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CORPORATE SOCIAL RESPONSIBILITY OR CEO NARCISSISM? CSR MOTIVATIONS AND ORGANIZATIONAL PERFORMANCE

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This study builds on insights from both upper echelons and agency perspectives to examine the effects on corporate social responsibility (CSR) practices of CEO's narcissism. Drawing on prior theory about CEO narcissism, we argue that CSR can be a response to leaders' personal needs for attention and image reinforcement and hypothesize that CEO narcissism has positive effects on levels and profile of organizational CSR; additionally, CEO narcissism will reduce the effect of CSR on performance. We find support for our ideas with a sample of Fortune 500 CEOs, operationalizing CEO narcissism with a novel media-based measurement technique that uses third-party ratings of CEO characteristics with validated psychometric scales.

INTRODUCTION

Researchers in strategic management, economics, and finance have examined a variety of explanations for managerial decisions to spend organizational time and effort enhancing corporate social responsibility (CSR). A considerable emphasis of this literature has been to adopt a stakeholder lens (Donaldson and Preston, 1995; Freeman, 1984) to either normatively evaluate the merits of CSR or to instrumentally consider how CSR affects organizational financial performance (e.g., McWilliams and Siegel, 2000; Ramchander, Schwebach, and Staking, 2012; Waddock and Graves, 1997; Wright and Ferris, 1997). More recently, researchers have focused more directly on studying the determinants of CSR. These researchers have looked at both external drivers like, for example, the salience of external stakeholders (Agle, Mitchell, and Sonnenfeld, 1999), stakeholder activism (Clark and Hebb, 2004; David, Bloom, and Hillman, 2007; Marquis, Glynn, and Davis, 2007; Sen, Gurhan-Canli, and Morwitz, 2001), or institutional pressures (Neubaum and Zahra, 2006) and internal drivers like, for example, executive incentives (e.g., Deckop, Merriman, and Gupta, 2006; McGuire, Dow, and Argheyd, 2003), management team commitment to ethics (Muller and Kolk, 2010), and CEO political ideologies (Chin, Hambrick, and Treviño, 2013) as antecedents to CSR. Among this research on determinants of CSRs, the vast majority of the studies have explored the effects of external normative values (e.g., the ethical concerns of particular stakeholder groups or of the institutional environment) on CSRs owing to the fact that these reflect a form of alignment of firm policy to its stakeholder value preferences; fewer have examined the effects of internal values at the organizational or individual levels (e.g., the

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ethical concerns or the political ideology of top management) on CSR; and very few have studied the effects of psychological characteristics of individuals on CSR (e.g., Aguilera *et al.,* 2007). This emphasis of values over other psychological characteristics as explanations for CSR is probably expected given that CSR is a value loaded concept defined as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams and Siegel, 2001: 117). But the scarcity of research relating executives' psychological characteristics to CSR is striking given the emphasis of upper echelons work on the effects of executive personality characteristics on firm strategic decisions.

The present study shifts the attention more squarely to executive psychology as an explanation for CSR, showing that CSR initiatives may result from leaders' personal needs for attention and image reinforcement and how such initiatives may be less strategic in terms of financial performance and focus for their organizations. Researchers in management have shown that the characteristics of top executives, and especially CEOs, affect organizational decisions and behaviors (Chatterjee and Hambrick, 2007; Finkelstein and Hambrick, 1996; Hambrick, 2007; Hambrick and Mason, 1984; Sanders, 2001b). Intangible decisions like involvement in CSR present a considerable opportunity for these decisions to be affected by executive's characteristics because such actions rarely present a situation where probabilities can be easily calculated or outcomes be certain. In line with this logic, Weidenbaum and Jensen (2009: xi) challenge readers to "merely consider the ability of the CEO of a major company to satisfy his whim in terms of the selection of charities and pet causes that the organization will support," pointing to the risk of CSR choices being more closely tied to personal drivers than to organizational stakeholder logic. We argue in this paper that organizations with CEOs that have a high need for attention and are preoccupied with having their positive self-views reinforced will engage in higher levels of corporate social responsibility.

Specifically we are concerned in this paper with how CEO narcissism may affect organizational CSR because narcissistic CEOs have a high need for attention and praise as well as a strong desire to have their positive self-views reinforced, which has been shown to affect CEO decision making (Chatterjee and Hambrick, 2007; Gerstner *et al.,* 2013). Narcissists seek to broadly and constantly generate what Kernberg (1975) called "narcissistic supply", the reinforcement to self-image derived from personal exhibitionism or from external adulation and flattery (Bogart, Benotsch, and Pavlovic, 2004; Wallace and Baumeister, 2002). Since CSR activities offer a difficult to assess opportunity for attracting observers' attention, gaining praise from internal (e.g., employees) and external (e.g., media) stakeholders, and achieving notoriety, we expect more narcissistic CEOs—defined as CEOs who have inflated views of themselves and who seek to have those positive self-views continuously reinforced (Campbell, Goodie, and Foster, 2004; Chatterjee and Hambrick, 2007)—to engage their organizations in more CSR initiatives as a way to enhance their moral feelings of superiority and to attract attention and praise. In essence, for example, an executive's decision to spend organizational efforts to enhance CSR can have significant benefits for the executive such as attention in the media and positive praise from employees and the community. Just as celebrities generate attention for themselves by participating in charitable events, chief executives can make themselves noticeable through their firms' CSR activities. Journalists and other organizational stakeholders frequently comment that most organizations make a show of embracing corporate responsibility activities (e.g., Lewis, 2008) and CEOs are often personally positioned at the center of praise or criticism when it comes to the social behaviors of their organizations. Yet, despite their high potential contribution to the CEOs' narcissistic supply, CEOs' personal needs for attention and image reinforcement have been largely absent from CSR research. In line with this logic, we first hypothesize and find that organizations controlled by narcissistic CEOs will engage in more CSR. In line with this same logic, we also look at specific actions that receive media acclaim and show that narcissistic CEOs are more likely to seek such recognition from the media through their organizations' philanthropic actions.

Finally, we address the strategic implications of the influence of CEOs' personal interests on CSR. We specifically show that CEO narcissism will negatively moderate the relationship between CSR and firm performance. This last finding is important for the discussion of the relationship between CSR and firm performance because it highlights a CSR cost that may not even be values driven, like in Friedman's depiction of CSRs as "spending someone else's money for a general social interest" (Friedman, 1970: 174), but more explicitly within the realm of residual agency cost. The potential for leaders to make CSR choices to fulfill their personal needs may put at issue the idea that while CSR can certainly be a valuable strategic choice for firms, they can also be nonstrategic when driven by managerial self-interest. Given the complex nature of the relationship between CSR and financial performance, with about half of the studies on the relationship between CSR and financial performance reporting positive relationships and the rest of the studies suggesting mixed or nonsignificant findings (Chin *et al.,* 2013; Margolis and Walsh, 2003), it is important to examine determinants of CSR that may be not strategic as in the case of managers acting for their own interest.

