

Corporate Social Responsibility as a Tool for Satisfying the Narcissistic Needs of a Hubristic CEO*

Sae Jung Cha(First Author)

Institute of Management Research at Seoul National University
(coolever@snu.ac.kr)

Choelsoon Park(Corresponding Author)

Seoul National University
(cpark@snu.ac.kr)

For the last decade, academia and business together have paid considerable attention to corporate social responsibility(CSR). In the past, most have focused on the relationship between CSR and firm performance, but the former's influence on the latter has remained inconclusive at best. This inconsistency may arise because firms engage in CSR activities for different motivations. That is, not all firms pursue CSR activities for economic or financial purposes. A firm may participate CSR for non-economic or social motivations. In this paper, we thus investigate the antecedents of CSR, particularly non-economic or social motivations for CSR. Thus, we focus on CEO hubris as an antecedent of CSR and attempt to answer the following two related questions: First, how CEO with a hubris affects CSR? Second, which types of CSR does hubristic CEOs focus on? We examined 178 firms in South Korea and our results showed that CEO with a hubris is positively related to CSR. Of particular interest was our finding that hubristic CEOs focused on CSR activities that targeted secondary rather than primary stakeholders. While these activities for CSR targeting secondary stakeholders have less direct relationship to corporate survival and financial performance, hubristic CEOs use these activities to project themselves confidently. This action indicates that a hubristic CEO uses CSR activities as a means to attract public attention and thereby satisfy his or her narcissistic needs.

Key words: CEO hubris, CEO narcissism, CEO overconfidence, CSR

1. Introduction

For the last decade, the field of academics and practical businesses together have paid considerable attention to corporate social responsibility(CSR) in South Korea as well as in other advanced countries. The CSR has

been defined as actions undertaken by a firm that appear to advance or accept promotion of a certain degree of social good beyond the immediate interests of the firm and its shareholders, and beyond that required by law (Waldman, Siegel, and Javidan, 2006). Until recently, the prevailing view in South Korea has been that a firms' sole responsibility was

to manufacture high-quality products at a low cost. However, the CSR has become greater importance because of strong, growing demand for economic democratization. In addition, Korean firms face both national and international regulative pressure to adopt more socially responsible activities(Kim, Amaeshi, Harris, and Suh, 2013). For example, the case of Namyang Dairy, South Korea's leading dairy company, revealed the negative consequences that may occur when firms do not undertake CSR activities properly.¹⁾ Namyang Dairy faced its worst crisis ever after a group of its wholesalers staged a protest in May 2013 accusing the company of forcing its sales agents to buy more products near their expiration date than they needed. The Korea Fair Trade Commission(KFTC) found that Namyang Dairy abused its power when it dealt with 1,849 sales agents nationwide between 2007-2013. The scandal ignited a nationwide controversy over abusive business practices. After this scandal, the firm's sales dropped dramatically to 30~50 percent in comparison to the same quarter the year before, causing its market share to plummet. This scandal has given a serious warning to Korea firms, demonstrating what can happen when firms only pursue profits and do not seek to fulfill their social responsibilities.

In the field of academia, research on CSR

has been increasing as well. Aguinis and Glavas(2012) reported that nearly 600 articles pertaining to CSR have been published in major journals from 1990-2011. And the number of articles published per year also has been increased revealing an increasing interest in the topic over time. A great part of prior literature on CSR has concentrated on the economic consequence of CSR(Basu and Palazzo, 2008; Margolis and Walsh, 2003). These research shows that the effects of CSR on a firm's financial performance are at best inconsistent(Vogel, 2006; Lee, 2008; Aguinis and Glavas, 2012). This may be partly due to the fact that prior literature does not consider the different motivations for engaging in CSR. Some firms may participate in CSR by non-economic or social purposes while other firms engage in CSR to promote economic performances. The firm engages in CSR by non-economic or social purposes may pursue quite different types of CSR activities compared to firms participating CSR by economic purposes. For this reason, the economic consequences of CSR may be different among firms.

In this paper, we thus focus on the antecedents of CSR, particularly non-economic or social motivations for CSR, rather than the consequences of CSR. By doing so, this paper attempts to contribute to more comprehensive understanding about CSR. Most prior research

1) "Namyang Dairy sales plunge after scandal" 6/10/2013, *The Korea Herald*: "Namyang Dairy to face prosecutors' investigation" 7/8/2013, *The Korea Herald*: "Namyang faces widespread boycott" 5/8/2013, *The Korea Times*

in non-economic or social motivations for CSR examines the effects of CEO's personal characteristics on CSR. These research shows that the extent of an individual firm's CSR engagement varies according to the CEO's personal values(Agle, Mitchell, and Sonnenfeld, 1999; Godos-Díez, Fernández-Gago, and Martinez-Campillo, 2011), leadership style (Waldman et al., 2006; Du, Swaen, Lindgrees, and Sen, 2012), knowledge about CSR(Weaver, Trevino, and Cochran, 1999), and demographic traits(Mudrack, 2007; Manner, 2010). Extending this stream of research, we focus on CEO hubris as an antecedent of CSR and attempt to answer the following two related question: First, does a hubristic CEO pursue CSR more actively than a non-hubristic CEO? Second, if so, on which type of CSR does the hubristic CEO place more emphasis.

Emphasizing the narcissistic aspect of CEO hubris, this paper argues that a hubristic CEO actively participates in CSR than a non-hubristic CEO since CSR is a powerful tool for satisfying his or her narcissistic needs. In order to further confirm the above argument, this paper examines and compares the effects of the following two types of CSR: First, CSR that addresses primary stakeholders such as shareholders, employees, suppliers and customers. Second, CSR that concerns secondary stakeholders including philanthropy, environmental protections and social contributions. In general, the latter type of CSR is less re-

lated to a firm's direct survival or financial performances, but more related to gaining public attention than the former type of CSR. Thus, this paper claims that a hubristic CEO actively engages in CSR activities that target secondary stakeholders to satisfy his or her narcissistic needs. We will first explain the background of CSR and CEO hubris, then explore the effects of CEO hubris on CSR. The results and discussions will be followed.

II. Theoretical Background

2.1 Corporate Social Responsibility

Traditionally, the responsibility of the firm has been limited to economic aspects which is maximizing shareholder's wealth. However, after Bowen(1953) offered an initial definition of the social responsibilities of business people as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society", an active debate on CSR has started, extending the responsibilities of firms to broad realm.

In the early period, CSR emphasized normative aspects that firms should pursue CSR despite the firm may have no economic benefits(that is boosting shareholder's wealth)

from it. However, business and in academic both began to realize that CSR may have positive aspects as well as normative. The CSR may boost firm's financial performance(Posnikoff, 1997), reduce firm risk(Bansal and Clelland, 2004), enhance firm's reputation(Fombrun and Shanley, 1990), used as a mean of recruiting and retaining high quality workers (Turban and Greening, 1997), or can be a source of opportunity, innovation, and competitive advantage(Porter and Kramer, 2006). As noted, the concept of CSR has been expanded from normative aspect to containing both normative and positive.

Hence, the concept of CSR is inherently vague and complicated, resulting in very mixed research on the antecedents and consequences of CSR. If a firm pursues CSR for economic purposes, the financial performance may result positively whereas a firm promotes CSR for social purposes may have no relationship with firm's financial performance. Therefore, it is necessary to classify CSR activities with the criteria of whether the activity is more related to firm's financial performance and survival or not. Doing so, we can examine the motivations and financial consequences of CSR more clearly. In this regard, researchers have typologies of CSR in various ways to describe the complex phenomenon of the CSR. For example, Angus-Leppan, Metcalf, and Benn(2010) categorized two types of CSR: 'explicit' and 'implicit.' While the former is

voluntary and implemented as a result of a corporation's deliberate and often strategic decisions, the latter results from strong norms and is embedded within business-society-government relations of a political system. Waldman et al.(2006) formulated two categories of CSR, 'strategic' and 'social' based on whether each set of CSR activities relates more clearly to the firm's competitive strategy. Strategic CSR is more clearly related to the firm's competitive strategy whereas social CSR appears to be based more on the concern of social issues. Husted and de Jesus Salazar (2006) distinguished three types of CSR based on a firm's motivation. They differentiated between 'altruism,' 'enforced egoism' and 'strategic intent.' Windsor(2006), on the other hand, distinguished between 'economic' and 'ethical' CSR and formulated a concept of corporate citizenship. Halme and Laurila(2009) categorized CSR based on actions such as 'philanthropy,' 'integration' and 'innovation.' More recently, researchers have categorized CSR activity based on its aims. Godfrey, Merrill, and Hansen(2009) categorized it based on whether it targets 'primary' or 'secondary' stakeholders. Despite various titles, above examples, all have something in common. That is, researchers have categorized CSR activities by criteria of whether the activity directly related to the firms' survival or financial performance. For example, explicit(Angus-Leppan et al., 2010), strategic(Waldman et

al., 2006), strategic intent(Husted and de Jesus Salazar, 2006), economic(Windsor, 2006) and integration/innovation(Halme and Laurila, 2009) are all directly related to firm's survival or financial performance whereas implicit (Angus-Leppan et al., 2010), social(Waldman et al., 2006), altruism/enforced egoism(Husted and de Jesus Salazar, 2006), ethical(Windsor, 2006) and philanthropy(Halme and Laurila, 2009) are less directly related to firm's survival or financial performance. In this stream, we categorize CSR by for whom the CSR activities focus. The CSR focusing on the primary stakeholders(e.g., shareholders, employees, customers, and suppliers) is directly related to firm's financial performance, and survival whereas the CSR targeting on the secondary stakeholders(e.g., communities, government, environment) is not. Therefore, we can examine detailed motivations for pursuing CSR.

