volume of Art & Essay investments. *b*, Distribution of SOFICAs according to their share of assets invested in Art & Essay.

involved in mainstream films, some funds have strong levels of investment in Art & Essay films (fig. 3*b*).

Deference is measured as the number of Art & Essay movies financed by SOFICAs. As noted, this label is widely recognized in the industry as a seal of auteurism. Our interviewees indicated that for a SOFICA to invest in an Art & Essay movie is an act of deference to film producers. One SOFICA founder told us, "To be well perceived in the profession, we invested in Art & Essay movies, directors' second and even first movies." To probe further that Art & Essay investments are not just a mere reflection of a SOFICA's market positioning (e.g., some funds market themselves as safe, guaranteed funds while others are marketed as nonguaranteed), we cross-tabulated the frequency of investment in Art & Essay with their positioning in the market (guaranteed or not). Panel A of table 4 shows that there are no significant differences between guaranteed and nonguaranteed funds in their average level of investing in Art & Essay movies over the entire period and when comparing the two decades.

The variable *deference* is a count of a SOFICA's investments made in Art & Essay films during a given quarter. While investment amounts in different types of films are not publicly disclosed, the participation of a SOFICA in a film is widely known by publication in highly circulated trade journals (e.g., *Le Film français, Ecran total*) and in the opening film credits. The variable deference is first introduced as an explanatory variable to test hypotheses 1 and 2 and then as a dependent variable to examine hypotheses 3–5 about variations in deference giving.

Other Dependent Variables

For hypothesis 1, the dependent variable *economic performance* is equal to the difference between the total gross box office revenues and the sum of the production budget of each movie into which a SOFICA invested during a given quarter. The variable is standardized to a mean of zero and a standard deviation of one. It should be noted that the variable economic performance is a conservative proxy of a SOFICA's financial performance; it is not the net profitability of a fund, as that information is not available. Among other factors—such as distribution fees—a film's bottom line also depends negatively on distribution costs (print and advertising expenses) and positively on revenues in ancillary markets (including video and television markets).

TABLE 4
SOFICAs' Investments in Art & Essay Films

	A. Average Share of SOFICAs' Investments in Art & Essay Films by Guarantee over Time		
Sample	Nonguaranteed Mean (1)	Guaranteed Mean (2)	*P*-Value Mean (1) = Mean (2)
Entire period	.34	.31	.22
1987–97	.22	.26	.33
1998–2008	.35	.30	.08
	B. Count of SOFICAs by Board Composition and Guarantee		
	Below-Average Number of Bankers	Above-Average Number of Bankers	All
No guarantee	28	28	56
Guarantee	34	31	65
All	62	59	121

The variable is a conservative measure for the test of deference's effect on funds' performance because its variance is likely to be underestimated. Indeed, whereas Art & Essay films tend to incur lower print and advertising expenses (as they are less widely released), they also have a much lower chance of generating further revenues by becoming hits on the video market or being broadcast on television.

For hypothesis 2, the dependent variable *social capital* is captured by measuring the eigenvector centrality of SOFICAs in the network of film producers. Eigenvector centrality is a recursive measure of centrality (i.e., a node's eigenvector centrality increases as it becomes more connected to other nodes that are themselves central) and is typically used to capture social capital (Bonacich 1987; Podolny 1993). (Note that alternative specifications based on degree and betweenness centrality measures produced similar results.) To compute this variable, we reconstruct the full network of ties created by film production organizations as they form contractual relationships. We constructed a representation of the network of all the organizations (nodes) involved in film production in France; firms jointly involved in a given film project are regarded as tied together. The network includes "failure" data on ties formed in projects that were never completed, which allows us to avoid a statistical bias common in network studies (Uzzi and Spiro 2005). Consistent with longitudinal network studies in similar industries (Cattani et al. 2008), we assume that ties remain active for three years (thus a tie formed in 1994 is deemed active until 1996), a time frame that appears reasonable given the industry's project-based nature, and the typical one to two years it takes to make a film. (Note that results remain unchanged when using alternative specifications based on two-year and four-year windows.) On the basis of this assumption, we constructed 20 producer networks for the periods 1987–89, 1988–90, . . . , 2006–8. The size of the network grows from 520 nodes at the beginning of the observation period (1987–89) to a peak of 921 nodes (2004–6) as the industry develops over the years and ends at 836 in 2006–8. The average number of ties is relatively stable (averaging five across the years). Our moving-window approach does not allow for centrality measures relating to the years 1987 and 1988 to be used in models, reducing the maximum number of observations to 1,156. Eigenvector centrality was computed using UCINET 6.380 (Borgatti, Everett, and Freeman 2002).

Independent Variables

Hypothesis 3 relates to SOFICAs' identity distance vis-à-vis the identity of film producers. The variable *identity distance* is measured by the percentage share of a SOFICA's board of directors that originates from banks and financial institutions, as described in the fund's market prospectus. Other board members are typically industry members (e.g., producers, directors). Funds directed by a larger proportion of bankers than film producers and directors have greater identity distance.