To test our ideas, we conducted an empirical study Fortune 500 CEOs over a 10-year period. We used the Kinder, Lyndenberg, and Domini (KLD) CSR database for our measurement of corporate social responsibility and COMPUSTAT for our measurement of accounting financial performance and a wide array of control variables. To avoid the limitations of proxy-based measures for assessing psychological constructs (Carpenter, Geletkanycz, and Sanders, 2004), we utilize a new approach to the measurement of CEO characteristics. Specifically, based on a wide array of psychology research showing the value and accuracy of third-party ratings (e.g., Arthur *et al.,* 2003; Connelly and Ones, 2010; Oh, Wang, and Mount, 2011), we develop a video-based measurement of CEO characteristics that allows us to evaluate CEOs on narcissism with a validated narcissism scale (Svindseth *et al.,* 2008). We find substantial support for our hypotheses.

This study makes several contributions to research. First, it contributes to upper echelons research on CEO narcissism by showing that CSR is an especially pertinent domain to generate "narcissistic supply". Second, it contributes to methods in upper echelons research by utilizing a new, theory-based method to measure CEO characteristics in an unobtrusive way. As explained later in the manuscript, the video-based psychometric approach to the measurement of narcissism that we utilize in this paper can provide a significant new tool to the upper echelons literature for the measurement of a wide array of personal characteristics of leaders that were previously difficult to assess consistently for strategy researchers. Third, this research also contributes to agency theorizing. Drawing on upper echelons theory we find that narcissism may result in agentic behaviors that may have negative financial implications for organizations. Finally, we contribute to research on corporate social responsibility. We introduce narcissism as a novel determinant of CSR and suggest that motivations for CSR that are not strategic, like CEO narcissism, may help explain the mixed findings in the relationship between CSR and firm performance.

THEORY AND HYPOTHESES

Narcissism and corporate social responsibility

The concept of CSR refers to voluntary managerial "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams and Siegel, 2001: 117; see also Waddock, 2004). When managers look beyond shareholders and decide to exert organizational effort on employees, customers, the environment, and other stakeholders, they have considerable discretion as such decisions are difficult to evaluate (Margolis and Walsh, 2003; Waldman and Siegel, 2008). Building on the logic of the upper echelons perspective, CEOs will have a significant influence in such discretionary decisions and therefore a firm's propensity to engage in CSR may be affected by chief executives' preferences and priorities that derive from their values and personalities (Chatterjee and Hambrick, 2007; Gerstner *et al.,* 2013; Hambrick and Mason, 1984).

Because top executives, and especially CEOs, can affect the behaviors and outcomes of firms and have substantial influence on organizational efforts and outlays (Chandler, 1962; Finkelstein and Hambrick, 1996), researchers have explored the psychological qualities and experiences of top executives to understand organizational behaviors and outcomes. For example, research has shown that top executives' personality (Kets de Vries and Miller, 1985), charisma (Flynn and Staw, 2004), and locus of control (Miller, Kets de Vries, and Toulouse, 1982) affect organizational outcomes. More recently, Chatterjee and Hambrick (2007, 2011) have shown the impact of CEO's narcissism on firm strategies. They found that narcissism predicts the dynamism and grandiosity of firms' strategic actions and that narcissistic CEOs react differently to their success and seek social praise (Chatterjee and Hambrick, 2011).

Narcissistic individuals construe reality in part as it reflects on their self-image and are constantly seeking attention and reinforcement of their positive self-views (Campbell *et al.,* 2004; Chatterjee and Hambrick, 2007, 2011). An organization's social responsibility projects and overall external perceptions often bring attention in the form of praise or criticism not just to the firm, but often more directly to the CEO. As such, these projects are likely to engage aspects of the CEO's self-image. There are at least three reasons to view CSR initiatives as providing an especially relevant domain to generate narcissistic supply for narcissistic CEOs. First, CSR are value loaded initiatives that appear to further some social good and offer an opportunity for exhibitionism (Bogart *et al.,* 2004) by taking the moral high ground on socially acceptable behaviors. Second, CSR engages sets of value sensitive audiences in adulation, media attention, and praise, all of which are external sources of narcissistic supply (Wallace and Baumeister, 2002). Finally, CSR offers a variety of avenues to change the status quo supplying continuity and variety to the opportunities narcissistic CEOs have to exhibit themselves to attentive and responsive audiences.

Additionally, while most CEOs may want to avoid criticism for negative CSR, narcissistic CEOs will be more strongly motivated to abstain from socially irresponsible actions that can bring easy criticism from investors, media, the public or employees because narcissists respond particularly negatively to criticism (Kernis and Sun, 1994; Rhodewalt and Morf, 1998; Rhodewalt and Sorrow, 2003) and therefore avoid it. Social responsibility can be viewed as a continuum with extremes being "socially responsible" and "socially irresponsible." Because discrimination, lawsuits, scandals, and similar CSR concerns often bring about serious criticism of the CEO, narcissistic CEOs are likely to avoid engaging in negative CSR. This logic may seem at odds with the idea that narcissists will seek attention at any cost, even when such attention implies negative attention. For example, narcissistic CEOs have been found to favor acquisitions because, even when acquisitions "do not always garner positive acclaim (Shleifer and Vishny, 1991; Sirower, 1994), they are highly visible, attract the audience that is needed by the narcissistic CEO" (Chatterjee and Hambrick, 2007: 359). But avoiding negative CSR or, more specifically, eliminating CSR concerns, just like allowing CSR concerns to emerge, is subject to media attention, but in a positive tone and with much less institutional cost. Consistently, narcissistic CEOs are likely to seek positive attention by avoiding the emergence of CSR concerns and working to reduce existing CSR concerns. Therefore, we expect narcissistic CEOs to approach or be motivated to engage in positive CSR initiatives and to avoid negative CSR developments in their organizations, creating a positive relationship between CEO narcissism and organizational CSR.

Hypothesis 1: There will be a positive relationship between CEO narcissism and corporate social responsibility.

Narcissism and high profile corporate philanthropy

As we previously noted, narcissists are exceptionally susceptible to adulation, media attention, and praise, all of which are external sources of narcissistic supply (Wallace and Baumeister, 2002). This need for adulation and praise implies that narcissists are more likely to behave as exhibitionists (Raskin and Terry, 1988) and are preoccupied with receiving attention from others (Kernberg, 1975, 1986; Kohut, 1977). Therefore, narcissistic CEOs can be expected to favor especially visible initiatives that reflect on themselves, like for example philanthropic initiatives that attract media attention and praise because, even when spending organizational effort in such actions may draw some criticism from sectors of the investor community and media, narcissistic CEOs are "exceptionally emboldened by social praise" (Chatterjee and Hambrick, 2011: 202) and will engage in more bold and noticeable actions than less narcissistic CEOs. High profile philanthropic actions are a noticeable example of actions that will attract both praise and attention for the CEO, because they are usually both construed as contributing to a social good and reflective of the CEOs values or preferences. As such, we expect a positive relationship between CEO narcissism and the high profile of their corporate philanthropy. We focus here on predictions about the media profile of the philanthropic actions by firms because, if narcissists are likely to engage in CSR in order to generate social approval as we argue in our previous hypothesis, predicting differences in the corporate philanthropy media profile of firms run by more narcissistic CEOs provides additional evidence for the mechanisms in our theory.