2.2 CEO Hubris

The word "hubris," derived from Greek mythology, refers to cognitive bias and behavior that can influence an individual's decisions (Kahneman, Slovic, and Tversky, 1982). Specifically, it is an individual's exaggerated belief in his or her judgment that may deviate from objective standards(Hayward and Hambrick, 1997; Hiller and Hambrick, 2005; Hayward, Shepherd, and Griffin, 2006). CEO

hubris is defined as a CEO's exaggerated self-confidence or pride(Seth, Song, and Pettit, 2000; Hiller and Hambrick, 2005).

Roll(1986) argued that takeovers occur because bidding managers affected by hubris overestimate their ability to manage the target firm, and hence overpay for an acquisition. His arguments led to a series of related studies. Previous studies examined the impact of CEO hubris in three ways:(1)firm strategy, (2)firm performance and (3)financing decisions. First, they examined the impact of CEO hubris on a firm's decisions or strategies, such as risk-taking or acquisition premiums(Roll, 1986; Hayward and Hambrick, 1997; Seth et al., 2000; Simon and Houghton, 2003; Doukas and Petmezas, 2007; Kau, Linck, and Rubin, 2008; Malmendier and Tate, 2008; Li and Tang, 2010). For example, in the mergers and acquisitions context, Hayward and Hambrick(1997) show that hubris-infected acquiring CEOs offer higher bid premiums for targets and that the post-acquisition performance of their firms is worse than that of the firms of their non-hubristic counterparts. Li and Tang(2010) argue that in results on CEO hubris, narcissism, and overconfidence, respectively, firms run by CEOs with these tendencies engage in more risk-taking than other firms. Malmendier and Tate(2008) show that overconfident CEOs make more acquisitions than non-overconfident CEOs and that the markets react less favorably to these

acquisitions. In a study of high-technology firms, Simon and Houghton(2003) found that overconfidence was positively related to the degree to which product introductions were pioneering(risky). Hayward et al.(2006) develop a hubris theory of entrepreneurship to explain why so many new ventures are created in the shadow of great venture failure rates. Tang, Qian, Chen, and Shen(2015) establish a link between CEO hubris and CSR. They argue that CEO hubris is negatively related to a firm's socially responsible activities but positively related to its socially irresponsible activities. Doukas and Petmezas (2007) find evidence in support of the view that average stock returns are related to managerial overconfidence. Overconfident bidders realize lower announcement returns than rational bidders and exhibit poor long-term performance.

Second, they examined its impact on firm performance(Hayward et al., 2006; Wade, Porac, Pollock, and Graffin, 2006; Chatterjee and Hambrick, 2007; Hmieleski and Baron, 2009) arguing that CEO hubris resulting poor firm performance or performance volatility. For example, in the context of CEO narcissism, Chatterjee and Hambrick(2007) demonstrate that narcissistic CEOs are more likely to engage in acquisitions and higher levels of CEO narcissism are linked to more extreme and more volatile firm performance. Hayward and Hambrick(1997) show that

hubristic CEOs offer higher bid premiums for targets resulting worse post-acquisition performance. Hayward et al.(2006) explain high venture failure rates due to hubris theory of entrepreneurship. Doukas and Petmezas (2007) also argue that overconfident bidders realize lower announcement returns than rational bidders and exhibit poor long-term performance. Hmieleski and Baron(2009) found a negative relationship between entrepreneurs' optimism and the performance(revenue and employment growth) of their new ventures.

Lastly, recent studies examined the effect of overconfidence on management forecasting behavior. They argued that overconfident CEOs are more likely to issue optimistically biased forecasts and hence, managerial overconfidence could account for distortion in corporate investment(Malmendier and Tate, 2005; Hilary and Menzly, 2006; Hribar and Yang, 2010). For example, Malmendier and Tate(2005) show that investment by firms with overconfident CEOs is more sensitive to cash-flow than that of their non-overconfident counterparts. The rationale behind this result is that overconfident CEOs tend to believe that their firms are undervalued by the markets. They are therefore reluctant to go to the equity markets to fulfill their financing needs and instead rely on other sources of financing, notably cash. These findings are consistent with the fact that that firms run by overconfident CEOs prefer debt to equity(Malmendier and

Tate, 2011) and make lower dividend payouts (Deshmukh, Goel, and Howe, 2013). Hribar and Yang(2010) argue that overconfidence increases the optimistic bias in voluntary forecasts, leading to both an increased likelihood of missing management forecasts and greater earnings management. Hilary and Menzly(2006) argue that overconfident analysts overweight their estimates and rely less on public signals. Therefore, they are more likely to be out of the consensus and to have a larger prediction error in their subsequent forecast.

2.3 CEO hubris, Overconfidence and Narcissism

Researchers have studied the impact of CEO hubris in terms of overconfidence(Roll, 1986; Hayward and Hambrick, 1997; Hayward et al., 2006; Li and Tang, 2010; Camerer and Lovallo, 1999; Simon and Houghton, 2003; Campbell, Goodie, and Foster, 2004; Malmendier and Tate, 2005, 2008; Hilary and Menzly, 2006; Doukas and Petmezas, 2007; Hribar and Yang, 2010), and narcissism(Kroll, Toombs, and Wright, 2000; Owen and Davidson 2009; Hiller and Hambrick, 2005; Bollaert and Petit, 2010). The essential element of hubris is extreme confidence(Hayward and Hambrick, 1997). CEOs infected with hubris highly estimate their ability to the extent of overconfidence.

Moreover, overconfidence is an overestimation of certainty about being correct of producing a specific outcome(Hiller and Hambrick, 2005). As a result, overconfident CEOs take more risk or pay more premium resulting poor firm performance. Another critical aspect of hubris is narcissism. Hayward and Hambrick(1997) contended that a sense of self-importance, which is a central aspect of a narcissistic personality(Judge, LePine, and Rich, 2006), is a precursor of hubris. Kroll et al.(2000, p.120) also insisted that hubris derive from an overbearing sense of grandiosity, a need for admiration—also known as narcissism. The term narcissism is self-love and self-importance. Narcissism has been measured by NPI(Narcissistic Personality Inventory) which contains four factors that are labeled as (1)Exploitativeness /Entitlement(I insist on getting the respect that is due to me); (2)Leadership/Authority (I like to be the center of attention); (3) Superiority/Arrogance(I am better than others) ; and (4)Self-absorption/Self- admiration(I am occupied with how extraordinary, and special I am)(Emmons,1987). These four factors are overlapped with items that are identified to measure hubris syndrome. Owen and Davidson(2009) identified 14 symptoms of hubris syndrome, which include seven symptoms identifying narcissistic personality disorder (NPD).²⁾ Among them are: “a narcis-

2) NPI and NPD are both used to measure narcissism. NPI is used in social-personality research whereas NPD is used in clinical settings (Miller and Campbell, 2008)

sistic propensity to see their world primarily as an arena in which to exercise power and seek glory”, “a predisposition to take actions which seem likely to cast the individual in a good light”, “a disproportionate concern with image”, and “excessive confidence in the individual’s own judgment.” Technically, while the word hubris, overconfidence, and narcissism differ, Hiller and Hambrick(2005) suggested that these words belong under the same umbrella construct of “hyper core self-evaluation(CSE),” which is closely aligned with hubris. Furthermore, the effects of hubris, overconfidence, and narcissism on firm performance and outcomes are also similar. Bollaert and Petit(2010, p. 365) argue that lack of a precise definition of hubris has caused academics to search for better-defined and measurable concepts that might mirror hubris, such as overconfidence or narcissism. Thus, in this study, we use hubris as a broad construct of overconfidence and narcissism.

2.4 CEO Hubris and CSR

CEOs are charged with the responsibility of formulating corporate strategy and are often deeply involved in image promotion of their respective firms through an emphasis on social responsibility. Research on how corporate executives influence CSR showed the impact of CEO’s characteristics on their firms’ social initiatives(Deckop, Merriman, and Gupta,

2006; Slater and Dixon-Fowler, 2009; Manner, 2010). Nevertheless, existing research is nearly silent on how psychological bias, especially CEO hubris, plays a role in their firm’s social efforts.