Our hypothesis 4 relates to SOFICAs' disposition relative to their level of conflict avoidance with film producers and directors. When SOFICAs commit to strict financial objectives by guaranteeing returns to their own investors (up to 105% of the invested capital), they signal limited acceptance of auteur goals and little disposition to appease film producers and directors. Hence, the lower the level of guarantee offered, the higher the SOFICA's disposition to defer to film producers and directors. The variable *favorable disposition* is equal to one minus the percentage of the original investment that the fund guarantees to return to market investors (e.g., 0.4 when 60% of the capital is guaranteed).

It is important to note that the identity distance and favorable disposition concepts are independent of each other and time invariant. The composition of the board is decided at the creation of the fund and is unlikely to vary in its short life span; the share of capital guaranteed to market investors is fixed for the duration of the fund's life. Therefore, while both of these characteristics imprint the fund, as panel B in table 4 shows, they are two independent dimensions (Johnson 2007). Banker-led funds can be nonguaranteed funds just as non-banker-led funds can be guaranteed funds.

Hypothesis 5 relates the prior signs of sanctification received by impure actors to their deferent behavior. The variable *prior sanctification* is measured by the cumulative count of awards SOFICA-funded films received at the Cannes Film Festival.[10] We select the Cannes Film Festival to measure prior sanctification because the event is most associated with auteurism, central in the history and ethos of French cinema, and is highly ritualized (De Valck 2007). SOFICAs themselves do not receive any accolade or recognition but are singled out during this ceremonial ritual via their affiliation with prize-winning films.

Control Variables

We control for a number of factors that may affect SOFICA funds' investments. The variable fund *size* is likely to be an important determinant of funds' investments: smaller funds may not have sufficient assets to take part in big-budget mainstream films and so may be driven to finance smaller art house projects. Size is measured by the natural log of the assets raised by a fund in the financial markets, as indicated in the prospectuses. The variable

[10] Palme d'Or, Grand Prix du Jury, Prix Spécial du Jury, Prix du Jury, Prix d'Interprétation Masculine, Prix d'Interprétation Féminine, Prix de la Mise en Scène, Prix du Scenario, Prix de la Caméra d'Or, and Prix Un Certain Regard.

age is the number of calendar quarters elapsed since a SOFICA signed its first production contract (as of the observation period). As funds age and become better known in the industry, their interactions with film producers may be facilitated, reducing their need to give deference. The funds' prospectuses and our interviews revealed that some funds form partnerships requiring them to dedicate a share of their assets to finance the slate of a particular producer. Because such agreements constrain the SOFICA's investment choices, and thus limit deference, we add the dummy variable *partnership with studio* in the models. Another dummy variable is added to indicate whether a fund's prospectus disclosed that it relied on an *investment committee* to make investment decisions. While such a disclosure may be purely ceremonial, this variable allows us to control for any possible effect related to the involvement of third-party experts in investment decisions. Funds may also experience seasonal variations in *investment volume*, which we measure by computing the natural log of the total amount invested by a fund in a quarter. As higher investment volumes offer greater opportunities to express deference, we expect such volume to be positively associated with deference. Prior research suggests another factor that may affect SOFICAs' investments: The production-of-culture perspective (for a review, see Peterson and Anand [2004]) points to *market concentration* as stifling diversity and driving firms toward mainstream products (Peterson and Berger 1975; Dowd 2004). If the same conditions are found in the film industry in France, market concentration may lead SOFICAs to more mainstream choices. Market concentration is measured by computing the Herfindahl-Hirschman index of the market for SOFICA investments, equal to $\Sigma_i s_{it}^2$, where s_{it} is the market share of any SOFICA i active in period t. To control for potential singularities of SOFICAs that are part of a family of funds, a dummy variable labeled *single* is included, taking the value one if the SOFICA is an individual fund and zero if it is part of a family of funds. Finally, a set of year dummy variables is included to account for potential unobserved time fixed effects.

Selection of Models

Below we develop several sets of statistical models to examine the consequences of deference on SOFICAs' performance (table 6) and social capital (table 7) and the antecedents of deference (table 9). The first set of models examines how economic performance and social capital might be affected by deference, as per hypotheses 1 and 2. The general models of interest are specified as

