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최고경영자 휴브리스가 기업의 사회적 책임 활동 수준에 미치는 영향: 기업지배구조의 조절효과를 중심으로

(Chief Executive Officer Hubris and Corporate Social Responsibility in Korea: Moderating Role of Corporate Governance)

박 현 준[1], 최 원 용[2)*]
(Park Hyunjun and Choi Wonyong)

요 약 한국사회에서 기업의 사회적 책임(CSR)은 산업 규범으로 자리 잡고 있으며, 많은 기업들이 이에 대한 제도적 압력에 순응하여 CSR 활동을 수행하고 있다. 이러한 상황 속에서, 본 연구는 휴브리스와 같은 최고경영자(CEO)의 특성과 사외이사, 외국인 지분률과 같은 기업지배구조 장치가 CSR에 대한 규범을 받아들이는데 영향을 미칠 수 있음을 제시한다. 휴브리스를 지닌 경영자는 제도적 압력에 순응하지 않으며, 산업 규범에 대한 순종을 거부하는 경향이 있다. 따라서, 휴브리스를 지닌 경영자는 타 기업들의 평균적인 즉, 규범화된 수준이 아닌 더 높거나 낮은 수준의 CSR 활동을 수행할 것으로 예상된다. 반면, 경영상의 불확실성을 감소시키기 위해, 기업지배구조는 경영자가 규범화된 수준의 CSR 활동을 유지하도록 CEO를 통제할 것이다. 또한, 기업지배구조 장치는 기업 경영에 나쁜 영향을 미치는 것을 알려진 CEO 휴브리스가 경영의사결정에 미치는 영향을 감소시킨다고 알려져 있다. 따라서, 지배구조가 강화될수록, CEO 휴브리스가 기업의 CSR 활동 수준에 미치는 영향을 감소시킬 것이다.

핵심주제어 : 최고경영자 휴브리스, 제도적 압력, 기업의 사회적 책임, 기업지배구조

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Abstract The corporate social responsibility has become an industry norm, and the majority of companies have adopted corporate social responsibility (CSR) activities due to institutional pressure. This paper suggests that chief executive officer (CEO) characteristics and governance mechanisms such as CEOs hubris, outside directors, and foreign ownership can influence a managerial decision of following the norm in adopting CSR. This paper argues that a CEO with

* Corresponding Author : wychoi@smu.ac.kr
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1) Incheon National University, Business Administration, First Author
2) Sangmyung University, Department of Global Business Administration, Corresponding Author

hubris carry out CSR considerably less or more than a CEO without hubris because a CEO with hubris are known to have a tendency to refuse to follow the norm from institutional pressure. On the contrary, corporate governance mechanisms can guide a CEO to follow the industrial norm related to CSR because governance mechanisms tend to control CEO to reduce managerial uncertainty. The results show that CEO with hubris has a positive relationship with the degree of CSR deviation while governance mechanisms have a negative relationship. In addition, governance mechanisms negatively moderate the relationship between CEO with hubris and with the degree of CSR deviation.

Key Words : CEO Hubris, Institutional Pressure, Corporate Social Responsibility, Corporate Governance Mechanism

1. Introduction

In our modern times, there are many successful chief executive officers (CEO). It is a well-known fact that human characters are difficult to change once they believe that they are the best. Moreover, if accumulated past and recent success exist, CEO can believe they are always right in their decision-making[20]. Additionally, praise from the media through news, magazines, and the internet can create an escalation in pride. Also, overconfidence during mergers and acquisitions are considered to be a hubris in which it is referred to as "hubris hypothesis"[43]. It is crucial to discover and understand about CEO with a hubris for comprehending their company's decision-making. Previous research shows a typical path of a homogeneous decision which follows the norm of others for legitimacy[42]. However, research has not paid enough attention towards the relationship between hubris and institutional pressure. Therefore, this study attempts to discover whether CEO with a hubris has an affect on a firm's responsiveness to institutional pressure on corporate social responsibility (CSR).