Hubris is a broad concept related to narcissism and overconfidence. Therefore, we proposed two operative mechanisms that link CEO hubris to the firm: first, the narcissism of CEO(Owen and Davidson, 2009); second, overestimation of a CEO’s problem-solving capabilities(Camerer and Lovallo, 1999). Although these mechanisms were not assessed directly in this study, they help to describe how hubris can play a role in a CEO’s strategic choices(Chatterjee & Hambrick, 2007). First, hubristic CEOs with narcissism tend to put themselves on display and seek public attention(Owen and Davidson, 2009). The thing is CSR is an excellent way to satisfy narcissistic needs of hubristic CEOs(Petrenko, Aime, Ridge, and Hill, 2016). The frequency and importance of news articles about CSR are consistently increasing in Korea as well as in other countries. <Figure 1> shows the number of news articles related to CSR that were published in 11 daily and nine economy-focused major newspapers in Korea. Only 298 articles were published as of early 2000. However, the number increased rapidly to 5,000 within ten years, reaching 8,500 in 2013; up almost 30-fold from 2000. This event shows how CSR has been increasingly in the public

eye in Korea. Thus, when a CEO emphasizes CSR, it provides him or her with media and public attention.

Second, a hubristic CEO with overconfidence will overestimate his or her ability (Roll, 1986; Hayward and Hambrick, 1997; Kroll et al., 2000; Seth et al., 2000; Malmendier and Tate, 2008), sometimes to the extent of having delusions of grandeur (Kets de Vries and Miller, 1984). Though the effect of CSR on a firm's performance is known to be uncertain, the hubristic CEO with overconfidence may genuinely believe they can make a difference. The CEO is convinced of his or her abilities and believes that conducting CSR activities will also boost his or her firm's performance.

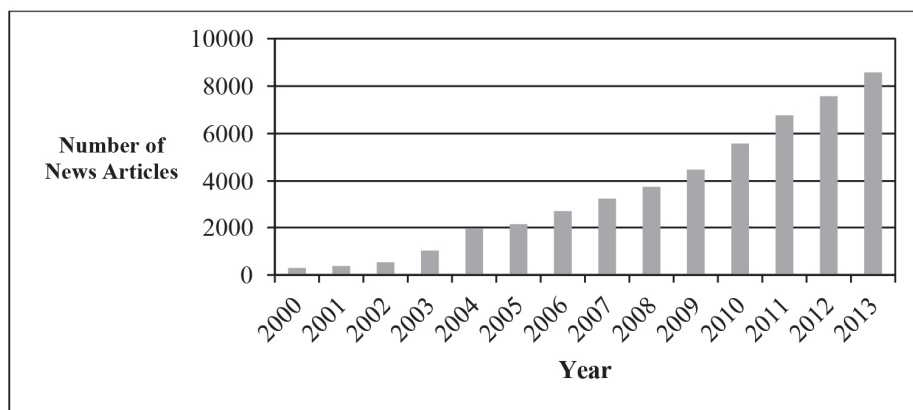
In sum, hubristic CEOs with narcissism are highly motivated to engage in CSR so that

they can show off themselves by attracting public attention. Furthermore, the hubristic CEOs with overconfidence who overestimate their capabilities tend to actively participate in CSR because they believe that in comparison with other CEOs, they can generate more effective CSR outcomes. Therefore, it is hypothesized that:

Hypothesis 1: CEO hubris is positively related to CSR activities.

2.5 CEO Hubris and Type of CSR

Now we will further confirm above hypothesis through our second hypothesis, that is, 'of which types of CSR activities does hubristic CEO focus on?' CSR is one of a firm's



Sources: 20 South Korean daily and economic newspapers (KyunghyangShinmun, KukminIlbo, NaeilShinmun, Dong-A Ilbo, Munhwallbo, SeoulShinmun, SegyeIlbo, ChosunIlbo, JoongAngIlbo, The Hankyoreh, HankookIlbo, MaeilKyungjae, Money Today, Seoul Kyungjae, AsiaKyungjae, EDAILY, HankookKyungjae, The Financial News, Chosunbiz, Herald Kyungjae)

〈Figure 1〉 Numbers of news articles related to CSR (number, year)

activities over which the CEO has managerial discretion. Consequently, the types of CSR activities to be conducted depend on the CEO's attributes. For example, when a CEO exhibits transformational leadership, they will pursue strategic rather than social CSR (Waldman et al., 2006). Moreover, if the CEO is an autocratic leader, they will focus on explicit CSR, rather than implicit CSR which is preferred by CEOs who demonstrate authentic leadership (Angus-Leppan et al., 2010).

To examine the second hypothesis, we categorized CSR into two different types: first, CSR activities targeting primary stakeholders. Second, targeting secondary stakeholders. This categorization is in line with prior literature in that CSR activities are categorized by criteria of whether the activity directly related to the firms' survival or financial performance. CSR focusing primary stakeholders is directly related to firm's financial performance and survival whereas CSR targeting secondary stakeholders is not.

Stakeholders are defined as people, groups, or organizations with an interest or concern in an organization (Freeman, 1984). They can affect or be affected by the organization's actions, objectives, and policies. Some examples of key stakeholders are creditors, directors, employees, government, shareholders, suppliers, unions, and the communities from which a business draws its resources. Researchers

have classified two types of firm stakeholders: primary stakeholders who have a direct relationship with the firm, and secondary stakeholders who have an indirect relationship (Clarkson, 1995; Freeman, Harrison, and Wicks, 2007). Primary stakeholders make legitimate claims on the firm and have both urgency and power to enforce those claims (Mitchell, Agle, Wood, 1997). These groups are typically comprised of shareholders, employees, customers, suppliers. Without continuing participation of primary stakeholder groups, the firm cannot survive. Secondary stakeholder groups, however, influence or affect, or are influenced or affected by the firm, but are not engaged in transactions with the firm and are not essential for its survival. These groups also have legitimate claims on the firm but lack both urgency and power to enforce those claims (Mitchell et al., 1997). The government, media, environment, society and special interest groups are examples of secondary stakeholder groups.

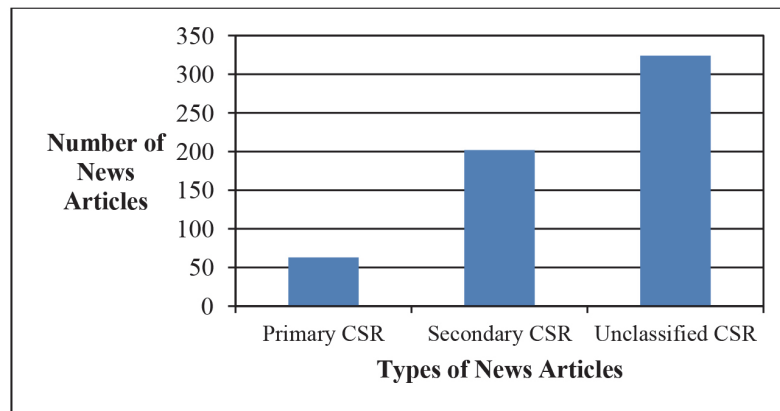
Godfrey et al. (2009, p.429) suggested that CSR provides primary stakeholders with exchange capital. They argue that CSR activities targeting primary stakeholders should produce exchange capital—the potential to create more advantageous exchanges between the firm and its primary stakeholders. That is, firms may seek profit through primary stakeholder targeted CSR. On the other hands, CSR activities directed toward secondary

stakeholders are more likely to be viewed as voluntary acts of social beneficence, because secondary stakeholders lack both urgency and power to press their claims on the firm. For this reason, CSR activities that target secondary stakeholders are more related to moral capital, providing 'insurance-like' protection in the context of a negative event. In sum, CSR activities targeting primary stakeholder are more related to firm's financial performance and survival compared to targeting secondary stakeholder.

However, CSR activities that target secondary stakeholder may be an excellent tool for satisfying the narcissistic desire of hubristic CEOs. Narcissism is basically self-love and self-importance and is a precursor of hubris (Hayward and Hambrick, 1997). Secondary stakeholder focused CSR activities are usu-

ally both construed as contributing to social good and reflective of the CEOs values or ethics. Therefore, secondary focused CSR activities are a notable example of actions that will attract both praise and attention for the CEO, satisfying narcissistic desire of the CEO (Petrenko et al., 2016). <Figure 2> shows that the number of news articles about secondary focused CSR outnumbered the number of news articles containing primary stakeholder focused CSR.