$$\hat{E} = \alpha + \beta D + \gamma X + \delta P,$$

$$\hat{S} = \alpha' + \beta' D + \gamma' X + \delta' P,$$

where $\hat{E}$ is the economic performance of the fund; $\hat{S}$ is the social capital of the fund, measured by its centrality in the network of producers; D is the variable capturing deference; X is a vector of control variables; and P is a vector of 22 year dummy variables. We enter different lags of the deference variable (current value and one- to three-quarter lags) in the models to allow for the possibility that the effect of deference on the dependent variables of interest is not immediate. We start by running random-effect generalized least-squares models (GLS). We then test for the possibility that the regressor is endogenous to the equation considered. For instance, deference might be systematically affected by factors also related to social capital or to economic performance. We find evidence that deference is endogenous to the performance models, affecting linear regressions. To correct for endogeneity, we use two-stage least-squares models (2SLS) with robust standard errors adjusted for firm clusters (as reported in table 6) along with a base linear model for comparison. We enter the antecedents of deference as instruments, under the assumption that they are relevant and at least partially exogenous to performance. A series of diagnostic tests, computed to check these assumptions and validate the robustness of the results (Moreira 2003; Stock and Yogo 2005; Andrews, Moreira, and Stock 2008), are reported in table 7 (below). Because we find no evidence of endogeneity in the models relating social capital to deference—the P-value of the Durbin component of the Durbin-Wu-Hausman test is equal to .3394 (Baum 2006)—we use linear models (GLS) with robust standard errors adjusted for firm clusters, as reported in table 7.

The subsequent set of models tests hypotheses 3–5. We estimate negative binomial models as our dependent variable is a count variable.[11] As likelihood ratio tests (α) showed, negative binomial models are significantly better than Poisson regressions, the dependent variable being overdispersed (mean = 0.855, SD = 1.557, overdispersion = 2.154). This was further confirmed by plotting the dependent variable against the negative binomial and Poisson distributions. We estimate population-averaged effects and rely on robust standard error estimates clustered at the firm level. The negative binomial regression model is specified as

$$\ln \hat{Y} = \alpha + \beta X + \gamma Z + \delta P,$$

where $\hat{Y}$ stands for the predicted count of investments in Art & Essay films; X is a vector of independent variables including (depending on the model) favorable disposition, identity distance, and prior sanctification; Z is a vector of control variables including size, age, partnership with studio, invest-

[11] As a robustness check, we ran (unreported) additional Tobit models using a share of investments in Art & Essay as an alternative dependent variable. The results were in line with the ones reported in the article.

ment committee, investment volume, market concentration, and single; and P is a vector of 22 year dummy variables.

RESULTS

Table 5 presents descriptive statistics and pairwise correlation coefficients for all variables in the models. A negative correlation (−.50) is found between the variables partnership with studio and investment committee, suggesting that film companies provide expertise to the funds they are tied to, reducing their use of investment committees for advice. Consistent with our theoretical framework, performance and deference appear to be negatively correlated (−.44).

We examine the effects of deference on economic performance and social capital as per hypotheses 1 and 2 in tables 6 and 7, respectively. Table 6 presents the results of models estimating economic performance in relation with deference (standardized). A linear model (model 1) reveals a negative relationship between deference and performance. Average-deferent SOFICAs have a standardized performance of zero; one added standard deviation of deference tilts predicted standardized performance in the red (−.268), while nondeferent organizations enjoy positive predicted results (.110). Diagnostic tests having revealed endogeneity in the relationship, we ran additional instrumental models, again considering different lags of the variables in addition to the current values (models 2–5). These models suggest that model 1 might underestimate the size of the predicted effect, about twice larger when endogeneity is accounted for (−.444 in model 1 vs. −.263 in model 2). These findings provide strong support for hypothesis 1: deference is detrimental to economic performance.

Table 7 presents a set of models introducing deference as an antecedent of social capital. We first introduce current values of the variables (model 6) and then one-, two-, and three-quarter-lagged values to consider delayed response to deference (models 7–9; loss of observations prevents us from going further than three-quarter lags). Among the control variables considered, size appears to be significantly and positively related to social capital, whereas the coefficient for single is negative and moderately significant. While the coefficients for current and one-quarter-lagged values of deference are not significant (models 6–7), the variable becomes positive and increasingly significant after two and three quarters (model 8–9), supporting hypothesis 2 and the view that deference facilitates the acquisition of social capital. The six-month delay might be related to the time needed to secure new deals and gain centrality in the network. As an illustration (and all else being equal), these results suggest that it would take about six deferent investments for a SOFICA to climb from a median value of social capital (.049) to the 75th percentile of the social capital distribution (.086) after a three-quarter delay and

TABLE 5

Descriptive Statistics and Pairwise Correlations

Variable	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12
1. Deference	.86	1.56	.00	13.00												
2. Identity distance	.67	.28	.00	1.00	.07											
3. Favorable disposition	.49	.46	−.05	1.00	.22	−.18										
4. Prior sanctification	.72	1.40	.00	7.00	.12	.24	−.15									
5. Size	15.88	.63	14.22	17.21	.03	.30	.11	−.05								
6. Age	8.79	8.88	1.00	61.00	−.24	.22	−.19	.20	.23							
7. Partnership with studio	.36	.48	.00	1.00	.03	−.29	−.21	.08	.18	−.08						
8. Investment committee	.57	.50	.00	1.00	−.11	.04	.00	.07	−.15	.12	−.50					
9. Investment volume	.62	.84	.00	6.78	.37	.03	.10	−.04	.21	−.25	.08	−.12				
10. Market concentration	.24	.09	.08	.87	−.12	.11	−.05	−.14	.26	.09	.02	−.09	−.03			
11. Single	.15	.36	.00	1.00	−.11	−.07	−.02	−.21	−.02	−.01	.09	−.10	−.05	−.04		
12. Performance	.00	1.00	−16.44	4.68	−.44	−.03	−.14	−.08	−.01	.20	−.03	.11	−.42	.21	.06	
13. Social capital	.06	.07	.00	.44	.22	.04	.47	−.02	.35	.02	−.01	−.01	.07	.20	−.15	−.10

