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TWO ESSAYS ON ANTECEDENTS AND EFFECTS OF AWARD-WINNING CEOS

by

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ABSTRACT

TWO ESSAYS ON ANTECEDENTS AND EFFECTS OF AWARD-WINNING CEOS

Veronika Ciarleglio
Old Dominion University, 2022
Director: Dr. Anil Nair

A vibrant stream of research in strategic management examines CEO reputation, status, media coverage, and awards on firm outcomes.

This dissertation examines antecedents that impact the likelihood of CEOs gaining higher visible status —such as winning awards — and the impact of such status on firm behavior. The dissertation addresses these issues in two essays.

In the first essay, we use signaling theory to frame the impact of industry characteristics, firm level strategic initiatives, and demographic factors on the likelihood of CEOs winning awards. Specifically, in this essay we examine how industry structure, corporate social responsibility (CSR) initiatives, business strategies, and CEO gender impact the likelihood of CEOs winning awards. We tested our hypotheses using S&P 500 firms and found that firm CSR initiatives were positively associated with the likelihood of CEOs winning awards; but industry structure, firms' focus on advertising and R&D, and CEO gender had no impact.

In the second essay, we use prospect theory (PT) and behavioral theory of the firm (BTOF) to examine whether CEOs who win awards engage in risk-taking behavior and are likely to initiate substantive strategic change, or such CEOs become complacent and committed to status-quo. We used S&P 500 data to test our hypotheses and found that award-winning CEOs were less likely to engage in strategic change; further, performance below or above firm aspirations had no impact on subsequent strategic behavior. Thus, the results help resolve the contradictory assertions in the CEO award literature. The theoretical contributions to the literatures on CEO awards, firm strategic change, and BTOF are discussed.

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This dissertation is dedicated to my family.

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CHAPTER 1

FACTORS IMPACTING CEOS WINNING AWARDS

Abstract

We use signaling theory to frame the impact of industry characteristics, firm level strategic initiatives, and demographic factors on the likelihood of CEOs winning awards. Specifically, in this essay we examine how industry structure, corporate social responsibility (CSR) initiatives, business strategies, and CEO gender impact the likelihood of CEOs winning awards. We tested our hypotheses using S&P 500 firms and found that firm CSR initiatives were positively associated with the likelihood of CEOs winning awards; but industry structure, firms' focus on advertising and R&D, and gender had no impact.

Key Words: Award-winning CEOs; Corporate Social Responsibility (CSR); Advertising; R&D; High Industry Concentration; Signaling Theory

1. INTRODUCTION

The importance of award-winning among CEOs has been widely discussed in the literature (Cho, Arthurs, Townsend, Miller, & Barden, 2016; Jensen, Twardawski, & Younes, 2021; Li, Shi, Connelly, Yi, & Qin, 2020). Particularly, scholars have been exploring the impact of award-winning on executives' decision-making and behavior (Chatterjee & Hambrick, 2011; Cho et al., 2016). For instance, Chatterjee and Hambrick (2011) hypothesize that CEOs become bolstered by social media praise (i.e., awards) and find that highly narcissistic CEOs are especially motivated by award-winning, that leads them to experience elevated positive moods and become more open toward risky outlays. On the contrary, Cho and colleagues (2016) find that award-winning executives become more risk-averse by paying smaller premiums for target firms during acquisitions after recently recognized as an award-winning executive. Additionally, a seminal paper by Malmendier & Tate (2009) on award-winning CEOs suggests that in a post-award period, such executives become distracted from their duties by sitting on outside boards and writing books that hurt firm performance. Scholars have long been discussing if awards can be considered "value creating" or "value destroying" (Gallus & Frey, 2016). On one hand, awards can be motivational and lead to positive outcomes, such as more conservative accounting practices, less engagement in opportunistic earnings management, and improved firm performance (Koh, 2011) and improved positive stock performance of award-winning CEOs' competitors (Ammann, Horsch, & Oesch, 2016); but, on the other hand, awards can lead to negative outcomes, such as executives' distractions in a form of book writings (Malmendier & Tate, 2009) and financial misconduct (Li et al., 2020). In sum, awards impact CEOs' behaviors and lead to various important outcomes on individual and firm levels. In this paper, we explore factors which lead to the emergence of award-winning executives.

While literature provides ample evidence of consequences of CEOs winning awards (Barnea & Rubin, 2010; Cho et al., 2016; Malmendier & Tate, 2009), we still lack understanding of antecedents which lead to CEOs winning awards. It becomes our primary motivation in this paper. Among prominent antecedents of award-winning CEOs, scholars discuss media attributions (Hayward, Rindova, Pollock, 2004), superior firm performance (Malmendier & Tate, 2009), and stakeholders' support (Cho et al., 2016). Correspondingly, literature identifies several important CSR consequences, such as increased CEO reputation, approval, and respect (i.e., CEO recognition and visibility) (Barnea & Rubin, 2010); superior firm performance (Erhemjamts, Li, & Venkateswaran, 2013; Waddock & Graves, 1997); and improved organizational culture, reduced employee turnover, and stakeholders' support (Virakul, Koonmee, & McLean, 2009). As such, the following factors serve as CSR consequences and award-winning CEOs antecedents simultaneously: CEO reputation and recognition (Lee, Cho, Arthurs, & Lee, 2020), superior firm performance (Erhemjamts et al., 2013), and stakeholders' support (Lee et al., 2020). Furthermore, in a recent discussion by Wernicke and colleagues (2022) about the importance of CEOs for firm's CSR activities, they suggest that CEOs explain about 30% of the total variance in CSR. In other words, a so-called "CEO effect"- "that is, the amount of total variance in CSR attributable to CEOs" (Wernicke, Sajko, & Boone, 2022: 37)- is particularly pronounced in the context of CEOs and their corresponding firms' CSR activities. Consequently, we ask the following research question: *Are firm's CSR initiatives positively associated with award-winning CEOs?*