We search articles from five most influential daily newspaper and one economic newspaper of South Korea which are *ChosunIlbo*, *Dongallbo*, *JoongangIlbo*, *KyunghyangShinmun*, *HangueraeShinmun*, and *MaeilKyungjae*. By conducting a content analysis, we categorized news articles into three ways: news articles about primary targeted CSR, about secondary



Sources: South Korean daily newspapers *ChosunIlbo*, *Dongallbo*, *JoongangIlbo*, *KyunghyangShinmun*, *HangueraeShinmun*, *MaeilKyungjae* (2014)

<Figure 2> Numbers of news articles on types of CSR

targeted CSR and articles referring CSR as a broad concept(containing both primary and secondary targeted activities). The total number of news articles that published in the year of 2014 was 589. Among total articles, the number of news articles about primary stakeholder focused CSR was only 63, whereas that of secondary focused CSR was 202, as 3 times as high. This information reveals that media reports of a firm's donations or voluntary work, or its taking the lead in environmental protection attract public attention. Such events effectively appease the vanity and narcissism of a hubristic CEO(Petrenko et al., 2016). Thus, hubristic CEOs concentrate more on CSR that focuses on secondary stakeholders. Moreover, hubristic CEOs tend to overestimate their capabilities and resources they possess, while underestimating resources required for their strategic initiatives. Despite the importance of primary stakeholders on firm's direct survival and financial performances, hubristic CEOs assume that their firms' success depends less on primary stakeholders and more on CEO themselves(Tang et al., 2015). This suggests hubristic CEOs fail to realize the importance of primary stakeholders and are less likely to invest in primary stakeholder focused CSR activities. Consequently, our second hypothesis is:

Hypothesis 2: A hubristic CEO will focus more on CSR activities that target secondary

stakeholders rather than primary stakeholders.

III. Method

3.1 Sample and Data

Our sample was drawn from companies listed in the Korean Economic Justice Institute (KEJI) database. The KEJI index, introduced in 1991, was the first comprehensive evaluation scheme to be developed and implemented in Korea for corporate business ethics and social responsibility. KEJI Index relies on multiple distinct data sources that are collected from a wide variety of companies, the Korean government, nongovernment organizations, and media sources(Oh, Chang, and Martynov, 2011). Based on these data, KEJI selects winners of the Economic Justice Award each year. Selecting award-winners entails both quantitative and qualitative evaluation. Quantitative evaluation is based on annual reports, news reports, and other information available from governmental authorities such as the National Tax Service and Fair Trade Commission of South Korea. Qualitative evaluation is subsequently conducted by sending questionnaires to firms. The primary purpose of the qualitative evaluation is to collect nonpublic information to determine final award-winners. KEJI discloses the scores of the top 200 com-

panies in its annual brochure. While the selection of our sample was inevitably limited to firms in the KEJI index and, hence, was subject to possible selection bias, there were practically no alternative reliable measures of CSR in Korea that were comparable in coverage and measurement validity (Choi, Kwak, and Choe, 2010). For our sample firms, we use KEJI index for the year 2012. The financial data were retrieved from the Korean Information Service Value (KIS-Value) database. We classified the sample firms into four industries using the Korean standard industry classification codes. All explanatory variables are lagged by one year to avoid the reverse causality problem. There were 200 annually listed Korean firms in the KEJI database, but because of missing data, the final sample size for this study was 178.

3.2 Measurements

3.2.1 Dependent Variable

The KEJI database was evaluated based on seven categories: integrity, justice, consumer satisfaction, employee satisfaction, environmental protection, social contribution, and economic development. This domain-specific appear to be comparable to Kinder, Lydenberg,

Domini Research & Analytics (KLD) ratings, which is most widely used in the U.S. to measure CSR performance.³⁾ <Table 1> shows the KEJI categories in detail.

The dependent variable in Hypothesis 1 (Total CSR) is measured by the sum of the points obtained for each of these categories. To verify our second hypothesis, we first classified KEJI categories into CSR for primary stakeholders and CSR for secondary stakeholders. As <Table 1> shows, 'justice' stands for fairness and transparency of trade between the firm and suppliers and 'consumer satisfaction' represents consumer right protection or investment in consumer satisfaction. 'Employee satisfaction' denotes wage and welfare program for employee or management of labor relations at the firm. In this regard, justice, consumer satisfaction and employee satisfaction target suppliers, consumers, and employees respectively, and we categorized these 3 items as Primary CSR. 'Environmental protection' stands for efforts to improve the environment and 'social contribution' is related to volunteer program or donation. 'Economic development' represents the economic contribution of the firm to the country. Therefore, environmental protection, social contribution, and economic development are CSR activities targeting secondary stakeholders. To verify

3) KLD ratings consist of multiple sub-domains: Environment, Community, Diversity, Employee Relations, Human Rights, Product Quality and Safety, and Corporate Governance.

〈Table 1〉 KEJI index

KEJI Category	Contents	Details	CSR Types
Justice	- Fairness - Transparency - Cooperative relations	- Number of fair trade violations - Concentration of economic power - Outside director activity - Financial and technological support for suppliers	Primary stakeholder-focused CSR
Consumer satisfaction	- Protecting consumer rights - Product quality - Advertisements	- Investment in consumer satisfaction - Consumer satisfaction award - Product certification - Trying to reduce excessive advertising expenditure	
Employee satisfaction	- Safety and health care at the workplace - Investment in human resources - Wage and welfare program - Management of labor relations	- Education and training costs per employee - Welfare program - Occurrence of disputes regarding labor management	
Environmental protection	- Efforts to improve the environment - Ecological friendliness - Occurrence of violations or pollution	- Public announcement of environmental accounting - Energy efficiency - Investment in the environment - Environment-related awards	Secondary stakeholder-focused CSR
Social contribution	- Protecting marginalized groups - Social contributions	- Ratio of disabled or female employees - Donations - Volunteer program	
Economic development	- Efforts expended in R&D - Firm performance and economic development	- Contribution to exports - Tax payments	

our hypothesis, we have decided not to use raw scores as they are disclosed in the KEJI reports but to covert the scores into a scale of 0 to 100, where 100 is perfect. It is because there are two different kinds of highest possible scale score for KEJI categories. Each category of justice, employee satisfaction and environmental protection is in the range of 0 to 15, where 15 is best. However, the scale

for consumer satisfaction, social contribution and economic development is from 0 to 10, with 10 being the highest possible score. To mediate these different measures, we first covert raw scores into a scale of 0 to 100, where 100 is perfect, then sum scores in each category and divide the total scores by the number of categories. To verify hypothesis 2, we use two separate dependent variables. First,

the sum of total scores of each 'Primary' focused CSR activities and 'Secondary' focused CSR activities. Second, the ratio of 'Secondary' scores to 'Primary' scores (secondary CSR scores divided by primary CSR scores). However, integrity, which includes the integrity of capital spending or the soundness of capital finance, is neither targeted at primary nor secondary stakeholders. Therefore, we excluded this category.

3.2.2 Independent Variable

For the independent variable, hubris, unfortunately, there is no reliable instrument for directly measuring it. In this context, Hiller and Hambrick(2005) tried to conceptualize executive hubris as core self-evaluation(CSE). This concept concisely encompasses and consolidates the common, overlapping portions of four well-studied but unconnected concepts: self-esteem(an individual's holistic evaluation of self-worth), self-efficacy (an individual's ability to successfully execute and perform tasks), locus of control(the belief one holds about who or what controls the occurrence of life events), and emotional stability (individuals who score low on emotional stability are prone to worry, fear, stress, and feelings of helplessness). CSE has been con-

sidered the most precise method for measuring hubris. However, application of CSE requires conducting a survey targeting top executives. The primary problem here is that surveying the selected CEOs often results in low survey response rates(Cycyota and Harrison, 2006). Even if we could secure sufficient questionnaire responses, CEO's psychological biases are a personal and therefore have difficult issue to uncover, and the level of honesty with which an individual CEO would respond is also questionable.

Considering the above problems, we used recent organizational success, media praise, and firm size as sources of hubris based on prior literature(Hayward and Hambrick, 1997). Hayward and Hambrick(1997) used recent organizational success, media praise, and self-importance as three sources of hubris. However, data for the self-importance measure, calculated as CEO monetary compensation divided by the compensation of the second-highest paid officer, were not accessible in Korea,⁴⁾ thus, in this study we used firm size, instead of self-importance. Because hubris can manifest as a drive to dominate others and hubristic CEOs tend to build empires to demonstrate their capabilities. At the same time, hubristic CEOs may demonstrate pride in leading a large firm(Li and Tang, 2013). Each

4) Currently, South Korean companies only provide annual salaries of registered executives and auditors exceed KRW 500 million. Therefore, it was barely impossible to access data of CEO's monetary compensation and compensation of second-highest paid officers.

of the three hubris indicators is measured as follows.