Previous research on institutional theory explains the homogeneous aspect of organizations; however, it lacks the explanations of different behavior[42]. Thus, this paper attempts to contribute the descriptions of different behavior through CEO hubris logic by exploring CEOs with a hubris behavior with Korean companies. The CEO with hubris is more likely to behave arrogantly by showing off to the public and competitors because of their characteristics. Therefore, in this paper, we state that the deviation degree of CSR activity will be either very high or very low when companies are controlled by CEOs with hubris, rather than following the norm from institutional pressure.

Furthermore, we identify the moderating role of corporate governance, which can be a control mechanism by having a high impact between CEO with hubris and the degree of CSR. The external factors can constrain the impacts of hubris in decision-making[13, 14]. In this paper, the corporate governance can be a control mechanism. Therefore, the ratio of outside directors and foreign ownership can favor stakeholder interests because the former are more interested in complying with environmental standards[26]. Also, the ratio of outside directors is considered representative of external stakeholders, providing knowledge and relationships with diverse stakeholders[45].

Therefore, outside directors tend to lean toward philanthropic activities[23]. Also, the ratio of foreign investors can also be a control mechanism because foreign investors positively impact the spread of CSR practices among Korean firms[38]. Therefore, the ratio of outside directors and foreign ownership can control the degree of CSR.

The purpose of this paper is to contribute to the research stream of CEO hubris, institutional theory, CSR, and corporate governance. Throughout the years, many managerial techniques and CSR have been adopted, and it crossed over to Asian countries like South Korea around 2003, as marked by the first sustainability report issued by Samsung SDI, Hyundai Motor, Kia Motors, and Korea Dow Corning[9]. There are many different types of institutional pressures, and CSR is considered a norm because of the high level of investment from oversea occurrence[25]. By not adopting and not following the institutional pressure of the high level of investment in CSR is considered heterogeneous behavior[13].

2. Literature Review and Hypothesis Development

2.1 CEO Hubris

The term originates from Greek mythology. It is defined as exaggerated self-confidence or pride[20]. An overconfident CEO can be described as “CEO hubris” or a “CEO with hubris.” The characteristics of CEO with hubris can be arrogance, conceit, egotism, greed, and shamelessness. These overconfident leaders believe their business decision-making is precise and leads to successful outcomes. Due to their overconfidence, a hubristic CEO can act arrogantly during turbulent times. However, troubles can arise because investments made by CEO with hubris are not aligned with shareholder interests[24] due to the separation of ownership and control[16].

Unlike past research in this area, Hayward and Hambrick[20] focused on behavioral factors such as individual profiles, self-images, and backgrounds during acquisition pricing. Also, even though CEO with hubris is difficult to measure directly, their factor findings have allowed us to examine the hubris theory further.

There are two ways to measure CEO hubris. First, positive media praise gives rise to media attention, which can reinforce CEO inter-organizational and intra-organizational power[39]. In addition, extensive media praise through publicists, public relations, and analysts can create celebrity CEOs. Through public attention and media praise, CEO behavior can ultimately change by creating managers committed to the past strategic choice(s) that made them a celebrity[6, 21]. Media praise and countless positive public awareness raise the issue of CEO hubris about not listening to other stakeholders and sticking to existing ways even if they do not fit with the firm’s current success plan[20].

Second, recent organization success (ROS) can have a superior impact on CEOs with a hubris to be more conceited. Hayward and Hambrick [20] suggested that recent organization success can gain CEO authority and acknowledgment from stakeholders (shareholders, customers, employees, etc.) which can result in a CEO hubris. Therefore, recent organization success can cause CEO hubris, creating a positive degree of CSR to boast to the public, community, and competitors.

2.2 CEO Hubris and Corporate Social Responsibility as Institutional Pressure

One of the prominent ways for a company to show the stakeholder its commitment to CSR is through corporate charity[40, 33, 34]. Companies adopt CSR to create a sustainable image or reputation. Also, Kim, Hwang, and Kim[32] stated that CSR is mandatory and companies does not have a choice. Campbell[7] proposed that corporations are more likely to promote actively for CSR when state regulations are enforced properly to ensure such behavior. Furthermore, Marquis, Davis, and Glyn[35] indicated that for corporate efforts to secure legitimacy, social practices could be motivated by cultural, institutional, and political reasons. Recently, scholars and managers have been attracted to and devoted their attention to CSR because of the increasing focus on global issues and legitimacy. McWilliams and Siegel[36] define CSR as actions that appear to enhance some social good beyond the monetary interests of the firm. Bronn and Vidaver-Cohen[5] found some possible motives for CSR activity, such as long-term self-interests, public image, institutional viability, socio-cultural norms, stockholder interests, and regulation avoidance. Therefore, CSR has become a current business trend and institutional pressure when it is defined as a constraining process which forces certain populations of one unit to be similar to other units within a similar set of environmental conditions[13].