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Additionally, two aspects of narcissistic personality profiles suggest that narcissistic CEOs will not only engage their organizations in higher profile philanthropic initiatives, but will also be driven to continue such initiatives that reward them with media or analyst praise. First, narcissists have a tendency to be restless (Deluga, 1997), to constantly seek attention and reinforcement of their positive self-views (Campbell *et al.,* 2004; Chatterjee and Hambrick, 2007, 2011), and to maintain protagonism (Bogart *et al.,* 2004; Morf and Rhodewalt, 2001). Second, research on narcissists' responses to environmental feedback (Kernis and Sun, 1994; Rhodewalt and Eddings, 2002) suggests that narcissists will be particularly responsive to visible social praise and attention (Vazire and Funder, 2006) and respond to praise with additional effort (Chatterjee and Hambrick, 2011; Wallace and Baumeister, 2002). Narcissism and the reinforcement of self-images resulting from the high profile of their corporate philanthropy will provide an avenue for narcissistic CEOs to maintain protagonism. While we expect that all CEOs are going to continue to commit to actions that have generated positive media attention for them, we expect that narcissistic CEOs will be more responsive to the media attention resulting from such actions (Chatterjee and Hambrick, 2011). Implicit in this hypothesis is that we expect both narcissism and previous high profile corporate philanthropy to have positive direct and interactive effects on later high profile corporate philanthropy. Therefore, we hypothesize that more narcissistic CEOs will be more likely to continue to generate higher profile corporate philanthropy than their less narcissistic peers:

> *Hypothesis 2: CEO narcissism will positively moderate the relationship between prior corporate philanthropy media profile and current corporate philanthropy media profile.*

Narcissistic CSR and financial performance

A dominant concern of the CSR literature has been the concern with the instrumental relationship between CSR and firm financial performance. Researchers have argued that CSR can serve as strategic choices that may lead to firm performance because, by focusing on stakeholders other than the shareholders, CSR reduces the cost of committing resources to the organization (Hillman and Keim, 2001; Jones, 1995; Turban and Greening, 1997), reduces risk premiums, (Cornell and Shapiro, 1987), provides insurance protection against litigation and regulation costs (Kacperczyk, 2009), serves as advertisement and goodwill (Knauer, 1994), and enhances corporate reputation (Schnietz and Epstein, 2005). With findings about the relationship between CSR and firm performance generally positive but mixed, the question remains: if CSR choices are made in part based on CEO characteristics, or more specifically to satisfy narcissistic CEOs needs for praise and attention, will they be less likely to relate to financial performance?

We expect CEO narcissism to moderate the positive relationship between CSR and firm financial performance for three main reasons. First, CSR decisions by narcissistic CEOs are less likely to be aligned with consideration of organizational outcomes, and therefore CEO narcissism will moderate the relationship between CSR by their firms and organizational performance. Narcissistic CEOs consider themselves highly intelligent and superior in their ability to control the environment (Campbell *et al.,* 2004; Judge, LePine, and Rich, 2006; Pratto *et al.,* 1994) and are much less responsive to objective performance indicators compared to their less narcissistic peers (Chatterjee and Hambrick, 2011). As such, narcissistic CEOs' strong confidence in their ability to control the environment and their need to attract attention and praise are more likely to result in CSR decisions that disregard the effects on stakeholders beyond simple praise and enhance their own reputation above the organizational reputation, therefore leading to CSR efforts with less positive effects on firm performance.

Second, because CSRs can have negligible or even negative effects on performance in the absence of absorptive capacity or complementary assets (Darnall and Edwards, 2006; Zahra and George, 2002), CSR by firms with more narcissistic CEOs who are more likely to disregard the availability of complimentary resources in the organization because of their lower responsiveness to indicators and strong sense of personal ability to control their environment (Campbell *et al.,* 2004) should have a less positive relationship with organizational performance.

Finally, the tendency of narcissists to be restless (Deluga, 1997), to constantly seek attention and reinforcement of their positive self-views (Campbell *et al.,* 2004; Chatterjee and Hambrick, 2007, 2011), and to maintain protagonism (Bogart *et al.,* 2004; Morf and Rhodewalt, 2001), will be reflected in their engagement in multiple and widely varied CSR initiatives with different sets of stakeholders. This will result in a widely unconcentrated CSR effort that will aid them in avoiding feelings of boredom (Wink and Donahue, 1997) and satisfy sensation seeking (Emmons, 1981) in their contact and interaction with multiple constituencies. This tendency of narcissistic CEOs to be broad and scattered in their decisions affecting CSR leads the situation when the CSR efforts by firms with more narcissistic CEOs may be seen by stakeholders as less regular or ad-hoc (Husted and Salazar, 2006; Vergne and Durand, 2010), or as simple responses to external pressure (Frooman, 1999) reducing the credibility of a serious commitment to stakeholder interests and therefore reducing its impact on firm financial performance.

Therefore, CSR by organizations with highly narcissistic CEOs may not have as positive or efficient effects on the cost of committing resources to the organization, risk premiums, and corporate reputation, as those by organizations with less narcissistic CEOs. CEO narcissism may negate or diminish the mechanisms that link CSR decisions with organizational outcomes and provide one explanation for some of the mixed findings in some previous research. We argue that the level of CSR of organizations with more narcissistic CEOs is less likely to be positively related to financial performance than CSR of organizations with less narcissistic CEOs.

> *Hypothesis 3: CEO narcissism will negatively moderate the relationship between CSR and performance.*

METHODS

Sample and data collection

Our annual financial and corporate data come from Standard and Poor's COMPUSTAT industrial databases, our corporate social responsibility data come from the KLD database (Godfrey, Merrill, and Hansen, 2009; Orlitzky and Benjamin, 2001), and our CEO characteristics data was collected with a novel video survey methodology. Our starting population included all S&P 500 firms between the years 1997 and 2012 inclusive, and excluded 24 private firms for which no financial data is available in COMPUSTAT. Following prior research, we then excluded 69 firms in highly regulated industries such as financial, insurance, and utilities. Firms in highly regulated industries such as financials are not only subject to differences in their regulatory environments that limit discretion of these firms' CEO over outlays such as CSR (McNamara, Aime, and Vaaler, 2005; Sanders, 2001a) but also their results are not comparable with those of other industries based on differences in accounting criteria (McGahan and Porter, 1997). To verify these theoretical rationales, we run K-S tests to verify if the distributions of CSR and performance variables are different for regulated firms and especially financial firms compared to others in the population. There were significant differences with respect to comparison variables; p-values for ROA and CSR measures ranged from 0.000 to 0.01 for both financials specifically and regulated industries as a whole when compared with the broader population of firms. We identified the CEO for every firm in 2007 and included all firm-years in this time-frame for which they were CEOs of their respective firms. We then imposed four necessary filters on our data. First, we omitted 15 CEOs who held temporary appointments (e.g., interim, acting) because the effects on firms of temporary CEOs are different to those of permanent CEOs (Ballinger and Marcel, 2010). Second, we excluded 16 CEOs that were with their companies for only one year. Third, we omitted 139 CEOs because adequate videos (as discussed in the Measurement of narcissism section of the paper) were unavailable through public sources. Finally, we excluded 86 firms for which data was not available in the KLD database. The final sample represented in our models ranges between a total of 911 and 1,051 CEO-year observations based on control and year lag availabilities, for which financials and corporate social responsibility were measured annually for each CEO-year available in the sample. We assessed the representativeness of the sample by comparing *included and nonincluded firms/CEOs* in the final sample using the Kolmogorov-Smirnov (K-S) two-sample test (e.g., Siegel and Castellan, 1988; Westphal and Bednar, 2005). K-S tests if the distribution of given variables are different for firms/CEOs in the final sample compared to others in the broader population. There were no significant differences with respect to variables included in the study that were available for the broader population, including measures of CSRs, CEO duality, CEO age, CEO ownership, CEO tenure, short and long term pay, ROA, TQ, and Market Value Added); p-values ranged from 0.19 to 0.65.