1) Recent success of an organization

Hubristic CEOs have a strong propensity to attribute their organization's success to their competence, even when the success could more objectively be attributed to other factors (Meindl, Ehrlich, and Dukerich, 1985; Kroll et al., 2000). Moreover, when a firm performs well, the CEO receives favorable acknowledgment and commitments from organizational players. These in turn substantially boost the CEO's confidence and stature (Hayward and Hambrick, 1997). Thus, the greater the recent success of the organization, the more likely it is for the CEO to exhibit hubris. Recent organizational success is measured through market share, which is calculated as a firm's sales divided by the total sales of the respective industry. We used market share as an indicator of firm performance because Korean executives have placed high importance on market share reflecting heavy emphases on growth and expansion (Hitt, Dacin, Tyler, and Park, 1997).

2) Media praise

Journalists tend to attribute a firm's success solely to CEOs' abilities. It is due to space and time constraints, and journalists' tendency to explain firms' outcomes regarding stable factors, such as CEOs' characteristics

(Jones and Davis, 1966). When CEOs receive greater media praise, their influence over internal and external stakeholders increases. They will have more confidence in their capabilities, resulting in hubris and arrogance. Media praise was determined through content analysis of articles on CEOs in five major national newspapers in Korea. Hubris is most likely to be activated through favorable press coverage from nationally prestigious publications with high circulation rates (Hayward and Hambrick, 1997). Therefore, we limited our newspaper search to articles from five major newspapers in Korea with significant business coverage: *ChosunIlbo*, *Dongailbo*, *JoongAngIlbo*, *MaeilKyungjae*, and *Hankook Kyungjae*. We classified news articles into three categories: positive, neutral, and negative regarding CEOs, and counted the sum of positive and neutral articles to measure media praise. Although neutral articles did not directly praise the concerned CEO's performance, we determined that merely the CEO's name being published by powerful media could itself raise their self-confidence.

3) Firm size

Hubris can manifest as a drive to dominate others and engage in empire-building for its sake (Kroll et al., 2000). That is, hubristic CEOs tend to build empires to demonstrate their capabilities. At the same time, hubristic CEOs acquire more confidence and pride as

the firm size increases. Though firm size is not a factor indicative of a firm's competitiveness, a hubristic CEO may demonstrate pride in leading a large firm (Li and Tang, 2013). Thus, the leader of a large firm may be more arrogant and hubristic than the leader of a smaller firm. Firm size is measured by the number of employees.

We derived a composite measure of hubris (hubris factor) from factor analysis of the three hubris indicators. Reliability refers to the degree to which test scores are consistent from one test administration to the next. In this study, we use internal consistency method, which assesses the consistency of results across items within a test, using Cronbach's alpha. The coefficient of Cronbach's alpha was 0.684. Although there are no standard guidelines available on appropriate magnitudes for the coefficient in practice, an alpha greater than .60 is considered reasonable in organizational research (Nunnally, 1987). The three variables loaded on one factor with eigenvalue of 1.131 and the factor loadings of recent organizational success, media praise, and firm size were .551, .577, and .702, respectively.

3.2.3 Control Variables

To rule out alternative explanations, we included several control variables. Types of CEO, firm age, firm leverage and industry dummy

were included because research has shown that they influence its CSR activity (Waldman et al., 2006; Manner, 2010).

1) Types of CEO

In South Korea, there is a fundamental difference between professional managers and owner managers, in most cases family owners, in pursuing CSR activities. In case of family owners, a congruence of identities between a family and a firm implies a certain overlap of goals, beliefs and values between family and firm. In addition to financial goals, family owners pursue non-financial goals, such as recognition, status and a positive image in the public domain (Wiklund, 2006). Block and Wagner (2014) also argued that a family's pride in its firm and its concern for maintaining a positive image in the public arena can have a positive influence on its firm's CSR. Families who want to be proud of their firms and who want to be perceived positively by the public will care about the reputation of their firms in the public arena. In particular, these families will be concerned with avoiding reputation-damaging actions by their firms, and they will aim to excel at addressing societal (stakeholder) demands. Therefore, we control the types of CEO. The professional CEO was coded as 0, whereas family CEO was coded as 1.

2) Firm age

A firm's age was calculated by subtracting its founding year from the year 2011.

3) Leverage

The leverage of the firm was measured by debt ratio.

4) Industry dummy

We also input an industry dummy variable to control for the industry effect. Several studies have revealed that CSR is an industry-specific variable and that a failure to control for industry effects may lead to biased results (King and Lenox, 2002). Also public scrutiny about CSR is industry-specific; hence, it can be expected that the reactions of firms to scrutiny will differ across industries. Our sample firms were drawn from companies listed in the Korean Economic Justice Institute (KEJI) database. This KEJI database determines the ranking of top 200 firms from all the industries including both manufacturing and service. Therefore, firms that are listed on KEJI database are changed each year. In our sample, the total number of industries were 28 (19 were manufacturing industries and 9 were service industries). We condense 28 industries into three industries based on prior literature (Lee and Hong, 2015). The firms of KSIC (Korea standard industrial classification) code number from 10 to 35 were categorized as manufacturing dummy, from

41 to 42 were as construction industry and from 46 to 91 were as a service industry. A total of three industries generated two industry dummy variables. All explanatory variables are lagged by one year to avoid the reverse causality problem.

3.3 Models

We used factor analysis to measure CEO hubris (Hayward and Hambrick, 1997). To test for the relationship between CEO hubris and CSR, we used multiple regression analysis. The model was estimated using the STATA 11 statistical software package.

IV. Results

〈Table 2〉 presents descriptive statistics and correlations for the study variables.

The relationship between CEO hubris factor and CSR was positive, providing preliminary support for our hypothesis 1. The relationship between CEO hubris and secondary focused CSR was also positive, providing preliminary support for our second hypothesis.

〈Table 3〉 shows the results of multiple regression analysis. Model 1 in 〈Table 3〉 presents the results of multiple regression on CSR whereas Models 2 and 3 show the results on the two types of CSR, CSR for pri-

〈Table 2〉 Descriptive statistics and correlations

Variable	Mean	S.D.	1.	2.	3.	4.	5.	6.	7.
1. Hubris	0.0001	0.785							
2. Firm age	36.488	14.665	-0.047						
3. Leverage	0.469	0.443	0.051	0.035					
4. Owner dummy	0.331	1.472	-0.246**	0.058	0.053				
5. Total CSR	45.876	2.499	0.311**	-0.087	0.089	-0.090			
6. Primary CSR	42.593	3.425	-0.025	-0.114	-0.004	-0.013	0.436**		
7. Secondary CSR	44.376	5.288	0.260**	0.003	0.108*	-0.028	0.766**	-0.141	
8. Secondary /Primary	1.049	0.160	0.204**	0.055	0.147	-0.013	0.362**	-0.634**	0.849**

N=178 *p < 0.05, **p < 0.01

〈Table 3〉 Results of regression analysis

Variable	Model 1 CSR	Model 2 Primary CSR	Model 3 Secondary CSR	Model 4 Secondary/Primary
Hubris	0.963*** (0.242)	-0.157 (0.346)	1.608** (0.505)	0.038* (0.015)
Firm age	-0.013 (0.012)	-0.021 (0.017)	-0.002 (0.025)	0.0004 (0.0007)
Leverage	0.101 (0.193)	0.501* (0.277)	0.371 (0.404)	-0.003 (0.012)
Ownership dummy	-0.158 (0.398)	0.134 (0.569)	-0.028 (0.803)	-0.003 (0.025)
Industry dummy	Included	included	Included	Included
Constant	45.954*** (0.685)	42.748*** (0.980)	43.512*** (1.429)	1.025*** (0.043)
Adjusted R^2	0.094	0.012	0.118	0.089
F-statistics	3.64**	1.32	4.41***	3.50**

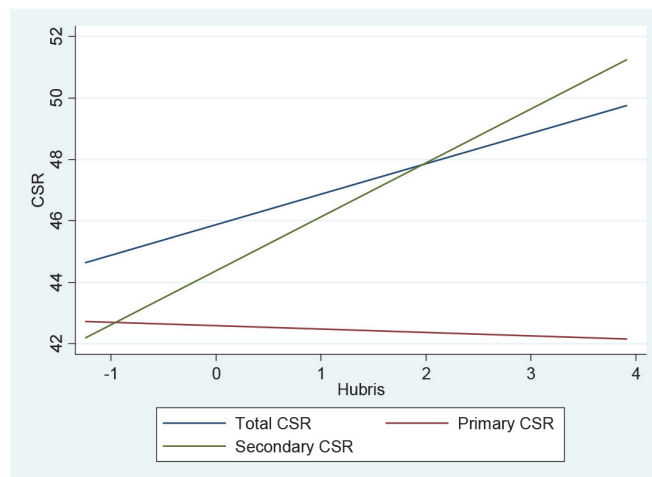
Standard errors are in parentheses

N=178 † p < 0.10, *p < 0.05, **p < 0.01, ***p < 0.001

mary stakeholders(Primary CSR) and CSR for secondary stakeholders(Secondary CSR), respectively. Model 1 shows that CEO hubris (Hubris) was statistically significant($p < 0.001$) and positively related to CSR, strongly supporting Hypothesis 1. Model 2 indicates that CEO hubris was negatively related to Primary CSR although the relationship was not statistically significant. However, Model 3 shows CEO hubris was statistically significant($p < .001$) and positively related to Secondary CSR. The results of Models 2 and 3 together strongly support hypothesis 2 that CEO hubris is more positively related to CSR for secondary stakeholders than to CSR for primary stakeholders, which implies that hubristic CEO may be motivated to pursue CSR due to his/her narcissism and overconfidence.