As a theoretical lens in this study, we use signaling theory which explains how parties overcome information asymmetry (Connelly, Certo, Ireland, & Reutzel, 2011; Spence, 1978). Following signaling theory logic, which suggests that factors, such as a signal sender, a signal

itself, a signal receiver, and a signal environment (Connelly et al., 2011) may impact signal's perception and interpretation, we explore additional conditions under which the main relationship may change. More specifically, we examine the effect of women CEOs, firms with high advertising and R&D expenses, and firms in highly concentrated industries on the relationship between CSR activities and award-winning by asking the second research question: *How do individual characteristics, firm level, and industry level factors influence the relationship between CSR initiatives and CEO awards?*

Scholars provide ample evidence of importance of women CEOs for firms' CSR activities (Cooper, 2017; Manner, 2010). For instance, studies find that women CEOs are more prevalent among firms oriented toward CSR activities and are more likely to be hired by firms focused on diversity (Cooper, 2017). Similarly, scholars argue that women CEOs are positively associated with CSR activities (Borghesi, Houston, Naranjo, 2014; Manner, 2010) and are more likely to be recognized when they send signals congruent with their gender, such as CSR (Eagly & Karau, 2002; Yang, Kher, & Newbert, 2019). Therefore, we want to examine if having a woman CEO who is engaged in CSR activities will increase the chances of executives award-winning.

Further, firm's advertising and R&D expenses are primarily related to firm growth, risk, performance, and value (Currim, Lim, & Kim, 2012) and high industry concentration insulates firm from competition and ensures higher than normal profitability (Bain, 1951). Since advertising & R&D spendings lead to more visibility and signal high quality products (Shapiro, 1983) and innovative and socially responsible products (McWilliams & Siegel, 2000) respectively, such firms might be perceived more positively by stakeholders that, in turn may lead to the emergence of award-winning CEOs (Hayward et al., 2004). Finally, firms operating

in high industry concentration might have higher chances to achieve superior firm performance (Derfus, Maggitti, Grimm, & Smith, 2008) which in turn may also promote the emergence of award-winning CEOs (Malmendier & Tate, 2009). Taken together, we examine the impact of advertising, R&D, and high industry concentration on the relationships between CSR and award-winning CEOs.

2. THEORETICAL DEVELOPMENT

In this study we use signaling theory as a theoretical lens to explore if CSR initiatives are positively associated with award-winning among CEOs. In his seminal work on signaling theory, Spence (1978) suggests that individuals make their decisions based on the amount of information and information quality readily available to them. The more complete and objective information is, the easier it is for individuals to make more informed decisions. However, the more incomplete information is, the more likely individuals will start making their decisions based on observable characteristics (i.e., signals) to decrease the asymmetry of information between two parties. That is, using signals can help individuals to make more informed choices (Spence, 1978) and individuals try to overcome a lack of information by signaling their abilities (Connelly et al., 2011). For instance, employees can signal their high quality to prospective employers by sharing their higher educational accomplishments (Spence, 1978). In sum, signaling theory explains how individuals overcome information asymmetries in the market by using observable signals about unobservable characteristics (Connelly et al., 2011; Spence, 1978).

Signaling theory describes its key concepts, such a signaler (i.e., a party sending a signal), a signal itself (i.e., an observable characteristic or quality), a signal receiver (i.e., a party

receiving a signal), and a signaling environment (i.e., where a signal is being sent). These key elements are important to understand as their characteristics may vary in different contexts. For instance, environments may contain multiple signal receivers. As a result, the same event (i.e., a signal) may be interpreted differently by various stakeholders' groups (Connelly et al., 2011). At the essence of signaling theory is that signalers are often insiders (e.g., executives) who obtain information not immediately available to outsiders. Executives communicate positive information to convey positive organizational attributes (i.e., signals). For instance, Zhang and Wiersema (2009) find that investors' perceptions of the credibility of CEO certification may be proportional to higher levels of CEO shareholdings because these shareholdings are associated with the higher CEO portion of the costs related to fraudulent statements. That is, higher levels of CEO shareholdings send a positive signal to investors suggesting lesser likelihood of fraudulent behaviors. Similarly, Kruger (2015) argues that investors value positive CRS news concerning firms with a history of poor stakeholder relations.

Furthermore, signaling theory pays close attention to signal's characteristics. More specifically, for a signal to be efficient and have a desired effect, it must be observable, valuable, and costly (Connelly et al., 2011). *Signal's observability* refers to the extent to which a signal is visible to outsiders and is necessary, but not a sufficient characteristic of a signal. *Signal's cost* represents the second characteristic of a signal and is central to signaling theory such that some scholars refer to it as the "theory of costly signaling" (e.g., Bird & Smith, 2005). For instance, costs of obtaining ISO9000 certification (i.e., a set of international standards on quality management to help companies effectively document the quality system elements) are high since this certification is time consuming and challenging to cheat on (Connelly et al., 2011). Similarly, CSR is considered a costly signal (Desjardine, Marti, & Durand, 2021) which

executives may use to send positive information about their firm's attribute, that, in turn, may increase their chances of winning awards. Additionally, since gender is a salient signal and has been found to have an impact as a signal (Yang et al., 2019), we also examine the effect of women CEOs on their likelihood of winning awards. Furthermore, advertising and R&D initiatives have also been used scholars as signals which help reduce information asymmetry (Aboody & Lev, 2000; Shapiro, 1983). As such, we examine them in conjunction with CSR initiatives to explore the effect on CEOs winning awards. Finally, since signaling theory argues that signaling environment is particularly important when examining the effect of signals, we also explore our main relationship in this study in a context of a high industry concentration where there are a few dominant players in the industry (Derfus et al., 2008).