However, CEOs with hubris may not follow the norm of CSR and will not conform to institutional pressure due to their hubristic characteristics. Also, they do not follow others to validate their action and rely on their insights, possessing small doubt or uncertainty. Furthermore, they will not conform to the strategies of others for legitimacy[22]. CEOs with hubris rely on fast decision-making and act without extensive analysis[22]. In addition, they take on large-stakes, quantum initiatives[45], extreme performance such as big wins or big losses, speed, non-comprehensiveness, boldness, and deviance from industry norm for greater success[11, 15]. Therefore, as mentioned above, hubris have CEOs resist the institutional pressure to follow the norm of CSR. As a result, we thus suggest the following hypothesis (H1), (H1a), (H1b):

Hypothesis 1: CEO hubris will positively be related to the deviation of CSR from the industry norm.

Hypothesis 1a: Media Praise will positively be related to the deviation of CSR from the industry norm.

Hypothesis 1b: Recent organization success will positively be related to the deviation of CSR from the industry norm.

2.3 Corporate Governance: Ratio of Outside Directors and Foreign Investors

We explored and investigated the ratio of outside directors and foreign investors. These factors have a positive impact on CSR by guiding CEOs with hubris to follow the norm. Outside directors are considered a representative of external stakeholders. Their presence can increase the reputation and creditability of a firm and establish legitimacy[40]. Typically, outside directors comply with environmental standards to gain positive reputations[26]. Furthermore, Wang and Dewhirst[45] stated that outside directors could provide knowledge and relationships with diverse stakeholders. Outside directors also can give stakeholders a voice, which can help and satisfy the needs of stakeholders[8].

In essence, when there is a large group of outside directors, it will influence the board's strategic decision for social investments, such as following the norm of CSR activity[8]. Furthermore, outside directors encourage philanthropic activities[23]. Usually, outside directors vary in educational backgrounds, such as law, education, and non-profit organizations[47], which can bring diverse interests and increase a firm's resources to manage other stakeholders. Also, they have responsibility for protecting shareholders' interest. Because using the firm's resource for CSR excessively may hinder a firm's activities for creating profit, outside directors cannot strive to concentrate on CSR. Therefore, they tend to maintain a balance between the firm's profit and CSR following the industrial norm. Hence, we can hypothesize (H2):

Hypothesis 2: Outside directors will negatively be related to the deviation of CSR from the industry norm.

Oh et al.,[38] stated that Western management practices had affected CSR trends in Asian countries. In addition, Brancato[4] stated that U.S. shareholders pressured firms to follow and to address social responsibility issues. Therefore, higher levels of foreign ownership can support and pressure organizations to lean towards CSR.

Furthermore, investing in CSR is a way to reduce uncertainty when investing in a foreign area. Gehrig[17] stated that foreign investment in a foreign country is risky and uncertain. Also, foreign investors have different backgrounds, knowledge, and values because of foreign market exposure. Therefore, they will likely to be more supportive of disclosing social and environmental information[29]. Haniffa and Cooke [19] stated that there was a positive relationship between foreign ownership and CSR disclosures in Malaysia for legitimacy. Thus, foreign investors pursue both their interest by investing firm's resources to profit-driven activities and lowered uncertainty by investing firm's resources to corporate social activities. Therefore, we establish the following hypothesis (H3):

Hypothesis 3: Foreign ownership will negatively be related to the deviation of CSR from the industry norm.

Agency theory suggests that the board's primary function is to monitor managerial decisions[16, 24]. Agency problems arise because there is a separation of ownership and control. The main argument of agency problem is that managerial decisions are based on self-interest and are not aligned with those of shareholders[16]. To try to control this problem outside directors can be used as an internal control mechanism. Outside directors can monitor opportunistic managerial activity more effectively.