As <Figure 3> shows, the line of 'Total CSR'

and 'Secondary focused CSR' both have a positive slope, whereas the line of 'Primary focused CSR' has a negative slope. The slope of secondary focused CSR is much steeper than that of total CSR implying that the positive relationship between CEO hubris and total CSR is partly due to the tendency of hubristic CEOs to pursue secondary CSR more enthusiastically than primary CSR. The above graph conveys that narcissism and overconfidence of hubristic CEO trigger him or her to focus more on secondary stakeholder targeted CSR, resulting positive impact on total CSR. It might be doubtful that CEO hubris has a positive effect on CSR, but looking inside of hubris, we can infer that hubristic CEOs have a desire to receive public attention and therefore concentrate more on secondary focused CSR.



<Figure 3> Results of regression analysis

V. Discussion

Our study makes several notable contributions, extending CSR literature by examining the impacts of psychological traits of executives on CSR. More importantly, we consider multifactorial aspects of CSR by classifying CSR activities according to stakeholder types.

Our results indicate that hubristic CEOs are more active in promoting CSR activities rather than neglecting CSR's importance. Results from an empirical study of 178 firms in South Korea show CEO hubris is positively related to CSR. Hubristic CEOs have a desire to showoff themselves in the public light, and CSR activities are an effective tool for doing so. That is, CSR activities make news and help hubristic CEOs to garner public attention. These hubristic CEOs also believe that if they pursue CSR activities, they will achieve better results than other CEOs. Therefore, hubristic CEOs have a positive impact on CSR activities. However, Tang et al.(2015) insisted that CEO hubris has a negative impact on CSR. They argued that hubristic CEOs tend to underestimate their firms' dependence on stakeholders for resources and support, resulting in lesser engagement in socially responsible activities. The key difference between Tang's study and ours is whether hubris is related to narcissism. Tang et al.(2015) overlooked the narcissistic aspect which is

prominent in hubristic CEOs(Kets deVries, 1994; Kroll et al., 2000; Owen and Davidson, 2009). They argue that hubris is differentiated from narcissism in that hubris lacks key elements of the narcissistic personality - the continuous need for affirmation and praise. However, many studies on hubris have insisted that hubris could not be thought of without narcissism(Kroll et al., 2000; Hiller and Hambrick, 2005; Owen and Davidson, 2009). Therefore, we consider the narcissistic aspects of hubristic CEOs show a positive relationship between CEO hubris and CSR.

An interesting point to note from the results of our study is that hubristic CEOs focus on CSR activity that targets secondary stakeholders who have less direct relationship with their firm's financial performances and survival. Many recent studies have examined the relationship between CSR and a firm's financial performance, but the results are inconsistent at best(Vogel, 2006; Lee, 2008; Aguinis and Glavas, 2012). Nevertheless, research has concluded that CSR targeting primary stakeholders positively impacts firm performance(Brammer and Millington, 2006; Godfrey et al., 2009). CSR that targets secondary stakeholders may, however, promote a firm's image and social contribution, but bears little relationship to the firm's survival and financial performance(Waldman et al., 2006). In this context, the fact that hubristic CEOs focus on CSR that targets secondary

stakeholders evidences their desire to project themselves in the public eye rather than improve their firm's survival or competitiveness.

5.1 Theoretical Implications

This research has two theoretical implications in its extension of CSR literature. First, we concentrated on non-economic or social motivations for CSR rather than the consequences of CSR. Although a large part of the prior literature on CSR has examined the consequences of CSR, the impact of CSR on firm performance remained inconclusive. This result is due to different motivations pursuing CSR. The firm engages in CSR for non-economic or social purposes may pursue different types of CSR compared to firms participating CSR for economic purposes. For this reason, the consequences of CSR on firm performance may also be different. Therefore, it is needed to examine why a firm engages in CSR at first. By doing so, we can understand CSR more comprehensively.

Second, we consider the multifaceted aspects of CSR. While some researchers begin to examine the effects of managerial psychological bias on CSR (Tang et al., 2015; Petrenko et al., 2016), to the best of our knowledge, no study to date has examined the effect of hubris on the type of CSR conducted. Because CSR is a multifaceted activity, examining it as a whole without classifying it in detail

leads to false conclusions. Our results prove this, showing that hubristic CEOs focus on CSR activities that target secondary stakeholders which have less direct relationship with the firm's financial performances and survival. It is because hubristic CEOs may be motivated to use CSR only as a tool to boost their pride and self-esteem, while not considering the firm's competitiveness or performance.

5.2 Practical Implications

Excessive confidence and arrogance that are hubristic may have serious adverse consequences (Hayward and Hambrick, 1997; Hayward et al., 2006). However, confidence is also a necessary trait for CEOs. The moderate confidence of top executives may spur a firm's high performance. As leaders, those with hubris are likely to demonstrate power, strength, and authority under challenging situations, inspiring confidence among their followers and peers. Indeed, hubristic entrepreneurs are more likely to act with confidence and commitment, moving quickly to innovate and form new ventures (Hiller and Hambrick, 2005; Judge, Piccolo, and Kosalka, 2009). Bollaert and Petit (2010) also emphasized that the positive aspects of CEOs' hubristic behavior have received little attention and hubristic behavior has some socially desirable aspects. In this sense, if a hubristic CEO emphasizes and promotes CSR activ-

ities, the firm's CSR performance will improve. However, it is important to consider the motivation of CSR that is conducted by hubristic CEO because hubristic CEOs may use CSR as a tool for satisfying their narcissistic needs. Therefore, a firm should monitor whether CSR activities are based on its CEO's arrogance and ostentation or on improving its long-term survival. Moreover, CEOs themselves must distinguish between moderate confidence and hubris. They should review their decisions and actions based on objective data.

5.3 Limitations and Future Research

Although we found evidence supporting our hypotheses, we also faced some limitations. First, we encountered a measurement limitation. We use recent organizational success, media praise, and firm size to measure hubris. However, it is only a proxy variable rather than a direct measure of hubris. As mentioned earlier, there is no reliable instrument for directly measure hubris. In this context, Hiller and Hambrick(2005) tried to conceptualize executive hubris as core self-evaluation(CSE). The CSE has been considered the most precise method for measuring hubris. However, application of CSE requires conducting a survey targeting top executives. The problem here is that surveying that targets CEOs often results in low survey response rates(Cycyota and Harrison, 2006). Even if we could secure

sufficient questionnaire responses, CEO's psychological biases are a personal and thus difficult issue to uncover, and the level of honesty with which an individual CEO would respond is also questionable. Therefore, researchers measure hubris in various ways according to research context. For example, Li and Tang(2010) and Tang et al.(2015) measure hubris with 'correctness of judgment.' They based hubris measure on the idea that the essence of hubris is to overestimate the correctness of one's judgments. So the positive deviation of a CEO's subjectively anchored evaluation of his or her firm's performance from a more objective measure of performance was used to measure CEO hubris. Malmendier and Tate(2005, 2008) measure hubris with how managers exercise their options. They argued that overconfident CEO may overestimate the future returns of their investment projects. Therefore, they believe that the stock prices of their companies will continue to rise under their leadership more than they objectively should expect. As a result, overconfidence induces them to postpone option exercise or even to buy additional company stock in order to benefit personally from the expected future gains. As prior literature shows researchers have endeavored to measure hubris more accurately, however there might be doubts of its suitability and accuracy in measuring hubris. Measurement has already been highlighted as an issue in

previous literature. Research measuring hubris in a more direct manner needs to be conducted in the near future.

The second limitation arose from the idiosyncrasies of available data on South Korean firms. The fact that we used South Korean data, and that the research was conducted in a single country, may have limited the applicability of the results to other contexts. Recently, South Korean firms have attempted to foster a more liberal and supportive organizational culture, but top executives are still the most powerful individuals in an organization, and exert their influence throughout the firm. Moreover, South Korean employees tend to conform to their assigned social roles or expectations rather than acting based on their personal motivations. They have a strong tendency to maintain agreeable relationships with their supervisors. For these reasons, the impact of CEO hubris on CSR might be much greater compared with that in Western contexts. That is, South Korean employees tend to abide by their CEOs' instructions to maintain good relationships with them. Thus, comparative studies should be conducted.