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CEO narcissism was measured as invariant in line with previous research that has viewed narcissism as a stable disposition (Campbell, Foster, and Finkel, 2002; Chatterjee and Hambrick, 2007, 2011; Cramer, 1998). We also tested our models with alternative sample configurations with identical results. We proceeded to create a sample including all firm-year observations from 2007 to 2012. By testing our findings in this alternative sample, we checked for robustness of our results to temporal precedence of the measurement of narcissism. While narcissism is considered an invariant in research, we wanted to confirm that results would not differ between an invariant measurement with strict temporal precedent and an invariant measurement without temporal precedent. Our results are robust to alternative measurement periods.

Independent variables

Measurement of narcissism

We follow the prevailing instrument for measuring narcissism, the Narcissistic Personality Inventory (NPI), through third-party ratings of video samples of CEOs. Third-party ratings have been meta-analytically shown to provide higher operational validities of personality traits when compared to self-reports (Oh *et al.,* 2011) and do not suffer from the inflation of self-reports (Van Iddekinge, Raymark, and Roth, 2005) because observers have "clearer lenses" for identifying targets' personality traits (Connelly and Hulsheger, 2012). Utilizing third-party ratings of video samples provides valid access to direct but unobtrusive measurement of CEO characteristics. This novel videometric approach allows us to overcome several limitations in the measurement of CEO characteristics. First it provides unobtrusive but direct access to a large sample of CEOs because video samples of CEOs in the public domain are already ubiquitous online and are likely to increase in availability and quality as the presence of video documentation continues to grow for all aspects of social and corporate life. Therefore, it finds a way around the reluctance of top executives to participate in survey research (Chatterjee and Hambrick, 2007, 2011) while providing a direct physical trace or documentary sample of them for measurement (Webb *et al.,* 1966) that is not mediated by other participants like in the cases in which investment relations departments prepare annual reports or other company public statements. Second, it provides the opportunity to measure the sample with previously validated psychometric scales (like, in this case, the NPI) without concerns about loss of responses based on the sensitivity of the traits being measured (Cycyota and Harrison, 2006) or about social desirability biases.

Several third-party ratings of individual characteristics have recently been used by researchers to assess, for example, personality, competencies, likeability, and expected election performances (Benjamin and Shapiro, 2009; Borkenau and Liebler, 1993; Judge *et al.,* 2002; Mount, Barrick, and Strauss, 1994; Oh *et al.,* 2011; Raskin, Novacek, and Hogan, 1991; Riemann, Angleitner, and Strelau, 1997; Rubenzer, Faschingbauer, and Ones, 2000; Zimmerman, Triana, and Barrick, 2010), including media supported observations (Benjamin and Shapiro, 2009; Borkenau *et al.,* 2009). To the best of our knowledge, our study is the first to utilize this videometric approach to measure CEO characteristics. This new approach provides a novel and valid access to an otherwise potentially biased and rarely accessible population.

Videos showcasing focal chief executive officers in our population of interest in 2007 were acquired from public internet sources and edited to omit identifying information that could bias evaluations by coders, including their position and the name of their company. Doctoral students in psychology with experience in personality assessment were recruited to serve as raters and were offered a monetary incentive to participate in the study. To assess CEO narcissism, we turned to the NPI (Raskin and Terry, 1988; Raskin *et al.,* 1991; Rhodewalt and Morf, 1995), the prevailing instrument for measuring narcissism (Chatterjee and Hambrick, 2007, 2011), by employing a short third-party rater adapted variation on Kansi (2003). Three expert raters, blind to the study hypotheses, rated each focal CEO on the narcissism items using a seven-point Likert scale. This scale demonstrated high coefficient alpha reliability ($\alpha = 0.95$) (Nunnally, 1978). Moreover, the expert raters demonstrated significant agreement on their ratings of CEO narcissism, ICC $(1, 3) = 0.54$, $p < 0.001$, $r_{wg} = 0.85$ (Bliese, 2000).

We developed the samples and procedures for rating and trained the expert raters on the rating scale and procedures prior to executing the ratings. First, we conducted a pilot study to establish acceptable video lengths in order to have suitable video length for valid measurement while

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avoiding rater exhaustion. More specifically, we had different sets of raters observe and rate videos of CEOs of different lengths including: 45 seconds, 1 minute and 20 seconds, 2 minutes and 30 seconds, 5 minutes, and 10 minutes. ICC (1,3) for narcissism is negative for 45 second video samples (−0.66), turns positive for 1 minute and 20 second video samples (0.45) and grows significantly to 0.71 with 2.5 minute video samples. It does not significantly change for lengthier video samples (0.72 for both 5 and 10 minute video samples). We further compared means for narcissism with video samples of different lengths and the results showed that means were significantly different between 45 seconds and 2.5 minutes ($p < 0.01$) but there was no significant change in the means between samples of 2.5 minutes and samples of 5 and 10 minutes ($p > 0.65$ and $p > 0.87$ respectively). The video sampling design was developed following these results by creating video samples of 2 hours and 30 minutes in length plus/minus a few seconds for sentence completion in the sample.

Raters were notified in shared training sessions that the focus of the study was to get their perceptions regarding the individuals in the video samples, that there was no alternative interest in their responses, and they were not being evaluated in any way. Raters were then logged into a training video sample survey in Qualtrics and were able to code three video examples and the observations were discussed with researchers as part of the training. After the training, raters were provided an individual login code to access the Qualtrics embedded video sample surveys. There was random assignment of CEO to raters and all ratings were performed in individual sessions across two weeks with sessions limited to not more than an hour per session to avoid exhaustion and guarantee rating independence.