Furthermore, since outside directors are the representatives of other stakeholders, they have incentives to develop positive reputations[27]. Therefore, outside directors bring independence and impartiality to the evaluation of management decisions[2]. They are more likely to be objective guardians of stakeholder welfare. In this vein, CEOs with hubris could be controlled through the use of outside directors as an internal control mechanism because CEO hubris would cause risk and uncertainty to a firm. Therefore, we hypothesize (H4), (H4a), and (H4b):

Hypothesis 4: Outside directors will have negative moderating effects on the relationship between CEO hubris and CSR deviation.

Hypothesis 4a: Outside directors will have a negatively moderating effects on the relationship between media praise and CSR deviation.

Hypothesis 4b: Outside directors will have negatively moderating effects on the relationship between recent organization success and CSR deviation.

Corporate governance can improve managerial decisions[12]. Foreign ownership can monitor and reduce managerial discretion. Khanna and Palepu[30] examined that foreign investors are better monitors in a foreign country. Specifically, foreign ownership with corporate investment decreases the risk-taking behavior of CEO hubris[31] by monitoring decisions which otherwise could cause negative results. When there is an increase in foreign ownership, the firm value can also increase to improve governance structure[37]. One of the primary objectives of foreign ownership is to monitor and to prevent opportunistic managers from behaving with self-interest. Foreign investors use "voice" and "exit" to make their interests clear to management[1]. Demands for disclosures are higher for foreigners, due to the separation between management and holdings of a high proportion of shares. Foreign investors are known to exit when unhappy with stock value. Because a CEO with hubris can harm firm value, foreign investors will control their CEO's hubristic behaviors like the excessive or undersized investment to social responsibilities. Therefore, we hypothesize (H5), (H5a), (H5b):

Hypothesis 5: Foreign ownership will have negatively moderating effects on the relationship between CEO hubris and CSR deviation.

Hypothesis 5a: Foreign ownership will have negatively moderating effects on the relationship between media praise and CSR deviation.

Hypothesis 5b: Foreign ownership will have negatively moderating effects on the relationship between recent organization success and CSR deviation.

This Fig. 1 describes our research model. Our research explores whether CEO with hubris carry out CSR considerably less or more than a CEO without hubris because a CEO with hubris tend to refuse to follow the norm from institutional pressure. On the contrary, corporate governance mechanisms can direct a CEO to follow the industrial norm related to CSR because governance mechanisms tend to control CEO to reduce managerial uncertainty.

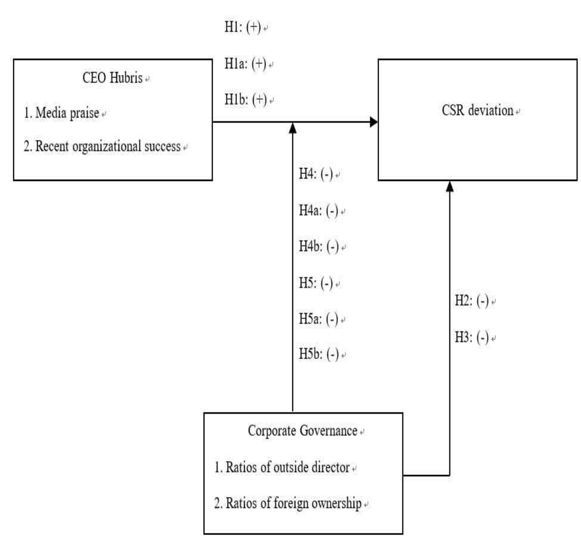

Fig. 1 Research Model

3. Methods

3.1 Sample and Data

The Korean Economic Justice Institute (KEJI) database is used for empirical analysis. The KEJI provides and seeks research on economic problems in Korea. It promotes economic justice and performs critical evaluations of Korean companies. This study evaluated the database using seven categories: integrity, fairness, community service contribution, consumer protection satisfaction, the satisfaction of environmental protection, employee level of satisfaction, and economic development contribution. However, for this research, we only used the sum of the total points from five categories: integrity, community service contribution, consumer protection satisfaction, the satisfaction of environmental protection, and employee level of satisfaction for multicollinearity issue. The KEJI data are frequently applied during the CSR researches[10].