2.1 Award-winning CEOs

We define award-winning CEOs as executives who won one or multiple awards (Li et al., 2020; Shi, Zhang, & Hoskisson, 2017). Scholars have described various outcomes related to award-winning CEOs. One group of scholars argues that award-winning CEOs are associated with more conservative accounting practices (Koh, 2011), increased charitable contributions (Yoo & Pae, 2016), and significant positive stock market among competitors of award-winning CEOs (Ammann et al., 2016). Another group of scholars suggests that award-winning CEOs are associated with higher executive compensation (Wade, Porac, Pollock, & Graffin, 2006), lower firm performance (Malmendier & Tate, 2009), and financial misconduct, including reporting inflated profits, asset fabrication, issuing misleading statements, asset embezzlement, insider trading, illegal buybacks, stock price manipulation, and providing illegal guarantees (Li et al., 2020). While research is divided if award-winning CEOs are beneficial or harmful for organizational outcomes and provide either value-creating or value-destroying outcomes,

scholars agree that such executives offer an access to additional valuable internal and external resource (Wade et al., 2006; Graffin, Wade, Porac, & McNamee, 2008; Malmendier & Tate, 2009). More specifically, winning a prestigious award is a very important event in CEO's life, because it's rare and brings public recognition and social prominence to an executive (Li et al., 2020), which, in turn, may lead to more career prospects (Connelly et al. 2011) and accumulation of additional resources, such as higher compensation (Wade et al., 2006), attraction of higher-quality employees, increase its leverage over suppliers, and gain of better access to a needed capital (Fombrun, 1996), and higher social status and self-esteem (Jensen, Twardawski, & Younes, 2021). Winning an award, therefore, is a very attractive accomplishment for CEOs since it can be highly consequential to award winners (Gallus & Frey, 2016; Hayward et al., 2004). While scholars have been primarily exploring the consequences related to award-winning CEOs (Cho et al., 2016; Li et al., 2020), we still lack understanding of antecedents of award-winning CEOs. Hayward and colleagues (2004), for example, suggest that distinct and consistent firm's actions covered by media may be considered as antecedents of award-winning executives- a proposition not empirically tested in their paper.

2.2 CSR Initiatives and Award-winning CEOs

We follow a recent call in the literature to investigate the relationship between CSR activities and award-winning CEOs because it is unclear if "awards could motivate CEOs to invest in socially responsible behavior to further strengthen their external visibility" (Li et al., 2020: 26). While scholars have established award-winning CEOs are positively associated with CSR initiatives (Lee et al., 2020), we still need to explore if CSR initiatives are positively associated with award-winning CEOs. Particularly, prominent executives engage more intensely in CSR initiatives as an impression management tactic (Lee et al., 2020). That is, such CEOs seek

prestige and recognition by engaging in CSR. But, here, we explore if winning an award can be an important motivator for CEOs to invest in CSR. That is, we examine if engagement in CSR initiatives would promote winning awards among CEOs. More specifically, we are only interested if firm's CSR activities would promote winning non-CSR awards among executives since one can easily imagine that investing in CSR would more likely lead to winning awards in CSR area.

Firms' engagement in CSR provides observable action which can also serve as a signal of a firm's unobservable intentions and capabilities (Desjardine, Bansal, & Yang, 2019). More specifically, CSR initiatives signal firm's capabilities to act in accordance with their positive intentions (Desjardine et al., 2021). Disposal practices, for example, constitute CSR practices which serve as capabilities and signal that "firms have the capability to act in ways that account for the interests of various stakeholders" (Desjardine et al., 2021: 853). Therefore, CSR signals are observable by various audiences (Desjardine et al., 2021), including investors (Kruger, 2015) who generally value CSR initiatives by responding strongly negatively to negative CSR initiatives, thereby penalizing firms for a lack of CSR (Kruger, 2015). As such, CSR serves as an observable signal which, in signaling theory, is considered necessary, but not a sufficient condition for a signal effectiveness (Connelly et al., 2011).

Following the logic of signaling theory, scholars suggest that CSR is also a costly signal (Desjardine et al., 2021; Van Marrewijk, 2003). For instance, Desjardine and colleagues (2021) argue that CSR activities accumulate production costs associated with acquiring certain certifications (i.e., signals) which require additional firm's time, human, and financial resources. Similarly, scholars find that CEOs may be disincentivized to engage in CSR because it can have a limited or possibly negative effect on short-term financial performance and ultimately on

CEO's pay (Deckop, Merriman, & Gupta, 2006; Lee et al., 2020). Accordingly, scholars find that CSR leads to a decreased CEO compensation (Cai, Jo, & Pan, 2011) and higher CEO turnover (Cooper, 2017). In sum, CSR initiatives require additional resources to be implemented (Waddock & Graves, 1997). As a result, CSR is a costly signal.

Additionally, scholars suggest that CSR also leads to increased CEO reputation (Lee et al., 2020); increased organizational culture and reduced employee turnover (Virakul, Koonmee, & McLean, 2009); more alignment with stakeholders and external environment (Van Marrewijk, 2003) where stakeholders serve as important receivers of CSR as a signal; and a mitigation of legal, political, and tax risks (i.e., such firms are less likely to be sued) (Borghesi et al., 2014). For instance, to maintain a status of prominent CEOs, executives pay smaller premiums for target firms in the context of acquisitions to ensure stakeholders' approval (Cho et al., 2016). Relatedly, CSR can be used as an impression management tactic toward stakeholders (Lee et al., 2020). Executives may experience so-called "warm-glow effect" where, because individuals desire prestige and recognition, they will be engaging in both, pure and impure (i.e., strategic) altruism (Andreoni, 1990). In other words, executives may be more incentivized to engage in CSR to achieve prestige and recognition.