Note.—$N = 1,244$ ($N' = 1,156$ for social capital).

about 13 deferent investments to reach the 90th percentile (.127). To further illustrate how deference translates into social capital, we split the population of 121 SOFICAs into three subgroups: nondeferent, below-average deferent, and above-average deferent. For each subgroup, we computed the average centrality scores in the year they started operating (early centrality) and in the year they stopped investing (late centrality).[12] As table 8 shows, deferent SOFICAs traveled farther and faster toward the center of the network of relationships: compared to nondeferent SOFICAs (.015 late centrality score), below-average deferent and above-average deferent organizations started getting, on average, more central in their first year of operation (.039 and .066, respectively) and ended up more central in their last year (.047 and .091).

Table 9 presents the results of negative binomial models examining the antecedents of deference (note that the independent variables are standardized to facilitate interpretation). Model 10 introduces the control variables. The variable age is a negative predictor of deference, hinting that older funds are less likely than newer ones to defer to film producers. On average, a fund's greater quarterly investment capacity favors deference: the coefficient for investment volume is positive and highly significant, indicating that the more funds invest, the more opportunities they have to show deference. Single funds appear to defer less than SOFICAs that are part of a family of funds. The coefficients for the other variables (size, partnership with studio, and market concentration) are statistically nonsignificant, or only marginally so (investment committee has a negative coefficient, which corroborates the idea that SOFICAs with investment committees interact better with producers and so have less need to defer).

Models 11–13 gradually add the three antecedents of deference predicted by our theory. Supporting hypotheses 1, 2, and 3, the coefficients for identity distance, favorable disposition, and prior sanctification are consistently positive and significant across the models. The higher the share of bankers on a SOFICA's board of directors, the less the fund stresses aggressive financial objectives; and the more sanctification its films have received, the more likely it is to invest in Art & Essay films. The coefficients for the control variables remain largely stable. Taken together, the influence of these effects is substantial. Model 13 predicts the changes in the yearly number of art movies a SOFICA would finance depending on the relative values of the three independent variables, taking all other variables at their mean. As the lower row of table 10 shows, SOFICAs high on the attributes of identity distance,

[12] By definition, SOFICAs enter the industry with a centrality score of zero (i.e., they are not yet part of the network). The early centrality measure thus captures the average social distance traveled by SOFICAs in the network during their first year, and the late centrality variable indicates the social distance traveled during their full life.

TABLE 6
Random-Effect Generalized Least-Squares and Two-Stage Least-Squares Models of the Estimated Effects of Deference on Economic Performance: Second Equation Predicting Performance, Deference Being Instrumented

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
Lag of explanatory variables	None	None	1 quarter	2 quarters	3 quarters
Size	−.07	−.04	−.20**	−.24**	−.26**
	(.06)	(.05)	(.07)	(.08)	(.08)
Age	.01*	.00	.01***	.01**	.01**
	(.00)	(.00)	(.00)	(.00)	(.00)
Partnership with studio	.20**	.14*	.18*	.19*	.24*
	(.08)	(.07)	(.08)	(.09)	(.10)
Investment committee	.23**	.17*	.21*	.27**	.31**
	(.08)	(.08)	(.09)	(.09)	(.10)
Investment volume	−.38***	−.31***	.12+	.19**	.17*
	(.07)	(.08)	(.07)	(.07)	(.07)
Market concentration	.47+	.41	−.17	−.45	−1.13+
	(.26)	(.25)	(.38)	(.53)	(.65)
Single	−.01	−.06	−.05	−.03	−.05
	(.10)	(.09)	(.09)	(.09)	(.09)
Year dummy variables	Included	Included	Included	Included	Included
Deference	−.26***	−.44***	−.54***	−.51***	−.45**
	(.03)	(.12)	(.14)	(.15)	(.17)

Constant	.79	.30	2.77*	3.72**	3.29**
	(.94)	(.92)	(1.12)	(1.16)	(1.13)
Method	RE GLS	2SLS	2SLS	2SLS	2SLS
Number of instruments	...	3	3	3	3
First-stage F-statistic	...	19.17	19.49	17.13	17.72
P-value of Hansen J-test	...	.47	.98	.59	.31
Difference in Sargan statistic	...	Yes	Yes	Yes	Yes
P-value of Durbin component of the Durbin-Wu-Hausman test	...	.09	.00	.01	.017
Moreira's CLR	...	[−.46; −.19]	[−.51; −.20]	[−.50; −.19]	[−.49; −.14]
P-value of Moreira's CLR	...	.00	.00	.00	.00
R^2	.37	...	...	...	...
Observations	1,224	1,224	1,103	982	862
Number of firms	121	121	121	120	110

NOTE.—Robust SEs adjusted for firm clusters are in parentheses. The deference variable is standardized to a mean of zero and a standard deviation of one. For the difference in Sargan statistic, "Yes" means that all instruments are exogenous. Instruments: identity distance, favorable disposition, and prior sanctification (current values in models 1–2, lagged values in models 3–5). CLR = conditional likelihood ratio as in Moreira (2002).