References

- Agle, B. R., Mitchell, R. K. and Sonnenfeld, J. A. (1999), "Who Matters to CEOs? An Investigation of Stakeholder Attributes and Salience, Corporate Performance, and CEO Values," *Academy of Management Journal*, 42(5), 507-525.
- Aguinis, H. and Glavas, A. (2012), "What We Know and Don't Know About Corporate Social Responsibility: A Review and Research Agenda," *Journal of Management*, 38(4), 932-968.
- Angus-Leppan, T., Metcalf, L. and Benn, S. (2010), "Leadership Styles and CSR Practice: An Examination of Sensemaking, Institutional Drivers and CSR Leadership," *Journal of Business Ethics*, 93(2), 189-213.
- Bansal, P. and Clelland, I. (2004), "Talking Trash: Legitimacy, Impression Management, and Unsystematic Risk in the Context of the Natural Environment," *Academy of Management Journal*, 47, 93-103.
- Basu, K. and Palazzo, G. (2008), "Corporate Social Responsibility: A Process Model of Sensemaking," *Academy of Management Review*, 33(1), 122-136.
- Block, J., and Wagner, M. (2014), "The Effect of Family Ownership on Different Dimensions of Corporate Social Responsibility: Evidence from Large US Firms," *Business Strategy and the Environment*, 23(7), 475-492.
- Bollaert, H. and Petit, V. (2010), "Beyond the Dark Side of Executive Psychology: Current Research and New Directions," *European Management Journal*, 28, 362-376.
- Bowen, H. R. (1953), *Social Responsibilities of the Businessman*, Harper & Row, New York.
- Brammer, S. and Millington, A. (2006), "Firm Size, Organizational Visibility and Corporate Philanthropy: An Empirical Analysis," *Business*

- Ethics: A European Review*, 15(1), 6-18.
- Camerer, C. and Lovo, D.(1999), "Overconfidence and Excess Entry: An Experimental Approach," *The American Economic Review*, 89(1), 306-318.
- Campbell, W. K., Goodie, A. S. and Foster, J. D. (2004), "Narcissism, Confidence, and Risk Attitude," *Journal of Behavioral Decision Making*, 17(4), 297-311.
- Chatterjee, A. and Hambrick, D. C.(2007), "It's All About Me: Narcissistic Chief Executive Officers and Their Effects on Company Strategy and Performance," *Administrative Science Quarterly*, 52(3), 351-386.
- Choi, J. S., Kwak, Y. M. and Choe, C. W.(2010), "Corporate Social Responsibility and Corporate Financial Performance: Evidence from Korea," *Australian Journal of Management*, 35(3), 291-311.
- Clarkson, M. E.(1995), "A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance," *Academy of Management Review*, 20(1), 92-117.
- Cycyota, C. S. and Harrison, D. A.(2006), "What (not) to Expect When Surveying Executives," *Organizational Research Methods*, 9(2), 133.
- Deckop, J. R., Merriman, K. K. and Gupta, S.(2006), "The Effects of CEO Pay Structure on Corporate Social Performance," *Journal of Management*, 32(3), 329-342.
- Deshmukh S., Goel, A. M. and Howe, K. M.(2013), "CEO Overconfidence and Dividend Policy," *Journal of Financial Intermediation*, 22, 440-463.
- Doukas, J. A. and Petmezas, D.(2007), "Acquisitions, Overconfident Managers and Self Attribution Bias," *European Financial Management*, 13(3), 531-577.
- Du, S., Swaen, V., Lindgreen, A. and Sen, S.(2012), "The Roles of Leadership Styles in Corporate Social Responsibility," *Journal of Business Ethics*, 114(1),155-169.
- Emmons, R.(1987), "Narcissism: Theory and Measurement," *Journal of Personality and Social Psychology*, 52, 11-17.
- Fombrun, C. and Shanley, M.(1990), "What's in a Name? Reputation Building and Corporate Strategy," *Academy of Management Journal*, 33, 233-258.
- Freeman, R. E.(1984), *Strategic Management: A Stakeholder Perspective*, Pitman, Boston, MA.
- Freeman, R. E., Harrison, J. S. and Wicks, A. C. (2007), *Managing for Stakeholders: Survival, Reputation, and Success*, Yale University Press, New Haven, CT, pp. 133.
- Godfrey, P. C., Merrill, C. B. and Hansen, J. M. (2009), "The Relationship Between Corporate Social Responsibility and Shareholder Value: An Empirical Test of the Risk Management Hypothesis," *Strategic Management Journal*, 30(4), 425-445.
- Godos-Díez, J.-L., Fernández-Gago, R. and Martínez-Campillo, A.(2011), "How Important are CEOs to CSR Practices? An Analysis of the Mediating Effect of the Perceived Role of Ethics and Social Responsibility," *Journal of Business Ethics*, 98(4), 531-548.
- Halme, M. and Laurila, J.(2009), "Philanthropy, Integration or Innovation? Exploring the Financial and Societal Outcomes of Different Types of Corporate Responsibility," *Journal of Business Ethics*, 84(3), 325-339.
- Hayward, M. L. A. and Hambrick, D. C.(1997),

- "Explaining the Premiums Paid for Large Acquisitions: Evidence of CEO Hubris," *Administrative Science Quarterly*, 42(1), 103-127.
- Hayward, M. L. A., Shepherd, D. A. and Griffin, D. (2006), "A Hubris Theory of Entrepreneurship," *Management Science*, 52(2), 160-172.
- Hilary, G. and Menzly, L. (2006), "Does Past Success Lead Analysts to Become Overconfident?," *Management Science*, 52(4), 489.
- Hiller, N. J. and Hambrick, D. C. (2005), "Conceptualizing Executive Hubris: The Role of (Hyper-) Core Self-Evaluations in Strategic Decision-Making," *Strategic Management Journal*, 26(4), 297-319.
- Hitt, M. A., Dacin, M. T., Tyler, B. B., and Park, D. (1997), "Understanding the Differences in Korean and U. S. Executives' Strategic Orientations," *Strategic Management Journals*, 18(2), 159-167.
- Hmieleski, K. M. and Baron, R. A. (2009), "Entrepreneurs' Optimism and New Venture Performance: A Social Cognitive Perspective," *The Academy of Management Journal*, 52(3), 473-488.
- Hribar, P. and Yang, H. (2010), "CEO Confidence, Management Earnings Forecasts, and Earnings Management," *Unpublished Working Paper*.
- Husted, B. W. and de Jesus Salazar, J. (2006), "Taking Friedman Seriously: Maximizing Profits and Social Performance," *Journal of Management Studies*, 43(1), 75-91.
- Jones, E. E. and Davis, K. E. (1966), "From Acts to Dispositions. The Attribution Process in Person Perception," *Advances in Experimental Social Psychology* 2, 219-266.
- Judge, T. A., LePine, J. A. and Rich, B. L. (2006), "Loving Yourself Abundantly: Relationship of the Narcissistic Personality to Self-and Other Perceptions of Workplace Deviance, Leadership, and Task and Contextual Performance," *Journal of Applied Psychology*, 91(4), 762.
- Judge, T. A., Piccolo, R. F. and Kosalka, T. (2009), "The Bright and Dark Sides of Leader Traits: A Review and Theoretical Extension of the Leader Trait Paradigm," *The Leadership Quarterly*, 20(6), 855-875.
- Kahneman, D., Slovic, P., and Tversky, A. (1982), *Judgment Under Uncertainty: Heuristics and Biases*. Cambridge University Press, New York.
- Kau, J. B., Linck, J. S. and Rubin, P. H. (2008), "Do Managers Listen to the Market?," *Journal of Corporate Finance*, 14(4), 347-362.
- Kets de Vries, M. F. R. (1994), "The Leadership Mystique," *The Academy of Management Executive*, 8(3), 73-89.
- Kets de Vries, M. F. R. and Miller, D. (1984), "Neurotic Style and Organizational Pathology," *Strategic Management Journal*, 5(1), 35-55.
- Kim, C. H., Amaeshi, K., Harris, S. and Suh, C. J. (2013), "CSR and the National Institutional Context: The Case of South Korea," *Journal of Business Research*, 66, 2581-2591.
- King, A. and Lenox, M. (2002), "Exploring the Locus of Profitable Pollution Reduction," *Management Science*, 48(2), 289-299.
- Kroll, M. J., Toombs, L. A. and Wright, P. (2000), "Napoleon's Tragic March Home from Moscow: Lessons in Hubris," *The Academy of Management Executive*, 14(1), 117-128.
- Lee, M. D. P. (2008), "A Review of the Theories of Corporate Social Responsibility: Its Evolu-