To ensure validity of our measures we have conducted a number of robustness checks. First, in order to ensure our ratings were robust to media effects or timing of the video sample, we created a random subsample of CEOs ($n = 32$) for which we collected multiple available video samples from public sources. We rated these videos in the same manner as the core sample videos and proceeded to analyze mean differences between different videos for the same CEO. There were no significant differences in the narcissism measure ($p < 0.43$) between different videos of the same CEOs, showing that the approach is generally consistent across video samples. As a final robustness check, we assessed the consistency of our video sampling rating approach and both self-ratings and personal acquaintance ratings of narcissism for a set of individuals. Specifically, we recruited 10 doctoral students and video recorded their responses to a set of open questions and edited the length of the videos per our study's design. We then collected the narcissism scale through self-reports in a survey of the video sampled individuals, a rating of narcissism for the individuals by two direct personal acquaintances of the subjects, and our video sampling procedure with three expert raters with no prior relationship to the focal subjects of this robustness test. We found no significant differences across the three measurement approaches showing consistency between our approach and other survey procedures. As a comparison to previous research that has utilized unobtrusive measures of narcissism based on indicators of narcissistic tendencies, we compared videometric approach to Chatterjee and Hambrick's (2011) measure of CEO narcissism that combines indicators for (1) measures of relative pay, (2) prominence of CEO's photograph in annual reports, and (3) prominence of CEO in company press releases into an index of CEO narcissism. The correlation between the measures was high and significant (0.404, $p < 0.001$). Our measure of narcissism is available by request.

Dependent variables

Corporate social responsibility (CSR)

We used KLD ratings to measure *corporate social responsibility* with data from Kinder, Lyndenberg, Domini, and Company (KLD), a financial advisory firm with a focus on Corporate Social Responsibility evaluations (Godfrey *et al.,* 2009; Mattingly and Berman, 2006; Waddock and Graves, 1997) that has been broadly regarded as the most comprehensive data available to measure CSR (e.g., Choi and Wang, 2009; Graves and Waddock, 1994; Kacperczyk, 2009). While KLD data has limitations related to potential confusion of industry effects (Rowley and Berman, 2000) and possible subjectivity (Entine, 2003), it has generally been shown to have good empirical reliability (Walls, Berrone, and Phan, 2012) and has widely been seen as less subjective and more representative of the actual construct than alternative measures and therefore has

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been more widely adopted in empirical research (Choi and Wang, 2009; Coombs and Gilley, 2005; Dahlmann and Brammer, 2011; Hillman and Keim, 2001; Hull and Rothenberg, 2008; Kacperczyk, 2009; Wong, Ormiston, and Tetlock, 2011). KLD data is based on ratings by independent analysts of a variety of categories of CSR characteristics of firms including, for example, community, diversity, employee relations, environment, and human rights. We operationalize our measure of CSR as an aggregate net score at $t+1$ of the various dimensions reported in the data following the most commonly utilized approach in the literature (Choi and Wang, 2009; Dahlmann and Brammer, 2011; David *et al.,* 2007; Graves and Waddock, 1994; Hillman and Keim, 2001; Hull and Rothenberg, 2008; Wong *et al.,* 2011).[1]

Corporate philanthropy media profile (CPMP)

Media praise for CEOs following company philanthropic actions was assessed by a content analysis of key publications that cover general and business news through targeted searches in the Factiva database of media coverage. We first searched Factiva for all articles that included the company name and the firm/year combination in our sample. Then, we isolated articles that cover philanthropic events using the predefined Philanthropy reputation driver of the Factivia Expert Search module. This search option employs a predetermined query which includes relevant keywords associated with philanthropy (e.g. philanthropy, donation, charities) and their derivatives included in a dictionary of expressions that identifies media publications which cover philanthropic actions by corporations. Two independent raters then coded the number of articles that positively mention the CEO associated with philanthropic events for each firm year observation. Interrater agreement was high ($ICC1 = 0.78$). To further ensure validity of our measure, we resolved each instance of disagreement between the coders by independently conducting a separate content analysis to resolve the disagreement. To account for the possibility that certain industries attract more media attention we standardized the variable by industry (two-digit SIC code).

[1] As a robustness check, we also assess CSR using a weighted indicies (Waddock and Graves, 1997) and find results consistent across both measures.

Performance

We examine performance using Return on Assets (ROA), a common measure of firm performance, calculated as net income divided by assets at t (e.g., Finkelstein and Boyd, 1998; Ridge, Aime, and White, 2014; Schmalensee, 1985). Given the nature of our hypothesized effects and arguments, a widely accepted measure of operational performance captures the expected effects on the performance of firm operations caused by CSR decisions made by firms in the study.

Additionally, we included two common measures of market performance for supplementary analysis: Tobin's Q (TQ), calculated by dividing the firm's market value by firm's asset replacement costs and Market Value Added (MVA), calculated by subtracting capital (i.e., the debt and shareholders' equity invested in the firm) from the equity market valuation of the firm. Tobin's Q provides an approximation of the stock market's estimation of net present value (Tobin and Barnard, 1968) and MVA captures the ability of firms to maximize shareholder value through efficient allocation and management of resources (Hillman and Keim, 2001).

Control variables

We control for CEO-, firm-, and industry-level potential confounding factors.

CEO control variables

Because views about the importance of corporate social responsibility may vary with age, we controlled for CEO age. We also controlled for indicators of CEO structural power (Finkelstein, 1992) that might influence their ability to promote CSR projects in their firms, including CEO tenure, duality (coded as a 1 if CEO is also a chairman of the board), the percentage of company stock owned by the CEO, and the level of independence of the board. Additionally, we controlled for CEO incentives: short term pay focus was measured as the ratio of the dollar value of bonuses earned by the executive during the year and the total value of all CEO compensation; long term pay focus was calculated as the ratio of the dollar value of restricted stock and stock options to the total compensation (Deckop *et al.,* 2006). Finally, we controlled for CEO political ideology in order to capture CEO preferences about CSR (Chin *et al.,* 2013). To measure CEO political ideology, we examined political donations made by executives for the 10 years before they became CEOs. The data was obtained from U.S. Federal Election Commission (FEC), which records all individual contributions of more than $200 to candidates, campaign committees, parties, and to political action committees (PACs). We obtained the data from the Center for Responsive Politics (www.opensecrets.org) that reports data provided by FEC. Following Chin *et al.* (2013) we created four indicators of liberalism: (1) the number of donations to Democrats divided by the total number of donations (similar to Chin *et al.* (2013) we added 0.1 to all numerators and 0.2 to all denominators to handle zero values); (2) the dollar amount of donations to Democrats divided by the dollar value of all donations; (3) the number of years the CEO made donations to Democrats divided by the number of years that the CEO donated to either party; (4) the number of distinct Democratic recipients divided by the number of total recipients. We included contributions to individual candidates, party committees, and PACs that were identified as either Democratic or Republican. We excluded any PACs with unclear orientation. The aggregate liberalism score was an average of all four indicators. We also included the dummy.

Firm control variables

To control for firm-specific conditions that might influence CSR intensity of a firm, we controlled for the availability of slack resources, measured as the ratio of current assets to current liabilities. We also controlled for prior year performance by including the firm's ROA in the previous time period. Because large firms may face different pressures to be involved in CSR, we controlled for the size of the firm, which we measured as the natural logarithm of sales. To account for the possibility that CSR spending might be subject to previous trends idiosyncratic to a firm, we included previous year CSR in the model as well.