+ $P < .10$.
* $P < .05$.
** $P < .01$.
*** $P < .001$.

TABLE 7
Random-Effect Generalized Least-Squares Models of the Estimated Effect of Deference on Social Capital

Variable	Model 6	Model 7	Model 8	Model 9
Lag of explanatory variables	None	1 quarter	2 quarters	3 quarters
Size	.04***	.04***	.04***	.04***
	(.01)	(.01)	(.01)	(.01)
Age	.00	.00	.00	−.00
	(.00)	(.00)	(.00)	(.00)
Partnership with studio	−.01	−.01	−.00	−.00
	(.01)	(.01)	(.01)	(.01)
Investment committee	−.01	−.01	−.01	−.01
	(.01)	(.01)	(.01)	(.01)
Investment volume	−.00	−.00	−.00	−.00
	(.00)	(.00)	(.00)	(.00)
Market concentration	.00	.00	.01	−.01
	(.01)	(.01)	(.01)	(.02)
Single	−.03**	−.03**	−.03**	−.04**
	(.01)	(.01)	(.01)	(.01)
Year dummy variables	Included	Included	Included	Included
Deference	−.00	.00	.01**	.01**
	(.00)	(.00)	(.00)	(.00)
Constant	−.53***	−.57***	−.57***	−.59***
	(.14)	(.15)	(.15)	(.16)
R^2	.22	.24	.30	.33
Observations	1,156	1,047	937	828
Number of firms	121	121	120	110

Note.—Robust SEs adjusted for firm clusters are in parentheses. The deference variable is standardized to a mean of zero and a standard deviation of one.

$^{+}$ $P < .10$.

* $P < .05$.

** $P < .01$.

*** $P < .001$.

favorable disposition, and prior sanctification (1 SD above the mean) finance more than four Art & Essay movies a year on average. In contrast, SOFICAs low on these attributes (1 SD below the mean) invest in only one Art & Essay film a year.

Robustness checks in table 9 validate these findings and rule out three possible alternative interpretations: that the results are driven by state coercion, by star power, or by portfolio-management considerations. First, SOFICAs are legally free to choose their investment targets, and our CNC interviews confirmed that no formal constraints were imposed before the end of the study period. To ascertain that deference is not coerced, we control for the possibility that the state informally affects funds' ability to raise capital in the market. Because of the tax deduction mechanism, the amount SOFICAs are allowed to raise (and subsequently reinvest in film production) must be officially authorized. Funds regarded as insufficiently respectful of auteurism could suffer from lower state investment allowances. We created

TABLE 8
Art & Essay Investments and Average Centrality Scores

	SOFICA (Count)	Art & Essay Investment (Median)	Entry Centrality (Mean)	Early Centrality (Mean)	Late Centrality (Mean)
Nondeferent	16	. . .	.00	.01	.01
Below-average deferent	50	1.25	.00	.04	.05
Above-average deferent	55	4.75	.00	.07	.09
All	121	2.50	.00	.05	.06

Note.—Early centrality and late centrality are the mean SOFICAs' eigenvector centrality scores at the end of the first and last years of operations, respectively.

the variable *state coercion* as the percentage change in assets authorized by the state yearly to be invested by a SOFICA. As model 14 shows, the coefficient for *change in investments* is not significant, indicating that state coercion does not significantly affect deference during the period under study.

Second, we consider the potential influence of star actors. Prior research has shown that movie stars enjoy a special attraction in society (Kurzman et al. 2007; Rossman et al. 2010), which might bias SOFICAs' managers' investments, for instance, if they were to invest in films to be associated with stars and bask in their reflected glory. To capture stars' power, we use the Ciné Box Office (a professional database service) ranking of actors based on their past box office results over a three-year window; the variable *stars* captures the number of actors ranked in the top 10 working on each title. The star power explanation is not supported by the data: as model 15 shows, the coefficient for the stars variable is not significant, and results remain unchanged when the variable is added to the models.