- tionary Path and the Road Ahead," *International Journal of Management Reviews*, 10(1), 53-73.
- Lee, S.Y. and Hong, M.K.(2015), "Corporate Social Responsibility, Irresponsibility, and Firm Performance: Empirical Investigation of Validity of Theories and Measurement," *Korean Management Review*, 44(3), 677-711. [Printed in Korean]
- Li, J. and Tang, Y.(2010), "CEO Hubris and Firm Risk Taking in China: The Moderating Role of Managerial Discretion," *The Academy of Management Journal*, 53(1), 45-68.
- Li, J. and Tang, Y.(2013), "The Social Influence of Executive Hubris: Cross-cultural Comparison and Indigenous Factors," *Management of International Review*, 53, 83-107.
- Malmendier, U. and Tate, G.(2005), "CEO Overconfidence and Corporate Investment," *The Journal of Finance*, 60(6), 2661-2700.
- Malmendier, U. and Tate, G.(2008), "Who Makes Acquisitions? CEO Overconfidence and the Market's Reaction," *Journal of Financial Economics*, 89(1), 20-43.
- Malmendier, U., Tate, G. and Yan, J.(2011), "Overconfidence and Early-life Experiences: The Effect of Managerial Traits on Corporate Financial Policies," *The Journal of Finance*, 66(5), 1687-1733.
- Manner, M. H.(2010), "The Impact of CEO Characteristics on Corporate Social Performance," *Journal of Business Ethics*, 93(1), 53-72.
- Margolis, J. D. and Walsh, J. P.(2003), "Misery Loves Companies: Rethinking Social Initiatives by Business," *Administrative Science Quarterly*, 48(2), 268-305.
- Meindl, J. R., Ehrlich, S. B. and Dukerich, J. M. (1985), "The Romance of Leadership," *Administrative Science Quarterly*, 30(1), 78-102.
- Miller, J. D. and Campbell, W. K.(2008), "Comparing Clinical and Social-Personality Conceptualizations of Narcissism," *Journal of Personality*, 76(3), 449-476.
- Mitchell, R. K., Agle, B. R. and Wood, D. J.(1997), "Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts," *Academy of Management Review*, 22(4), 853-886.
- Mudrack, P.(2007), "Individual Personality Factors that Affect Normative Beliefs About the Rightness of Corporate Social Responsibility," *Business & Society*, 46(1), 33-62.
- Nunnally, J. C.(1978), *Psychometric Theory*, New York, McGraw-Hill.
- Oh, W. Y., Chang, Y. K. and Martynov, A.(2011), "The Effect of Ownership Structure on Corporate Social Responsibility: Empirical Evidence from Korea," *Journal of Business Ethics*, 104(2), 283 - 297.
- Owen, D. and Davidson, J.(2009), "Hubris Syndrome: An Acquired Personality Disorder? A study of US Presidents and UK Prime Ministers Over the last 100 Years," *Brain*, 132(5), 1396-1406.
- Petrenko, O. V., Aime, F., Ridge, J. and Hill, A. (2016), "Corporate Social Responsibility or CEO Narcissism? CSR Motivations and Organizational Performance," *Strategic Management Journal*, 37(2), 262-279.
- Porter, M.E. and Kramer, M.R.(2006), "Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility," *Harvard Business Review*, 84(12),

- 78-92.
- Posnikoff, J. F.(1997), "Disinvestment from South Africa: They Did Well by Doing Good," *Contemporary Economic Policy*, 15(1), 76-86.
- Roll, R.(1986), "The Hubris Hypothesis of Corporate Takeover," *Journal of Business*, 59(2), 197-216.
- Seth, A., Song, K. P. and Pettit, R.(2000), "Synergy, Managerialism or Hubris? An Empirical Examination of Motives for Foreign Acquisitions of US Firms," *Journal of International Business Studies*, 31(3), 387-405.
- Simon, M. and Houghton, S. M.(2003), "The Relationship Between Overconfidence and the Introduction of Risky Products: Evidence from a Field Study," *Academy of Management Journal*, 46(2), 139-149.
- Slater, D. J. and Dixon-Fowler, H. R.(2009), "CEO International Assignment Experience and Corporate Social Performance," *Journal of business ethics*, 89(3), 473-489.
- Tang, Y., Qian, C., Chen, G. and Shen, R.(2015), "How CEO Hubris Affects Corporate Social (Ir) Responsibility," *Strategic Management Journal*, 36(9), 1338-1357.
- Turban, D. and Greening, D. W.(1997), "Corporate Social Performance and Organizational Attractiveness to Prospective Employees," *Academy of Management Journal*, 40, 658-672.
- Vogel, D.(2006), *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, Brookings Institution Press, Washington DC.
- Wade, J. B., Porac, J. F., Pollock, T. G. and Graffin, S. D. (2006), "The Burden of Celebrity: The Impact of CEO Certification Contests on CEO Pay and Performance," *The Academy of Management Journal*, 49(4), 643-660.
- Waldman, D. A., Siegel, D. S. and Javidan, M.(2006), "Components of CEO Transformational Leadership and Corporate Social Responsibility," *Journal of Management Studies*, 43(8), 1703-1725.
- Weaver, G. R., Trevino, L. K. and Cochran, P. L. (1999), "Integrated and Decoupled Corporate Social Performance: Management Commitments, External Pressures, and Corporate Ethics Practices," *Academy of Management Journal*, 42(5), 539-552.
- Wiklund, J.(2006), "The Sustainability of the Entrepreneurial- Orientation - Performance Relationship," *Entrepreneurship and the Growth of Firms*, 7(3), 141-155.
- Windsor, D.(2006), "Corporate Social Responsibility: Three Key Approaches," *Journal of Management Studies*, 43(1), 93-114.

최고경영자 휴브리스(CEO Hubris)가 기업의 사회적 책임에 미치는 영향에 관한 연구*

차세정** · 박철순***

요 약

최고경영자 휴브리스(CEO hubris)는 최고경영자가 지닌 심리적 편향성으로 자신의 능력이나 판단력에 대해 지나친 자신감을 보이는 것을 의미한다. Roll(1986)이 기업이 별 다른 이득도 없는 인수합병에 나서는 이유로 인수 기업 최고경영자가 지닌 휴브리스를 제시한 이래 이와 관련된 다수의 연구가 수행되었다. 이들 연구는 대부분 최고경영자 휴브리스가 기업의 전략이나 성과에 미치는 부정적인 영향을 규명하고 있다. 그런데 최근 들어, 이 같은 단편적인 시각에서 벗어나 경영자 휴브리스가 지닌 또 다른 측면을 들여다보려는 시도가 이루어지고 있다. 이 같은 흐름 속에서 본 연구는 기업의 사회적 책임 활동을 추구하는 비경제적 동인으로서의 최고경영자 휴브리스의 영향력을 분석하였다. 분석 결과, 휴브리스 성향의 최고경영자는 그렇지 않은 최고경영자에 비해 사회적 책임 활동을 더욱 적극적으로 수행하는 것을 확인할 수 있었다. 이는 이들 최고경영자가 자신을 과시하고 싶은 나르시즘 성향을 지닌데다 자신은 누구보다 사회적 책임 활동을 잘 수행할 수 있다는 자신감 역시 가지고 있기 때문으로 분석되었다. 기업의 사회적 책임 활동은 언론과 사회의 이목을 끄는 주요한 기업 활동이라는 점에서 '자기 과시욕'이 있는 휴브리스 성향의 최고경영자의 요구에 부합하기 때문이다. 이는 휴브리스 성향의 최고경영자들이 사회적 책임 활동 가운데서도 기업의 생존이나 재무적 성과와는 직접적인 관련은 없으나 사회적 주목을 끄는 데는 더욱 유용한 2차 이해관계자들을 대상으로 하는 사회적 책임 활동에 더욱 열성적인 것을 통해서도 재확인 할 수 있었다.

주제어: 최고경영자 휴브리스, 최고경영자의 나르시즘, 최고경영자의 지나친 자신감(overconfidence), 기업의 사회적 책임

* 본 연구는 서울대학교 경영대학 경영연구소의 지원으로 수행되었습니다.

** 서울대학교 경영대학 경영연구소(coolever@snu.ac.kr), 주저자

*** 서울대학교 경영대학(cpark@snu.ac.kr), 교신저자

- Sae Jung Cha(coolever@snu.ac.kr) is a researcher of The Institute of Management Research at Seoul National University. She received PhD from Seoul National University. Her research examines effects of top management teams on strategic changes in organization.
- Choesoon Park(cpark@snu.ac.kr) is a professor of strategy and international management at the College of Business Administration, Seoul National University. He has a BA Degree in Economics from Seoul National University and received his PhD from Graduate School of Business, Columbia University. His research focuses on Strategic Management.