In sum, we argue that engagement in CSR initiatives is positively associated with award-winning CEOs because CSR serves as a visible and costly signal (Desjardine et al., 2020) increasing its signal's efficiency. Additionally, it provides various positive benefits contributing to higher likelihood of CEOs winning awards on individual (e.g., "warm-glow effect"), internal (e.g., employees' support and commitment), and external (good relationships with stakeholders who generate firm's support) levels (Virakul et al., 2009).

Hypothesis 1: There is a positive relationship between firm CSR initiatives and their CEOs winning awards.

2.3 Women CEOs and Awards

Literature on gender differences (Eagly & Karau, 2002; Williams, 2003) suggests that society prescribes certain behaviors from men and women. That is, women are associated with communal behaviors (i.e., women like behaviors), such as caring, nurturing, and collaboration, while men are associated with agentic behaviors (i.e., men like), such as dominance and competition (Eagly & Karau, 2002). In other words, society assigns certain stereotypes to women and men and expects different genders to behave accordingly. relatedly, literature provides evidence that women are more altruistic (Simmons & Emanuele, 2007) and more congruent with CSR activities (Eagly & Karau, 2002).

In line with the above logic, women leadership literature supports the idea that women are more likely to engage in CSR activities (Manner, 2010; Marquis & Lee, 2011; Terjesen, Sealy, & Singh, 2009). More specifically, firms with women directors engage in more charitable contributions (Marquis & Lee, 2011) and CSR activities (Terjesen et al., 2009; Williams, 2003). Similarly, firms with women CEOs experience fewer environmental suits because they are more concerned with welfare of stakeholders, offer different perspectives, and are more likely to seek expert advice (Liu, 2018). Accordingly, women CEOs engage in more CSR initiatives (Manner, 2010) and are also less likely to be replaced when firm's performance declines for CSR active firms because investors perceive women as more conservative with their spendings (Cooper, 2017). Additionally, CSR activities lead to a higher compensation for women CEOs as compared

to men CEOs (Rekker, Benson, & Faff, 2014) suggesting an additional incentive for women CEOs to engage in CSR.

From a signaling theory perspective, credibility of a signal varies with an identity of a signaler (Connelly et al., 2011) and gender is perceived as a salient signal (Yang et al., 2019). For instance, firms can hire a female board member to signal to stakeholders that such firms are willing and able to support women in their careers (Desjardine et al., 2021). Furthermore, signals can be perceived stronger when they are congruent with gender stereotypes (Yang et al., 2019). For instance, in a context of social accelerators, since women are perceived more congruent with social activities, when women-led start-ups send social signals, such new ventures are more likely to be accepted by accelerators with a social focus (Yang et al., 2019). In other words, women founders as a signal and their social initiatives increase new ventures' likelihood to be accepted by accelerators.

Further, scholars argue that, when women act like men (i.e., agentic behaviors- dominant and competitive), they are perceived more negatively as their behaviors do not align with societal expectations about gender stereotypes (Terjesen et al., 2009; Williams, 2003). As a result of agentic behavior, women in leadership may experience social “backlash” “when people react negatively because of prescriptive gender norms which state that women should not be agentic” (Ferguson, 2018: 412).

However, literature also provides evidence to the contrary. Scholars find that, although agentic women may be perceived negatively by stakeholders (Amanatullah & Tinsley, 2013) and women CEOs may experience a social backlash because of their agentic behaviors (Ferguson, 2018), women CEOs with agentic behaviors may be perceived more positively when they are also engaged in communal behaviors (Amanatullah & Tinsley, 2013). That is, women

engagement in CSR activities may serve as a signal of communal behaviors which can promote more stakeholders' support. As a result, women CEOs may have higher chances of winning an award when engaging in CSR because their perception of behavior as agentic may be offset by engagement in CSR which is congruent with communal behaviors (Eagly & Karau, 2002).

Furthermore, lately, scholars have been exploring a concept of positive discrimination which suggests that women may be chosen for leadership roles to promote diversity and avoid having homogenous leadership consisting primarily of men (Norris, 2001). Relatedly, California Law requires that public organization have at least one woman director on their boards. In 2006 Spain passed the law "Unified Good Governance Code" in favor of female appointments (Campbell & Vera, 2010). Accordingly, Iyer and colleagues (2012) found that increase of women in courts led to an increase of women related documented crimes suggesting that the presence of women led to less biased judgement against criminals. Because one of the important antecedent characteristics of awards is having someone or their behavior unexpected and because women CEOs are still growing in their numbers in leadership positions, we suggest that such executives will have higher chances to win awards. Taken all the above arguments together, we argue the following:

Hypothesis 2: Women CEOs are more likely to win awards compared to men CEOs when their firms engage in CSR initiatives.

2.4 Firm's Advertising, R&D, and Awards

Firm's advertising and R&D initiatives are primarily related to firm's growth, risk, performance, and value (Currim et al., 2012). Although, there are multiple levels of management in a firm who

are responsible for various organizational spendings, CEOs, nevertheless, influence various operation decisions taken by lower-level management, including spendings in advertising and R&D (Currim et al., 2012). Advertising and pricing strategies may be used as signals of ability to produce quality products (Shapiro, 1983). Moreover, investment in advertisement may be considered as an investment in reputation building (Shapiro, 1983), and CEO's reputation starts growing as a firm spends more on advertising and R&D activities (Francis, Huang, Rajgopal, & Zang, 2008). As such, advertising leads to more visibility and extraverted facades (Fombrun, 1996; Treadway, Adams, Ranft, Ferris, 2009). Fombrun (1996), for example, argues that advertising activities make firms more accustomed to public scrutiny and more extraverted. Additionally, CSR can be a complementary signal to advertising since it helps to enhance firm's public image (Borghesi et al., 2014). Relatedly, "as part of their public images, firms operating in these industries may choose to utilize their CEOs as primary advertising spokespersons, thus increasing celebrity possibilities. Examples of current and former celebrity CEOs, created primarily through corporate advertising, include Dave Thomas (Wendy's), Lee Iacocca (Chrysler), Frank Perdue (Perdue Farms), and Martha Stewart (Martha Stewart Living Omnimedia). Such advertising icons tend to draw increased media and public attention to themselves and their firms." (Treadway et al., 2009: 555). In sum, advertising by firms with CSR initiatives may increase CEOs' likelihood of winning awards because of the enhanced visibility enjoyed by firms.