Third, we examine the possibility that fund managers invest in Art & Essay films to balance other risks in their asset portfolios rather than to express deference. To investigate this alternative hypothesis, we added the variable *risk index* to model 16, a time-varying measure of the observed risk of Art & Essay movies as an asset class relative to other film investments. The risk for each asset class is measured by computing the standard deviation of the box office sales of the films released to theaters in the four quarters before the focal quarter of investment. The coefficient for this variable appears nonsignificant in model 16, and the coefficients of interest remain stable when it is introduced, failing to support a portfolio balancing interpretation of our findings.[13] Taken together, these three robustness checks add confidence to

[13] We obtained similar results with an unreported alternative measure capturing the absolute (vs. relative) risk for Art & Essay films. An anonymous reviewer pointed out that risk may also explain the effect of favorable disposition on deference: the ability to invest without guaranteed returns to shareholders may free up SOFICAs for risk taking. To rule out this possibility, we tested and did not find support for the interaction of favorable disposition (level of guarantee) and risk index.

TABLE 9

Negative Binomial Models of the Estimated Effects of Identity Distance, Favorable Disposition, and Prior Sanctification on Deference

Variable	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16	Model 17
Size	.20	.04	−.07	−.15	−.15	−.15	−.15	-.19
	(.16)	(.17)	(.17)	(.18)	(.18)	(.18)	(.18)	(.18)
Age	−.08***	-.08***	−.09***	−.09***	−.09***	−.09***	−.09***	-.09***
	(.01)	(.01)	(.01)	(.01)	(.01)	(.01)	(.01)	(.01)
Partnership with studio	.00	.20	.42*	.26	.26	.26	.26	.51*
	(.21)	(.22)	(.19)	(.22)	(.22)	(.23)	(.23)	(.23)
Investment committee	−.39*	-.31+	−.16	−.33+	−.34+	−.34+	−.34+	-.29
	(.19)	(.18)	(.18)	(.19)	(.19)	(.19)	(.19)	(.18)
Investment volume	.62***	.62***	.63***	.63***	.63***	.61***	.61***	.64***
	(.04)	(.04)	(.04)	(.04)	(.04)	(.04)	(.04)	(.04)
Market concentration	−.44	-.49	−.43	−.45	−.45	−.41	−.44	-.52
	(.74)	(.73)	(.76)	(.73)	(.73)	(.72)	(.73)	(.71)
Single	−.66**	-.62**	−.46+	−.38	−.38	−.37	−.36	-.40
	(.23)	(.23)	(.24)	(.26)	(.25)	(.26)	(.26)	(.26)
Year dummy variables	Included	Included	Included	Included	Included	Included	Included	Included
Identity distance		.18*	.24**	.17*	.17*	.17*	.17*	.48***
		(.08)	(.08)	(.08)	(.08)	(.08)	(.08)	(.09)
Favorable disposition			.38***	.39***	.39***	.39***	.39***	.22**
			(.09)	(.09)	(.09)	(.09)	(.09)	(.08)

Prior sanctification				.19**	.19**	.20**	.20**	.17**
				(.07)	(.07)	(.07)	(.07)	(.06)
State coercion					−.02	−.02	−.02	
					(.05)	(.05)	(.05)	
Stars						.14	.15	
						(.14)	(.14)	
Risk index							−.35	
							(.24)	
Identity distance × sanctification								.18**
								(.06)
Constant	−2.98	-.57	−.17	.95	1.00	1.04	1.114	2.20
	(2.49)	(2.64)	(2.55)	(2.66)	(2.62)	(2.63)	(2.66)	(2.78)
Observations	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224
Number of firms	121	121	121	121	121	121	121	121

NOTE.—Robust SEs adjusted for firm clusters are in parentheses. The favorable disposition, identity distance, and prior sanctification variables are standardized to a mean of zero and a standard deviation of one.

+ $P < .10$.

* $P < .05$.

** $P < .01$.

*** $P < .001$.

TABLE 10
Predicted Levels of Deference under Different Conditions of Identity Distance, Favorable Disposition, and Prior Sanctification.

	Low	Mean	High
Identity distance	1.65***	1.94***	2.30***
Favorable disposition	1.32***	1.94***	2.87***
Prior sanctification	1.76***	1.94***	2.36***
All three variables combined	1.01***	1.94***	4.11***

Note.—Predicted number of SOFICAs' investments in Art & Essay films per year derived from model 13's estimates. Low (high) means that the variable of interest is entered 1 SD below (above) the mean, all other variables being at their mean value.
*** $P < .001$.

our interpretation of the findings and support the view of deference as strategic behavior.

Further Analyses

To further explore the nature of deference, we ran two additional analyses. First, we examined the effect of prior sanctification on the likelihood that SOFICAs defer. Arguments on the interactional dimension of deference suggest that deference helps impure foreign actors to balance their relationship with film producers after receiving prior sanctification. Accordingly, we expect that for outsiders the effect of prior sanctification will increase with identity distance.[14] The SOFICAs that are closer to film producers may be less inclined to respond to prior sanctification through increased deference than purer financiers. We examine this possibility in model 17 by adding a variable interacting identity distance with prior sanctification. The positive and significant coefficient of the interaction variable supports the interactional view of deference: the more SOFICAs differ from film producers, the more they defer in response to prior sanctification.