We pulled two years (2008-2009) of sample data from the KEJI database because it was the last disclosure data available. The database listed 200 Korean firms each year which evaluates and scores the level of firms' of CSR activities. We used the KEJI index scores of CSR activities of Koran firms. However, due to missing information, many companies were dropped from the data from this research. Therefore, we used a total sample of 2445 Korean firms.

3.2 Measurement

3.2.1 Dependent Variables

The dependent variable of this study is CSR deviation. In this paper, we argue that CSR is an institutional pressure, and the degree of CSR from CEO with a hubris will vary and not follow the norm. Thus, to find the median of CSR, we used absolute evaluation to find the deviation for the KEJI database score of all Korean firms listed from 2008-2009. We used OLS regression for the research analysis.

3.2.2 Independent Variables

To measure the independent variable of CEO hubris, we based the analysis on the study from Hayward and Hambrick[20]. This study chose media praise and recent organizational success factors for the CEO hubris variable. To find the positive media praise, we counted the total articles related to CEOs positive performance from the selected companies in the 2007-2008 sample, using the top three Korean national newspapers: Chosun Media Newspaper, JoongAng Daily, and DongA Newspaper. When a CEOs name was mentioned positively, we considered that article to be a positive media praise for a CEO. To determine the recent organization success factor, we used the return on asset of the listed companies as a proxy. The time lag for one year was used for this research.

3.2.3 Moderating Variables

This study used a corporate governance structure as a moderating variable. The factor used for this research was the ratio of outside director and foreign ownership. To measure the ratio of outside directors, we found the number of outside directors from the Data Analysis Retrieval and Transfer System (DART) business reports of sample companies, which provides information for all Korean listed companies. We then divided the total number of registered executives by the total number of outside directors for each company in the sample. Additionally, we used the Kis-Value (a Korean database which offers a Korean listed company's data) to find the ratio of foreign ownership of common stock.

3.2.4 Control Variables

The age and firm size using the log of the number of age and sales were controlled because it can affect CSR activity. When the company is large, it will have more CSR activity and media visibility[3]. The price-equity ratio (PER) was also controlled because company earnings and high expected future growth can affect CSR. The leverage was controlled because a high ratio will be associated with the firm's operation, which could affect this research. The dummy year 2009 was inserted to control for macroeconomic shocks. Furthermore, we controlled the industries by grouping into division classifications. There was a total of 10 industries.

4. Results

Table 1 shows the descriptive statistics and correlations excluding the industry dummy variable for this research. Multicollinearity was not a major problem because the mean value was 1.47 and a maximum value of the variance inflation factor (VIF) 2.56 was calculated.

Table 2. presents the results of OLS regression. Model 1 shows the baseline model containing dependent and control variables. The results supported hypothesis 1: CEO hubris will be positively related to CSR deviation. Hypothesis 1a and 1b were

Table 1 Descriptive Statistics and Correlation Matrix

	Variable	Mean	S.D.	Min	Max	1	2	3	4	5	6	7	8	9
1.	Deviation KEJI[1]	0.04	0.03	0.00	0.13	1								
2.	Leverage	0.78	0.79	0.03	6.72	-0.11	1							
3.	PER[2]	24.14	95.60	1.13	1152.54	0.04	-0.03	1						
4.	Age	3.53	0.52	1.10	4.72	-0.02	-0.17**	0.05	1					
5.	Year Dummy	0.54	0.50	0.00	1.00	-0.01	-0.06	-0.00	0.02	1				
6.	Sales	26.92	1.59	23.63	32.13	0.01	0.51***	-0.07	-0.05	-0.08	1			
7.	Media Praise	0.55	0.95	0.00	4.21	0.20**	0.29***	-0.03	-0.20**	-0.03	0.62***	1		
8.	ROS[3]	0.07	0.04	0.00	0.23	0.2*	-0.27***	-0.20**	-0.16*	0.04	-0.05	0.00	1	
9.	Outside B.O.D.[4]	0.46	0.11	0.17	0.75	0.13*	0.20***	0.13*	-0.01	0.01	0.40***	0.38***	-0.03	1
10.	Foreign Ownership	0.14	0.13	0.00	0.61	-0.07	0.07	0.07	0.08	-0.04	0.49***	0.40***	0.00	0.16*