Like advertising, R&D activities are used to achieve positive financial returns and gain a competitive advantage in the future (Oh & Barker, 2018). While R&D spendings do not guarantee that a firm will achieve superior financial performance, investment in R&D is one of the most fundamental strategic decisions of firms competing in industries (Oh & Barker, 2018).

Without R&D investments, firms limit their capabilities to develop new technologies (Helfat, 1997) and absorb new knowledge (Cohen & Levinthal, 1990). As such, R&D spendings are considered as costly, but critical input for the innovation process which cannot be taken lightly by CEOs (Oh & Barker, 2018). That is, firms which engage in R&D realize the magnitude of their financial responsibility associated with such costly investments and are cautious of their stakeholders' perception in the market. Relatedly, R&D intensive firms are more likely to engage in CSR (Erhemjamts et al., 2013). "Consumers' demand for organic produce may require process innovation by the farmer, as well as product innovation by the natural food retailer. Employees' demand for progressive labor relations policies, safety, and workplace amenities may require additional staff members that are trained to implement CSR policies" (Erhemjamts, et al., 2013: 398). That is, CSR and R&D initiatives may serve as complementary to each other. In sum, advertising and R&D firm's initiatives serve as signals of financial well-being or competitive viability of a firm (Currim et al., 2012).

Further, scholars suggest that firm's R&D is associated with consistent actions (Covin & Slevin, 1991) and leads to more innovative CSR practices (Zhang, Wang, & Jia, 2021) which can be more noticeable in media since it often notices unusual events which deviate from standard practices (Rindova, Pollock, & Hayward, 2006). Accordingly, Hayward and colleagues (2004) suggest that some of the most prominent antecedents of award-winning CEOs are distinct and consistent actions. Firm's R&D is associated with consistency (Covin & Slevin, 1991) and distinctiveness, suggesting that it may increase CEOs' likelihood of winning awards. Media works in such a way that it often notices an unusual event or a change (Lippman, 1922), attributes an event to an individual (Rindova et al., 2006) leading to the creation of award-

winning CEOs. In this study, firm's advertising and R&D activities are more likely to be picked up by media, attributing the success to CEOs and promoting their award-winning.

Additionally, firm's advertising and R&D initiatives lead to higher firm performance which also serves as an important antecedent for award-winning CEOs (Hayward et al., 2004). In sum, due to distinctiveness and consistency of firm's advertising and R&D activities, improved performance, and media attributions, they may propel award-winning among CEOs.

Finally, signaling theory argues that signals' number and consistency (i.e., same source) increases signaling effectiveness (Chung & Kalnins, 2001; Connelly, et al., 2011). Consequentially, signal's consistency leads to more visibility of such signals (Aboody & Lev, 2000; Shapiro, 1983), that in turn may lead to award-winning (Hayward et al., 2004). In the context of our study, CSR, advertising, and R&D come from the same firm with positive intentions, thereby supporting the argument of signaling theory, according to which such signal's combination should enhance signals' effectiveness (Connelly et al., 2011). Taken together, we argue the following:

Hypothesis 3: Positive relationship between CSR and firms with award-winning CEOs strengthens the more a firm engages in advertising.

Hypothesis 4: Positive relationships between CSR and firms with award-winning CEOs strengthens the more a firm engages in R&D.

2.5 High Industry Concentration and Awards

Industry concentration is generally referred to as the number and size distribution of firms in each industry and considered a very important industry characteristic (Spanos, Zaralis, & Lioukas, 2004). Understanding seller concentration within a particular market is imperative because it relates to firm's power, behavior, and performance (Waldman & Jensen, 2001). More specifically, in industries with a small number of firms as dominant players (i.e., highly concentrated industries), sellers are aware of their dependence on each other and limit competition to reduce costs and avoid hurting performance (Derfus et al., 2008). Additionally, in highly concentrated industries, it is easier for firms to do their search, action, and learning which become more efficient since there are a few dominant players in the market (Derfus et al., 2008). On the contrary, with a larger number of firms in the industry, it becomes more challenging and costly to do effective search, action, and learning (Williamson, 1965). As such, firms in highly concentrated industries would have an advantage when it comes to learning and development which, in turn, may lead to increased firm performance (Derfus et al., 2008). Literature on award-winning CEOs suggests that higher firm performance often leads to the emergence of award-winning CEOs (Malmendier & Tate, 2009). That is, CSR active firms in highly concentrated industries might have higher chances to achieve higher performance as opposed to CSR active firms in less concentrated industries because competition is higher in less concentrated industries which, in turn, diminishes firm's performance—a concept known in the literature as “Red Queen Effect” (Derfus et al., 2008). The concept describes that firms need to produce twice as higher performance to stay ahead of their competitors because competition reduces performance (Derfus et al., 2008).

Furthermore, firms in highly concentrated industries receive more attention from market participants because there are just a few dominant large players in the market attracting all

customers' attention (Derfus et al., 2008). Since firms become more visible and recognizable in highly concentrated industries, signaling from these players is more likely to be perceived and noticed by stakeholders (Spanos et al., 2004). Signaling environment plays an important role in signaling theory and may either promote or distort signal's perception and interpretation (Connelly et al., 2011). In our study, highly concentrated industry serves as an environment which promotes signal's efficiency by allowing stakeholders to recognize firm's actions and making these signals more visible. As such, we argue the following:

Hypothesis 5: High industry concentration positively moderates the relationship between firms' CSR initiatives and their award-winning CEOs.