Industry control variables

We also accounted for the possibility that certain industries have different levels of performance by including an industry dummy (three-digit SIC code) in the models. Table 1 provides the means, standard deviations, and bivariate correlations for all data.

Model and estimation

We estimated our models using generalized estimating equations (GEE) (Liang and Zeger, 1986) with an endogeneity control for consistency with previous research on the outcomes of invariant personal characteristics like CEO narcissism (Chatterjee and Hambrick, 2007, 2011). This estimation technique derives maximum likelihood estimates while controlling for nonindependence of observations. When our outcome measure (CPMP) had a Poisson zero-inflated distribution we specified a negative binomial distribution with a log link function (Chatterjee and Hambrick, 2007). All other models are specified including a Gaussian distribution with an identity link function. To ensure robustness of our estimation, we used a robust variance estimator (White, 1980). Because we expected endogeneity to bias our results we added an endogeneity control in our GEE estimation (Chatterjee and Hambrick, 2007, 2011).[2] Additionally, we proceeded to reanalyze the performance model winsorizing ROA at both the 2.5 and 5 percent levels to control for the prevalence of extreme ROA values in COMPUSTAT and results are robust.

RESULTS

Table 2 reports the results for Hypotheses 1 and 2. We first show the results for our base control model (Model 1). Hypothesis 1 posits that there will be a positive relationship between CEO narcissism and

[2] **Endogeneity control.** We controlled for the possibility that narcissistic CEOs might be drawn to firms exhibiting certain characteristics following Chatterjee and Hambrick (2007, 2011). First, we regressed CEO narcissism against a set of antecedent and contemporaneous variables. Antecedent variables are meant to capture CEO's entry conditions and were measured in a year prior to the individual becoming the CEO of the firm. They included firm revenues, age, and ROA. We have also accounted for the possibility that early improvements in performance might stimulate narcissistic tendencies by including ROA change in the first year of CEO's tenure in the model (Chatterjee and Hambrick, 2007). Other variables were measured in the year of CEO start and included measures of CEO power (duality, CEO ownership and board independence) and a dummy for whether CEO was an insider (hired from within a firm) or outsider. To account for narcissistic CEOs being drawn to certain industries, we also included the two digit SIC code indicator variable. We then create a predicted narcissism score based on this model and included the endogeneity control in our models. As a robustness check, we also analyze whether the exclusion of this variable affects our results and find that results did not change significantly if we omit the endogeneity control.

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Table 1. Descriptive statistics and correlation coefficients

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. CSR	0.34	4.14																				
2. CSR concerns	4.35	2.87	−0.38																			
3. CSR strengths	4.69	4.02	0.75	0.31																		
4. CPMP	0.00	1.00	0.08	0.01	0.08																	
5. ROA	0.05	0.07	0.24	−0.07	0.20	0.06																
6. Tobin's Q	1.82	1.21	0.19	−0.18	0.07	0.09	0.38															
7. Market value added	12.27	35.99	0.26	0.08	0.33	0.07	0.38	0.54														
8. Narcissism	4.41	1.31	0.18	−0.19	0.05	0.07	0.08	0.20	0.03													
9. Age	54.77	5.89	−0.08	0.27	0.11	−0.08	0.03	−0.16	−0.06	−0.10												
10. Duality	0.65	0.47	0.03	0.15	0.14	0.03	0.02	−0.07	−0.05	−0.04	0.16											
11. CEO ownership	0.46	1.98	0.09	−0.07	0.04	0.14	0.06	0.16	0.09	0.01	−0.13	0.03										
12. Tenure	5.5	5.54	0.08	−0.10	0.01	0.01	0.03	0.03	−0.06	0.09	0.36	0.23	0.12									
13. Unabsorbed slack	3.17	17.49	−0.01	−0.11	−0.08	0.02	0.03	0.11	−0.01	0.01	−0.02	−0.08	−0.01	0.04								
14. Size (log of sales)	9.59	0.99	0.04	0.50	0.40	0.06	0.04	−0.18	0.23	−0.09	0.21	0.14	0.05	−0.06	−0.01							
15. Endogeneity control	3.96	2.15	0.06	−0.01	0.05	0.05	0.05	0.02	0.03	0.04	−0.33	0.42	−0.19	0.03	−0.05	−0.01						
16. CEO short-term pay focus	0.09	0.14	−0.09	−0.04	−0.12	−0.01	0.13	0.07	0.17	−0.02	−0.09	−0.16	−0.10	−0.06	−0.03	−0.04	−0.05					
17. CEO long-term pay focus	0.72	0.23	0.06	0.13	0.15	−0.01	−0.02	−0.16	−0.21	0.09	0.16	0.22	0.05	−0.01	0.01	0.12	0.04	−0.75				
18. CEO liberalism	0.36	0.28	0.02	−0.15	−0.08	0.08	−0.02	0.14	0.01	0.19	0.10	−0.10	0.10	0.13	0.03	−0.07	0.01	0.01	−0.04			
19. Advertising intensity	0.01	0.02	0.19	0.09	0.26	0.04	0.08	0.23	0.34	0.13	0.06	−0.12	0.03	−0.01	−0.01	0.16	−0.11	0.03	−0.04	−0.02		
20. R&D intensity	0.03	0.07	0.19	−0.05	0.15	0.02	0.05	0.50	0.37	0.22	−0.02	−0.07	0.01	−0.06	0.07	−0.15	0.01	0.02	0.01	0.09	0.19	
21. Capital intensity	0.07	0.14	−0.07	0.06	−0.03	0.01	−0.04	−0.07	−0.08	0.02	0.01	0.12	0.01	0.26	−0.05	−0.09	0.05	0.05	0.05	−0.08	−0.10	−0.05

Correlations greater than 0.05 are significant at $p < 0.05$.

Table 2. Effects of CEO narcissism on corporate social responsibility (CSR) and corporate philanthropy media profile (CPMP) (GEE analyses)