Second, we have argued that some SOFICAs strategically use deference to get closer to and interact with film producers. How does this interactional perspective unfold over time? Do deferent investments SOFICAs make to gain admission in the industry exempt them from further efforts in the future? Will SOFICAs stop investing in Art & Essay films once they have demonstrated sufficient deference to secure their position in the industry? According to the interactional perspective, supported by our results, deference is a ritual of appeasement and order preservation that maintains the boundary between the sacred in-group members from the impure outsiders.

[14] This expectation is a confirmatory test of our theory. For insiders, we may expect either a negative interaction or no significant effect (see n. 6).

In this view, SOFICAs that engaged in strategic deference will keep paying respect to film producers even when they have proved their willingness to defer in the past. The repetition of the ritual is as important as its initiation in maintaining purification rites and reinforcing that investment in Art & Essay is the appropriate strategy. To further investigate this question, we reestimated the models predicting social capital, adding a variable, *past deference*, for capturing SOFICAs' history of deference. The variable past deference is the accumulated count of Art & Essay films financed by a SOFICA before the focal period. It is weakly correlated with the (current) deference variable (.125, $P < .001$). In unreported results, the past deference coefficient is positive (.004–.005) and highly significant ($P < .001$) in all models, indicating that past gestures of appreciation ease the accumulation of social capital. Interestingly, the coefficient for the deference variable remains positive and significant, albeit slightly lower (e.g., .008 vs. .009 in model 9). This result suggests that deference continues to be associated with gains in social capital after accounting for a SOFICA's history of deference. This finding supports the Goffmanian framing that deference is an appeasement and purification ritual rather than a transaction that ends once acceptance is secured: to gain and maintain admission in the industry, SOFICAs as impure organizations keep engaging in deference, renewing their dues again and again.

DISCUSSION

This article sheds light on the puzzle of why market organizations convey appreciation and respect to other organizations that continually reaffirm their inferior position in an established hierarchy. We examined this question by drawing on deference and symbolic interaction literatures to understand how organizations pay deference to pass across categorical boundaries and engage in cooperative work when insiders continually reinforce their outsider status as inferior. Deference, we argue, is a strategic behavior aimed at establishing relations with others reluctant to do so, and the intensity of deference varies as a function of positional, dispositional, and interactional characteristics.

In French cinema, SOFICA organizations are stigmatized because they are associated with finance and they cannot relinquish their professional identity and values (Abbott 1988) and, therefore, the symbolic boundary separating them from film producers. We find evidence that SOFICAs expressing deference were rewarded with higher centrality in the network of producers but suffered from lower profitability. Thus, beyond its well-established symbolic role, deference is shown to have material implications: investing money in Art & Essay films helps SOFICAs buy acceptance in the film industry, but this form of deference comes at a cost that hits at the core of

SOFICAs' mission: a loss of financial performance. While some SOFICAs engaged in deferent behavior, others stuck to a pure financial strategy and as a result remained at the periphery of the producers' networks. These variations were positively associated with SOFICAs' identity distance from film producers, their disposition to acknowledge film producers' values and goals, and their prior sanctification in industry ceremonials.

This study combined proprietary qualitative and quantitative data to complement recent ethnographic and qualitative research that integrates symbolic interactions and institutional analysis (Hallett 2007).[15] First, the literature on deference with its focus on social hierarchies has overlooked the strategic intent of deferent behavior (see Rushing [1962] for an exception). Recognizing that actors associated with high esteem, prestige, and ascribed merit receive deference in various forms—including salutations (Goffman 1956), hedges and disclaimers in written communication (Fragale et al. 2012), and behavioral signs (Mazur 1985)—does not shed much light on the reasons underlying deference giving. Prior research has suggested that deference may be motivated by the desire to gain influence (Rushing 1962) or symbolic power (Hallett 2007) in established relationships (e.g., nurse-doctor; teacher-principal) or may serve as a protective mechanism against status loss (Fragale et al. 2012). Combining qualitative evidence and quantitative analysis on the full population of organizations and films, this study shows how deference is associated with a social capital conversion process, highlighting a fundamental motivation for deference giving: establishing and maintaining relationships under strain. We further reveal that positional, dispositional, and interactional factors influence the value of deference strategies, contributing to explaining the heterogeneity in deferent practices.