3. METHODS

3.1 Data and Sample

To compile our sample for S&P 500 firms from 2011 to 2018, we utilized the following databases: KLD database for CSR initiatives measurements, BoardEx database to collect data on award-winning CEOs, and Compustat to collect firm level variables. While previous scholars primarily hand-collected data on award-winning executives (Cho et al., 2016; Li et al., 2020), we used CEO achievements provided by BoardEx which includes various sources of CEO awards. Previous scholars mostly collected information on prestigious sources of awards, such as *Business Week*, *Forbes*, and *Financial World* (Lee et al., 2020), but we additionally include non-prestigious and less recognized sources of awards making our sample fuller and more comprehensive. As such, we control for award prestige in our study. However, our awards can be won by CEOs of U.S. companies and are recognizable to the degree that they constitute status

shift visible by various stakeholders' groups. Our final sample consists of 1,532 firm-year observations from 2011 to 2018 and 455 award-winning CEOs.

3.2 Measurements

3.2.1 Dependent Variable. We used a binary variable approach to measure our dependent variable, award-winning CEOs. Consistent with a vast majority of literature examining award-winning executives (Cho et al., 2016; Li et al., 2020), we assign "1" to firms which have CEO who won an award in that year and "0" otherwise.

3.2.2 Independent Variable. Our independent variable is CSR which refers to the extent to which firms engage in socially responsible practices (Erhemjamts et al., 2013). We obtain information on CSR activities from KLD database which is widely considered to contain "the most comprehensive data available to measure CSR" (Petrenko, Aime, Ridge, & Hill, 2016: 269). Most importantly, since we are focused on CSR initiatives as signals, KLD measurements cover both, CSR policies which can be viewed as firm's intentions and CSR practices which can be viewed as capabilities (Desjadrine et al., 2020). In other words, KLD data on CSR activities fits perfectly in our study which is based on signaling theory. The KLD database uses various sources to identify CSR, such as public disclosures, expert assessment, firm surveys, and other sources (i.e., media) to rate the strength and concerns for each firm for each year. Firm's strengths include the following categories: *community, diversity, employee relations, environment, human rights, products, and corporate governance*. Similarly, firms are rated on their concerns in relation to the same areas. The KLD databases uses a binary approach to firm's strengths and concerns by assigning "1" to the presence of strength or concern in a particular area and "0" indicates otherwise. Following recent research, we measure our dependent variable

by summing up all CSR Strengths categories, except for the corporate governance which might be highly correlated with award-winning CEOs (Desjardine et al., 2021; Wernicke et al., 2022).

3.2.3 Moderators. Our first moderator variable is *CEO gender* which is a binary variable where “1” is assigned to firms with men CEOs and “0” assigned to firms with women CEOs, consistent with literature examining the impact of women in leadership (Cooper, 2017; Yang et al., 2019). Our second moderator is *advertising* which we measure as the ratio of firm’s advertising expenses divided over firm’s total sales in the same year (Currim et al., 2012; Lord, Saito, Nicholson, & Dugan, 2019). Our third moderator is *R&D* which we measure as the ratio of firm’s R&D expenses divided over firm’s total sales in the same year (Currim et al., 2012). Finally, our fourth moderator, *high industry concentration*, represents the percentage of the market share held by the largest firms in the industry and is measured using Herfindahl index (Derfus et al., 2008). More specifically, we calculated market shares for each firm in each industry for a specific year by dividing firm’s sales in one year by a total firms’ sales in the industry in the same year (Nguyen, Prombutr, Phengpis, & Swanson, 2019). Next, we summed up the squared market shares of all firms in the industry in a specific year to find the Herfindahl index (Nguyen et al., 2019) which is also referred to as a relative measure of firms’ competition in the same industry. Any Herfindahl index above 1500 is assigned a value of “1” and “0” otherwise thereby treating it as a binary variable. Low values of Herfindahl index indicate low industry concentration (Shi, Connelly, & Sanders, 2016).

3.2.4 Controls. We utilize award level variables and control for *awards number* measured in number of awards won by a CEO in a given year and *awards prestige* measured as a binary variable—it is assigned value “1” when an award comes from a prestigious source, such as *Business Week*, *Forbes*, and *Financial World* (Lee et al., 2020) and “0” otherwise.

On an individual level (i.e., CEO level), we control for *CEO age* measured in number of years (Lee et al., 2020); *CEO tenure* measured in number of years CEO has been in their position (Li et al., 2020); and *CEO duality* measured as a binary variable – “1” if CEO is also a chairman and “0” otherwise (Li et al., 2020). We control for CEO age because younger CEOs are significantly more likely to invest in CSR (Borghesi et al., 2014). We control for CEO tenure because longer tenures are associated with more CSR (Sheikh, 2019). Finally, we control for CEO duality because CEO duality contributes to CEO power (Muttakin, Khan, Mihret, 2018), which in turn can positively contribute to CSR (Sheikh, 2019).

On a firm level, we control for *firm size* measured as natural logarithm of a number of employees (Wade et al., 2006); *firm's previous performance* measured as return on assets adjusted for the industry (i.e., net income divided by total assets) (Malmendier & Tate, 2009); *firm's slack* measured as total assets divided by total debt (Back et al., 2020); and *cash* measured as number of cash a firm has in a given year (Borghesi et al., 2014). We control for firm size since size is often correlated with additional resources which firms can spend on various needs (Borghesi et al., 2014). We control for previous firm performance because firms with award-winning CEOs tend to have higher previous performance (Malmendier & Tate, 2009). Finally, firms with larger amounts of cash have access to more resources which in turn makes them more likely to invest to CSR (Borghesi et al., 2014).