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	DV: CSR		DV: CSR		DV: Strengths		DV: Concerns		DV: CPMP		DV: CPMP	
Constant	−1.76*	(0.82)	−2.63**	(0.79)	−4.99**	(1.76)	−1.13	(1.69)	−5.38***	(1.78)	−5.41***	(1.77)
Lagged DV	0.98***	(0.01)	0.97***	(0.02)	0.95***	(0.02)	0.81***	(0.02)	0.03	(0.07)	−0.02	(0.07)
CEO duality	0.12	(0.12)	0.15	(0.11)	−0.07	(0.17)	−0.05	(0.03)	0.08	(0.27)	0.07	(0.27)
CEO age	0.01	(0.01)	0.01	(0.01)	0.02	(0.02)	0.05*	(0.03)	−0.07*	(0.03)	−0.06*	(0.02)
CEO ownership	−0.03	(0.03)	−0.02	(0.02)	0.05	(0.05)	0.08*	(0.04)	−0.02	(0.03)	−0.02	(0.03)
CEO tenure	0.01	(0.01)	0.02	(0.01)	0.10***	(0.02)	−0.11***	(0.02)	0.04	(0.02)	0.04	(0.02)
Unabsorbed slack	0.01	(0.01)	−0.01	(0.01)	−0.01	(0.01)	0.01	(0.01)	−0.01	(0.01)	−0.01	(0.01)
Size (log of sales)	0.12	(0.05)	0.15**	(0.05)	0.16***	(0.04)	0.20***	(0.05)	0.55***	(0.14)	0.53***	(0.14)
ROA	2.34**	(0.76)	2.23***	(0.58)	2.08**	(0.67)	−1.71*	(0.70)	2.62	(1.37)	2.49	(1.38)
Endogeneity control	−0.01	(0.03)	−0.01	(0.03)	0.09	(0.08)	0.20*	(0.09)	−0.10	(0.06)	−0.10	(0.05)
Short-term pay focus	−0.63	(0.60)	−0.58	(0.48)	0.39	(0.45)	0.01	(0.54)	−0.47	(0.86)	−0.22	(0.86)
Long-term pay focus	0.53	(0.34)	0.36	(0.27)	−0.05	(0.26)	0.04	(0.32)	−0.79	(0.48)	−0.70	(0.48)
Liberalism	−0.25	(0.19)	−0.38	(0.21)	−0.30	(0.17)	−0.11	(0.15)	0.51	(0.48)	0.62	(0.49)
Narcissism			0.15***	(0.03)	0.07**	(0.02)	−0.08**	(0.03)	0.35**	(0.12)	0.33**	(0.12)
$CPMP_{t-1}$									0.16**	(0.06)	0.03	(0.11)
Narcissism × $CPMP_{t-1}$											0.05**	(0.02)
Observations	1,004		1,004		1,004		1,004		1,004		1,004	
Wald Chi^2	6,374***		6,961***		7,590***		4,559***		46.48***		52.99***	

Lagged DV at t - 1 for Models 1–4 and t - 2 for Models 5 and 6. Standard errors are in parentheses.
$^*p < 0.05$; $^{**}p < 0.01$; $^{***}p < 0.001$

corporate social responsibility. The results of Model 2 provide strong support for Hypothesis 1 (0.15, $p < 0.001$). Additionally, we performed some supplementary analyses to evaluate if our hypothesis was supported for both the strength and concerns aspect of CSR. According to our arguments for Hypothesis 1, we expected the composite aspects of CSR to be independently related to CEO narcissism. Consistent with this logic, Models 3 and 4 show that CEO narcissism is positively related to the Strengths dimension of CSR (0.07, $p < 0.01$) and negatively related to the Concerns dimension of CSR (−0.08, $p < 0.01$), implying the narcissistic CEOs emphasize activities associated with CSR strengths and avoid actions that raise CSR concerns.

Hypothesis 2 posits that CEO narcissism will positively moderate the relationship between the previous level of media profile for firm corporate philanthropy and the level of media profile for firm corporate philanthropy. Model 5 shows that CEO narcissism is positively related to corporate philanthropy media profile (0.35, $p < 0.01$) implying that narcissistic CEOs engage in higher profile corporate philanthropy. Additionally, Model 6 shows that CEO narcissism strengthens the relationship between previous corporate philanthropy high profile and subsequent corporate philanthropy high profile (0.05, $p < 0.01$), indicating that firms with more narcissistic CEOs are more likely to continue to generate higher profile corporate philanthropy than those of their less narcissistic peers.[3] Figure 1 illustrates this interaction. In both models we added a second lag of the DV to control for previous value of CPMP. Results are the same with or without this additional control for firm specific levels of CPMP. Models 5 and 6 in Table 2 provide support for Hypothesis 2.

[3] We tested and found no support for ceiling effect (b = −0.16, z = −1.38 and b = −0.01, z = −0.41 respectively) for both the quadratic and the quadratic interaction terms. Ceiling effects could be expected because of media saturation but are not present probably due to lack of maturity in coverage of such effects because of either recency in interest in coverage of CSR or resets of CSR focus at the firm or industry levels resulting from economic or business crises.

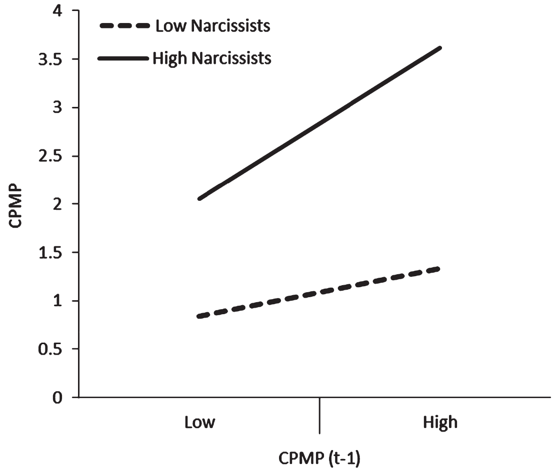

Figure 1. The relationship between corporate philanthropy media profile (CPMP) at time t and $t+1$ for low narcissists and high narcissists CEOs

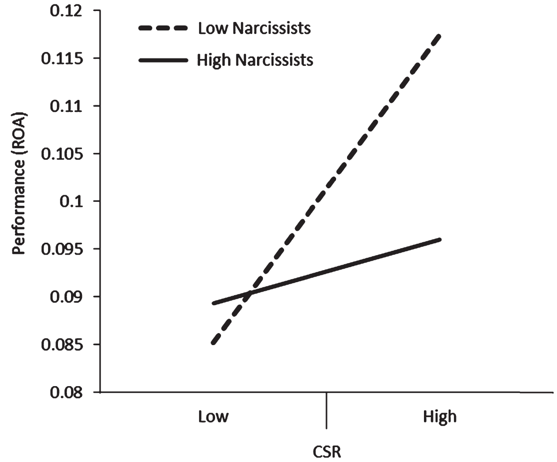

Figure 2. The relationship between corporate social responsibility (CSR) and performance (ROA) for low narcissists and high narcissists CEOs

Table 3 presents results for Hypothesis 3. Hypothesis 3 posits that CEO narcissism will negatively moderate the relationship between CSR and performance. Model 7 in Table 3 shows that CEO narcissism weakens the relationship between CSR and firm performance measured as ROA (0.02, $p < 0.05$). Our result has practical significance because it indicates ROA will become a nominal 2.16 percent higher for firms with less narcissistic CEOs than for firms with more narcissistic CEOs, when CSR increases one standard deviation above the mean in the sample. Figure 2 illustrates this interaction and shows that the relationship between firm performance and CSR is much more positive for relatively low narcissism CEOs than for relatively high narcissism CEOs.