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1

significantly supported. Media praise (β=0.007, p<0.01) and recent organization success (β =0.077, p<0.1) are positively related to CSR deviation from the industry norm. This result shows that CEO with hubris does not follow the industry norm from institutional pressure. Hypothesis 2 was not supported. Outside directors will negatively be related to the deviation of CSR from the industry norm. Hypothesis 3 was supported (β=-0.033, p<0.05). Foreign ownership is negatively related to CSR deviation from industry norm because ownership guides a firm to follow the industry norm.

Models 2 to 5 show the results of the test of the moderating effects of governance mechanisms. We tested the moderating effect of the ratio of outside directors in the relationship with CEO hubris and CSR deviation in models 2 and 3. The results partially supported hypothesis 4. The result of the hypothesis (4a) was insignificant. However, the result of the hypothesis (4b) was significant (β=-0.669, p<0.05) because outside directors suppress the actions of CEO with hubris. In model 4 and 5, we tested the moderating effect of foreign ownership in the relationship with CEO hubris and CSR deviation. The results did not support hypothesis 5. Therefore, an in-depth statistical study of foreign ownership is necessary to differentiate various types of foreign ownership. Lastly, model 6 shows all the variables at once. Furthermore, the holistic view of the results of these hypothesis test are shown in Table 3.

Table 2 Result of Linear Regression

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Leverage	-0.004+ (0.002)	-0.004+ (0.002)	-0.004+ (0.002)	-0.004+ (0.002)	-0.004* (0.002)	-0.004 (0.002)
Price Equity Ratio (PER)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Age	0.002 (0.004)	0.002 (0.004)	0.002 (0.004)	0.002 (0.004)	0.002 (0.004)	0.002 (0.004)
Year Dummy	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)
Sales	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.002)
Media Praise (H1a) (A)	0.007** (0.003)	0.007** (0.003)	0.007* (0.003)	0.007* (0.003)	0.007** (0.003)	0.006* (0.003)
Recent Organization Sucess (H1b) (B)	0.077+ (0.043)	0.076+ (0.043)	0.082+ (0.042)	0.076+ (0.043)	0.075+ (0.044)	0.081+ (0.044)
Outside B.O.D (H2) (C)	0.025 (0.019)	0.025 (0.019)	0.025 (0.018)	0.025 (0.019)	0.025 (0.019)	0.024 (0.019)
Foreign Ownership (H3) (D)	-0.033* (0.015)	-0.033* (0.015)	-0.033* (0.015)	-0.034* (0.015)	-0.034* (0.015)	-0.033* (0.015)
A X C (H4a)		-0.001 (0.023)				-0.002 (0.025)
B X C (H4b)			-0.669* (0.315)			-0.681* (0.305)
A X D (H5a)				0.003 (0.017)		0.006 (0.018)
B X D (H5b)					-0.069 (0.379)	-0.011 (0.369)
Constant	0.010 (0.046)	0.009 (0.046)	0.008 (0.046)	0.011 (0.045)	0.009 (0.046)	0.010 (0.045)
Observations	245	245	245	245	245	245
R-squared	0.126	0.126	0.140	0.126	0.126	0.140
Adj_r2	0.0563	0.0521	0.0671	0.0524	0.0523	0.0553
F Stat	2.866***	2.838***	2.884***	2.750***	2.905***	2.631***

Robust standard errors in parentheses
***p<0.001, **p<0.01, *p<0.05, +p<0.1
Industry dummy variable are omitted