3.3 Analysis and Results

To test our hypotheses, we follow recent research on award-winning CEOs (Jensen et al., 2021; Zhang & Rajagopalan, 2010) and use general least squares panel regression model (GLS) with firm-level heteroscedasticity and industry and year dummies. GLS models are particularly relevant in our study since they can account for heteroscedasticity and serial correlation in

balanced unbalanced panels (Greene, 2011). They also account for observations to be influenced by common unobservable firm-level factors (Greene, 2011) that make them a good fit for our study since award-winning CEOs have within and between variations. GLS regression method was employed to mitigate concerns about unobservable firm heterogeneity and autocorrelation (Wang & Jiang, 2017). We lag out dependent variable by one year, consistent with recent studies (Lee et al., 2020; Sheikh, 2019).

[Insert Table 1.1 about here]

[Insert Table 1.2 about here]

In our first hypothesis, we argue that engagement in CSR initiatives will be positively associated with award-winning CEOs and find support for our arguments. Hypothesis 1 is supported in Model 2 as seen in Table 2 ($b=0.01$; $p<0.01$). Our second hypothesis states that, for CSR active firms, women CEOs are more likely to win awards. However, we find no support for our arguments about women CEOs. Our third and fourth hypotheses state that advertising and R&D expenses are positively associated with award-winning among CEOs in CSR active firms, respectively. We do not find support for hypotheses 3 & 4. Finally, we find no support for our fifth hypothesis which argues that for CSR active firms, high industry concentration will be a positive and promoting environment for award-winning executives.

3.4 Robustness Tests

Prior literature has been using various measurements of CSR from KLD database. For instance, some scholars argue that some industries may be more CSR active as compared to others (Borghesi et al., 2014). More specifically, scholars reported that “firms in the Consumer Goods, Computer Software, and Printing and Publishing industries have the highest CSR levels, while

we find the lowest levels for firms in the Coal, Shipbuilding/ Railroad Equipment, and Defense industries” (Borghesi et al., 2014: 168). As such, we create a CSR measurement where CSR Concerns are subtracted from CSR Strength and a final score is adjusted for the industry. However, as seen in Table 1.3 Model 2, our results are not significant suggesting that in our study the industry effect might be weaker.

[Insert Table 1.3 about here]

Further, we incorporate CSR measurement calculated as CSR Concerns subtracted from CSR Strengths indicating a final CSR score. This approach has been popular in the literature (Borghesi et al., 2014; Erhemjamts et al., 2013), but recently scholars started pointing out the difference between Strengths and Concerns and cautioning future scholars from viewing them as two opposites (Desjardine et al., 2021). As such, our second alternative measure of CSR is the sum of all CSR Concerns subtracted from the sum of all CSR Strengths. The results are not significant as seen in Table 1.3. Model 3.

Next, we examine the relationships between the dimension of CSR measured as strength in corporate governance and find negative and significant results ($b=-0.04$; $p<0.05$). Scholars suggest exploring the dimension of corporate governance separately because of its’ potential different effect on variables in the study (Desjardine et al., 2021). As seen in Model 4, due to its’ significance, the dimension of corporate governance should be explored separately.

Relatedly, because “there is an increasing awareness among scholars that the use of an aggregate CSR score blurs the unique features of distinct stakeholder categories” (Wernicke et al., 2022: 41), in Table 1.4, we test other dimensions of CSR in relation to award-winning CEOs, such as *environment, community, human rights, employee relationship, diversity, and product*

quality. We find positive and significant results for the following CSR dimensions: *environment* (b=0.03; p<0.001); *community* (b=0.03; p< 0.05); *employee relations* (b= 0.01; p<0.05); and *diversity* (b=0.02; p<0.05). However, we find no significance for the dimensions of *human rights* and *product quality*.

[Insert Table 1.4. about here]

4. DISCUSSION

In our study, using the lens of signaling theory, we argued that CSR will be positively associated with award-winning among CEOs in relation to non-CSR awards and we found support for our hypothesis. Further, we suggested that for CSR active firms, women CEOs, advertising and R&D initiatives, and high industry concentration will be positive moderators such that their presence will strengthen our main relationships. However, we found no support for our moderators suggesting that they may have very little influence on the likelihood of CEOs winning awards. Noteworthy, men CEOs are negatively associated with award-winning, supporting our argument that women CEOs may be granted awards based on the concept of positive discrimination (Norris, 2001). Since the number of women in leadership positions is still growing and awards are often granted to those who are perceived doing something unexpected (Hayward et al., 2004), it is possible that awards are given to women to recognize their achievements and promote diversity. Advertising had no impact on the likelihood of CEOs winning awards in CSR active firms. Perhaps, advertising as a signal is not congruent with CSR, thereby having no impact on award-winning. While CSR signals firm's intentions and capabilities to do social good (Desjardine et al., 2021), advertising signals firm's strategy to build brands and product sales (Currim et al., 2012). It is possible that the slightest difference between two prevents advertising to serve as a complementary signal in a context of award-

winning CEOs. However, we found positive and significant effect of R&D on award-winning CEOs ($b=0.36$; $p<0.05$) confirming that R&D is associated with value creation (Currim et al., 2012) which in turn may lead to a higher likelihood of CEOs winning awards since value creation is associated with awards (Gallus & Frey, 2016).

We found no support that high industry concentration will strengthen our relationship. It is possible that when firms operate in a highly concentrated industry (i.e., a small number of dominant players), because they are more visible (Derfus et al., 2008), it is likely more is expected of them to engage in CSR, making it less distinct of an action to contribute firm's success to CEO—an important condition for award-winning among executives (Hayward et al., 2004).