Second, our analysis highlights how symbolic boundaries shape actors' interactions even in modern market settings. From a rational perspective, SOFICAs' interactions with film producers should primarily be guided by economic considerations. From a resource dependence view, organizations controlling significant financial means should have the upper hand in dealing with film producers struggling to access financial resources. Our analysis suggests a rather different situation, where strong moral and cultural boundaries prevent SOFICAs—as impure organizations in the film industry—from freely interacting with producers (Lamont 1992). Far from being in a dominant position, SOFICAs are frowned on, are regarded as marginal industry members, and are slighted in credits of appreciation when the films they financed gain prestigious accolades. Analogous to the symbolic boundaries that

[15] A recent string of experimental research in social psychology heralds a rediscovery of the importance of the concept of deference in explaining current problems relevant to many domains of the social sciences (Anderson et al. 2008, 2012; Savani, Morris, and Naidu 2012; McFarland and Rawlings 2013).

separate the profane from the sacred (Durkheim 1965), symbolic boundaries isolate and protect French film professionals from financiers, pushing the latter to the periphery of the industry. In other words, because of their financial origin, SOFICAs are strangers in the film industry (Simmel [1908] 1971) and need to defer to the natives to gain acceptance. While being highly symbolic, with deep moral and cultural roots, boundaries have very tangible implications. At the organizational level, short of repeatedly paying the price of admission through deferent investments in Art & Essay films, SOFICAs are left at the periphery of the network of business relationships (see table 8). At the industry level, organizations' characteristics (i.e., identity distance, disposition to accept locals' values and goals, and prior sanctification) enhance or undermine the propensity to defer; hence the type of outcome produced—in our context, more or fewer Art & Essay movies—and the economic and social outcomes for outsider organizations.

Third, while prior research assimilates status and deference, this confounding is problematic (Goffman 1956; Shils 1968) and, following Hallett (2007), is further exacerbated by not considering differences in the institutional context. Using the comparative methods of institutional theory to develop an ideal type analysis of the bankers' and the film producers' institutional logics (Thornton, Ocasio, and Lounsbury 2012), our approach contrasts with prior research based on how actors of unequal or lateral status within a group use deference to communicate and coordinate work (e,g., Goffman 1956; Rushing 1962; Fragale et al. 2012). In investigating the case of SOFICAs, we compare potentially high-status financial actors (bankers) with high-status film producers (auteurs). The puzzle is that some bankers, but not all, want in on the game and use deference to effectuate their goals. We show that deference is more than a communication means to dialogue across logics and status hierarchies; it is a coproduction mode chosen strategically by outsiders that compels them to pay a tribute to incumbent logic holders. To our knowledge, this is the first study of deference with status equals in which the meaning of social hierarchy is supported by different norms, values, and practices.

Finally, situations in which organizations have to gain acceptance are commonplace: for instance, when governments or headquarters decide to reform a sector or a corporation, they often introduce new and foreign organizations into established fields. These entrant organizations—which have distinct identities, motives, and objectives—need to form relationships with incumbents (Hall and Lamont 2013). Either sociological and organization studies concentrate their attention on the juxtaposition and relative positions of distinct institutional arrangements (Schneiberg and Clemens 2006), as in the cases of economic liberalization in Hungary (Stark and Vedres 2012) or India (Mani and Moody 2014), stressing the confrontation and conflict between incumbent and foreign organizations, or, instead, they emphasize processes of replacement of identity (e.g., Rao et al. 2003) and organizational form (e.g., Haveman and Rao 1997) and hybridization (e.g., Battilana and Dorado 2010). In regard to these studies and others, our findings suggest that conflict, contestation, and hybridization do not provide a complete view of how interactions operate between organizations that embody different and even conflicting institutional logics. Conflict in interinstitutional systems (Collins 2000), and actors' conciliatory attempts to share others' viewpoints through hybridization and boundary objects, are certainly highly visible types of interactive responses, but not necessarily the most common. Our findings complement these viewpoints and contribute to explaining the widespread but less visible case of how collaboration between organizations foreign to each other maintains the social order largely unchanged. In these situations, deference giving is a means of coproduction: it is what allows these actors with different institutional logics to collaborate and work together.

Our research has limitations that suggest avenues for future research. We acknowledge that more qualitative analysis is needed to investigate the individual-organizational linkage in the capital conversion process: We need to know more about the bankers in the organizations that are more likely to defer and under which conditions. New questions also arise: How does deference giving play in other national or institutional settings? What would happen to the level of deference giving if outsider organizations had vastly greater resources than incumbent players as in Steinman (2012) or if insiders were financiers and outsiders were advocates for auteurism? Furthermore, an empirical question would be to investigate if more deferent organizations convert their greater social capital into future economic benefits, which could indicate a purposeful long-term use of deference as a capital converter from financial to social, as shown in our study, back to financial. These questions form a line of future inquiry to refine the scope conditions of our approach to deference.

Finally, Goffman (1956, p. 493), in citing classic literature, suggested that deferent behavior is culturally contingent across different nation-states. Interest in the study of deference is reemerging, but cross-cultural research is only beginning, such as in Savani et al.'s (2012) study showing the differences between East Indian and North American use of deferential behavior. The cross-cultural study of deferent behavior is an area for future research that can have important implications, not only in sociology but also for management and political science. In a world of increasing conflict, sociologists can have a significant research role in creating greater understanding of how collaboration occurs in the context of fundamental differences between actors: further exploring the concept of deferent behavior at both the micro and macro levels would not be just a promising but a useful and necessary endeavor.

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