Table 3 The Results of Hypothesis Tests

	Hypothesis	Result
H1	CEO hubris will positively be related to the deviation of CSR from the industry norm.	Supported
H1a	Media praise will positively be related to the deviation of CSR from the industry norm.	Supported
H1b	Recent organization success will positively be related to the deviation of CSR from	Supported

	the industry norm.	
H2	Outside directors will negatively be related to the deviation of CSR from the industry norm.	Not Supported
H3	Foreign ownership will negatively be related to the deviation of CSR from the industry norm.	Supported
H4	Outside directors will have negative moderating effects on the relationship between CEO hubris and CSR deviation.	Partially Supported
H4a	Outside directors will have a negatively moderating effects on the relationship between media praise and CSR deviation.	Not Supported
H4b	Outside directors will have negatively moderating effects on the relationship between recent organization success and CSR deviation.	Supported
H5	Foreign ownership will have negatively moderating effects on the relationship between CEO hubris and CSR deviation.	Not Supported
H5a	Foreign ownership will have negatively moderating effects on the relationship between media praise and CSR deviation.	Not Supported
H5b	Foreign ownership will have negatively moderating effects on the relationship between recent organization success and CSR deviation.	Not Supported

5. Discussion

This paper argues that CEO with hubris does not follow to CSR through institutional pressure. A CEO with hubris is considered when CEO overpays their target during acquisition[43] The characteristics of hubris are arrogant, conceit, egotism, greed, and shameless. These kinds of characteristics make a CEO with hubris to boast and show off. Also, CEO with a hubris arises from media praise and recent organizational success. Global companies like Microsoft, BMW, and Apple have been ranked in the top ten companies in CSR[44] which is considered a media praise and institutional pressure for firms in Korea. Likewise, top Korean firms, Samsung and LG group have adopted CSR from institutional pressures. However, corporate governance can exist as an internal control mechanism to monitor CEO with hubris.

The contribution to the field of CEO hubris can be examined through this research. Prior research was primarily related to CSR and firm performance. This paper looks into the relationship between CEO with hubris and manager responsiveness to institutional pressure. It also contributes to the antecedents of CSR. Also, this research will help the business industry by showing a CEO with a hubris can have a higher percentage of negative impact on firm performance. Lastly, this research can be a building block to enhance CEO hubris research.

Also, this paper contributes practically. It provides how CEO with a hubris can behave irrationally because of their overconfident characteristics. Thus, when making a decision, it can affect negatively towards firm performance. Therefore, Board of Director exists which can lower the irrational decision making from the CEO with hubris. Moreover, this paper gives research implication on CEO with a hubris will not follow the industry norm. It will instead do more corporate social responsibility activity or none at all because of their arrogant behavior.

The hypothesis 4 of outside directors will have negative moderating effects on the relationship between media praise, and CSR deviation was partially supported because of CEO duality. Gul and Leung [18] stated that the power of CEO and chairman in one person creates a strong individual power that possibly can cause CEO hubris. Furthermore, such centralized power can erode the board's ability to exercise effective control. The hypothesis 5 of foreign ownership will have negative moderating effects on the relationship between CEO hubris, and CSR deviation was not supported because risk-taking is relevant for firm growth and opportunity[31].

The limitation of this paper is that out of the three factors from Hayward and Hambrick [20], only recently organization success and media praise were used. The self-importance factor was excluded from this model because South Korean companies are not obligated to report manager salary. Also, the moderating variable in this research model, especially foreign ownership was not significantly supported. The reason for this result is because there are different types of foreign ownership, but these variations are not considered in our model. Therefore, an in-depth future research study of foreign ownership is necessary. Lastly, there is also the database limitation. We have used the KEJI data from 2008-2009 because this was the latest disclosure data available. Furthermore, it is no longer available to the public. We expect that this paper can trigger other scholars to research about CEO hubris further. Moreover, this will be one of the few empirical studies which explore CEO affected by hubris can have a negative impact on CSR activity. Furthermore, testing the corporate governance mechanism helps to understand our theoretical understanding of the effects of hubris on CEO.

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박 현 준 (Park Hyunjun)

• 정회원
• Univ. of California at Irvine 경영학과 경영학사
• 서울대학교 경영학과 경영석사
• 서울대학교 경영학과 경영박사
• 인천대학교 경영대학 경영학과 조교수
• 관심분야 : 지배구조, Family Business, 전략적 혁신

최 원 용 (Choi Wonyong)

• 정회원
• 서울대학교 생명과학부 학사
• 서울대학교 경영학과 경영학 석사
• 서울대학교 경영학과 경영학 박사
• 상명대학교 경영경제대학 글로벌 경영학과 조교수
• 관심분야 : 지배구조, Family Business, 전략적 혁신