We performed two supplementary analyses to add depth to these findings. First, we investigated

Table 3. Results for the effects of CEO narcissism on performance (GEE analyses)

	Model 7		Model 8		Model 9		Model 10	
	DV: ROA		DV: ROA		DV: TQ		DV: MVA	
Constant	−0.01	(0.04)	−0.01	(0.03)	1.67***	(0.29)	139.94	(9.83)
Lagged DV	0.21***	(0.03)	0.26***	(0.02)	0.62***	(0.01)	0.83***	(0.04)
Endogeneity control	0.01	(0.01)	0.01	(0.01)	0.01	(0.01)	0.27	(0.18)
Size (log of sales)	0.02***	(0.01)	0.02***	(0.01)	−0.04	(0.02)	0.91	(0.06)
Advertising intensity	0.04	(0.17)	0.14	(0.16)	4.60**	(1.33)	5.20	(4.48)
R&D intensity	−0.28***	(0.04)	−0.07	(0.04)	1.31***	(0.33)	8.18	(9.59)
Capital intensity	−0.01	(0.03)	0.03	(0.03)	−0.14	(0.17)	−2.87	(2.60)
Unabsorbed slack	−0.01	(0.01)	0.01	(0.01)	0.01	(0.00)	0.02*	(0.01)
CSR	0.07**	(0.02)			0.06***	(0.01)	0.93**	(0.35)
CEO narcissism	−0.03	(0.02)	−0.07*	(0.03)	−0.01	(0.02)	−0.76**	(0.29)
CEO narcissism × CSR	−0.02*	(0.01)			−0.03***	(0.01)	−0.14*	(0.06)
CSR strengths			0.05*	(0.02)				
CSR concerns			−0.11***	(0.02)				
CEO narcissism × CSR strengths			−0.09*	(0.04)				
CEO narcissism × CSR concerns			0.02*	(0.01)				
Observations	1,051		1,051		911		911	
Wald Chi^2	786***		964***		14,333***		16,099***	

Standard errors are in parentheses.
*$p < 0.05$; **$p < 0.01$; ***$p < 0.001$

if the effects of CEO narcissism on the relationship between CSR and performance held for both the strength and concerns dimensions of CSR. Model 8 shows support for these analyses. As expected, CEO narcissism negatively moderates the relationship between CSR Strengths and ROA (−0.09, $p < 0.05$) and positively moderates the relationship between CSR Concerns and ROA (0.02, $p < 0.05$). Therefore ROA will be lower for firms with more narcissistic CEOs when they have more CSR strengths or less CSR concerns than for the firms of their less narcissistic peers.

Second, while our predictions are about operational performance making ROA our variable of choice, we replicated this analysis for two commonly utilized measures of market performance—Tobin's *Q* and Market Value Added—as additional validation for our findings and found consistent results. Models 9 and 10 show results for TQ (0.03, $p < 0.001$) and MVA (0.14, $p < 0.05$).

DISCUSSION

We began by suggesting that CSR initiatives may result from leaders' personal needs for attention and image reinforcement and that, in such cases, CSR initiatives may be less strategic in terms of financial performance for their organizations. With insights from both upper echelons and agency perspectives, we have theorized and shown that the corporate social responsibility of firms can be significantly affected by CEO narcissism. Consistent with the logic that narcissistic CEOs crave attention, we have also theorized and shown that firms with more narcissistic CEOs have higher profile corporate philanthropy than the firms of their less narcissistic peers, and that they also continue to engage in high profile corporate philanthropy once they succeed at it. Finally, we have shown that the positive relationship between CSR and firm performance is weaker for firms with more narcissistic CEOs, possibly indicating that CEO narcissism may preempt other stakeholder or strategic considerations in CSR decisions. These insights contribute to the literature on executive characteristics and organizational decision making, to the agency literature, and to the growing literature on CSR.

Theoretical contribution

Our study opens two main pathways for consideration by CSR researchers. First, we extended the integration of upper echelons approaches with the CSR literature by showing that CSR can be an outcome that helps satisfy leaders' personal needs for attention and image reinforcement as in the case of narcissistic CEOs. With this, we provide new insight about CSR antecedents, which will be relevant for researchers interested in the strategic nature of CSR decisions. Second, we reconceptualized CSR as an agency outcome. As such, CSR can be constructed as an opportunity to extract personal value from the organization by organizational incumbents. If CSR provides organizational incumbents opportunities to satisfy their personal needs, it may also be an opportunity for actual recognition, prestige, personal network development and other personally relevant outcomes for organizational decision makers that may help better understand the motivations for CSR. This potentially dark side of CSR opens new opportunities for research in CSR.

Our study also contributes to the agency theory literature. Agency researchers have viewed agency behaviors mostly from a risk-centered perspective by studying agency effects on risk decision making by executives. Recasting CSR as a visible opportunity to acquire prestige and praise through organizational resource allocations, we open an avenue to explore alternative agency behaviors that may have personal value for executives based on their characteristics but that may also provide executives with marketable value for their services beyond their actual employment contract.

Our findings also raise intriguing questions for upper echelons researchers. If two strategic decisions are driven by different antecedents, should we assume similar organizational meanings for the decisions, or should we expect the decisions to vary in their strategic value or their effects on firm performance? While we tend to assume similar meaning for similar strategic decisions or investments, our study shows that antecedents may not only result in varying strategic decisions but also in varying effects on performance. As an example of this, our study shows that CSR levels do not result in the same performance outcomes when performed by organizations in which the decision may be motivated by CEO narcissism. In our study, CSR by organizations with CEOs that were relatively lower in narcissism is related to performance but not in the case of organizations in which the CEOs had relatively higher narcissistic characteristics. Similarly, we could question, given an upper echelons prediction for a relationship between executive characteristics and a particular strategic decision like, for example, R&D expenditures, if the decision will have the same meaning for the organization and take a similar implementation form or have a similar effect on firm performance when driven by different antecedents.

Methodological contribution

Beyond our theoretical contribution to the upper echelons, the agency and the CSR literatures, our paper contributes to the upper echelons methodology arsenal by developing a new approach to measurement of CEO characteristics. Utilizing third-party ratings of video samples, we provide a method for executive measurement that allows valid access to direct but unobtrusive measurement of CEO characteristics. This novel videometric approach overcomes several limitations in the measurement of CEO characteristics. It allows researchers to circumvent executive reticence to participate in surveys because it provides unobtrusive but direct access to a large sample of CEOs since video samples of CEOs in the public domain are already ubiquitous online and are likely to increase in availability and quality as the presence of video documentation continues to grow for all aspects of social and corporate life. Also, it makes it possible to use previously validated psychometric scales, without concerns for desirability biases, selective participation, or responder identity. As such, the new videometric approach to executive characteristics measurement that we espouse, demonstrate, and check for robustness in this paper provides a basis for the development of research in upper echelons because of its ability to provide valid measurement of a wide range of personal characteristics that may not have been easily addressed through alternative measurement.

In sum, we show that CEO narcissism has a positive effect on organizational CSR because CSR may be a response to leaders' personal needs for attention and image reinforcement. We also show that CSR in firms with more narcissistic CEOs may be less strategic in terms of financial performance in part because of a resulting lack of focus in CSR configurations. We hope that our study stimulates future research not only because of its implications for the upper echelons, the agency theory and the CSR literatures, but also because of the opportunities it provides for extending research on executive characteristics in strategy through our novel methodological approach to the measurement of executive characteristics.

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