This study makes several important contributions. *First*, we contribute to signaling theory, particularly to the stream which explores firm CSR as a positive signal sent to the market about its intentions and capabilities (Desjardine et al., 2019; Desjardine et al., 2021). We examine an important outcome in relation to CSR and award-winning CEOs. Since executives' recognition in the form of an award comes with various additional resources, such as better-quality human capital, leverage over suppliers (Fombrun, 1996), and greater career opportunities (Park, Westphal, & Stern, 2011), we provide a positive incentive for CEOs to strive for the awards' achievement; particularly, since CSR is viewed as a costly investment (Desjardine et al., 2021; Kruger et al., 2015) and sometimes can lead to lower CEO compensation (Cai, Jo, & Pan, 2011). However, literature suggests that winning awards increases CEO compensation (Malmendier & Tate, 2009; Wade et al., 2006) making CSR an additional positive incentive for CEOs to compete for awards. In other words, engagement in CSR, which is viewed costly due to its high production costs (Desjardine et al., 2021), can be motivated by a higher likelihood of winning

awards by CEOs since high CSR production costs can be offset by future benefits associated with award-winning. *Second*, we examine the boundary conditions in this study, such as CEO gender, firm advertising and R&D activities and high industry concentration, thereby adding to signaling theory by exploring the interplay of various signals. *Third*, while exploring the impacts of advertising and R&D activities, we find that R&D itself is positively associated with award-winning among CEOs. Because CSR and R&D initiatives are independently associated with a higher likelihood of awards for executives, we add to studies exploring the Red Queen Effect (Derfus et al., 2008; Mishina, Dykes, Block, & Pollock, 2010) which is “a circumstance in which a firm must perform better and better relative to its competition just to maintain its current market position” (Mishina et al., 2010: 704). Since losses are weighted heavier, prior scholars suggest that individuals will strive harder to keep what they have as opposed to attempting to gain something they have not had (Cialdini, 2004). As a result, it is not surprising to see when firms must exert double the effort to maintain their performance or achieve a higher one (Mishina et al., 2010). In relation to our study, we see that for CEOs to win awards, their firms must employ various strategies to be ahead of competitors that include either engaging in CSR or R&D. *Fourth*, we confirm prior research which argues that firm level variables have a stronger impact on organizational outcomes (Spanos et al., 2004) by finding no impact of high industry concentration on award-winning. Possibly, high industry concentration should be further disentangled into a context with small firms in a highly concentrated industry and large firms in a highly concentrated industry. *Finally*, we add to the literature on award-winning CEOs (Cho et al., 2016; Malmendier & Tate, 2009; Li et al., 2020) by exploring an additional antecedent. While scholars suggest that previous high firm performance (Malmendier & Tate, 2009) and media support (Hayward et al., 2004) serve as important determinants for award-winning

executives, less is known about non-economic factors, such as CSR, which may also contribute to the emergence of prominent executives. Furthermore, since we find a positive relationship between CSR and award-winning CEOs, it is plausible to suggest that executives' awards are reflective of our current society where CSR initiatives become necessary and efficient for ensuring the access to important resources and future developments.

5. LIMITATIONS AND FUTURE RESEARCH

Our study is not without limitations. We have used a specific measurement of CSR, widely adopted in the literature, as a sum of total CSR Strengths (Desjardine et al., 2021). However, recent research has started exploring the impact of various CSR dimensions separately. Scholars, for instance, encourage future research to view a dimension of corporate governance independently (Wernicke et al., 2022). To better understand the effects of various stakeholders separately, future scholars can look into how each CSR dimension will impact award-winning CEOs. Additionally, CSR Strengths and Concerns can be examined separately as well. Next, future research can explore the role of women CEOs in award-winning to help us better understand why we did not find a significant interaction between women CEOs and CSR, but found that women CEOs are more likely to receive awards. Additionally, future research can further explore the antecedents of award-winning CEOs by using the logic of tournament theory which explains what drives individuals to become competitive and exert more effort during various contests (Connelly, Tihanyi, Crook, & Gangloff, 2014). Particularly, it would be interesting to combine signaling and tournament theories to explore what other signals award-winning CEOs might send to attract praise and recognition (Connelly et al., 2013). From tournament theory perspective, award-winning by CEOs may be viewed as a competition, particularly for awards which are rare and prestigious. It would also be interesting to see how

signals sent by prominent CEOs perceived by different stakeholders since some stakeholders can create so-called “penalty costs” when they become an unintended signal receiver audience (Desjardine et al., 2021). Finally, we encourage future scholars to examine our study context with the inclusion of charismatic CEOs, since they admire attention and respond very actively to media recognitions (Chatterjee & Hambrick, 2011). Such CEOs may act self-promoting and send deliberate signals to promote their award-winnings. For instance, researchers find that narcissistic CEOs tend to be more engaged in CSR, but their engagement does not necessarily translate into higher performance (Petrenko et al., 2016).

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TABLE 1.1
Correlations

Pairwise correlations															
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(1) Aw-win CEO	1.00														
(2) Aw Number	0.18*	1.00													
(3) Aw Prestige	0.13*	0.55*	1.00												
(4) CEO Duality	0.09*	0.09*	0.02	1.00											
(5) CEO Tenure	0.06*	0.04	0.01	0.21*	1.00										
(6) CEO Age	0.01	0.02	-0.03	0.27*	0.38*	1.00									
(7) Firm Slack	-0.02	-0.01	-0.01	-0.04	-0.03	-0.02	1.00								
(8) Firm Cash	0.02	0.02	-0.01	0.05*	0.03	0.01	0.00	1.00							
(9) Prev Firm Perf	-0.02	-0.04	-0.02	0.05*	0.07*	-0.02	0.01	-0.05*	1.00						
(10) Firm Size	0.09*	0.08*	0.04	0.06*	0.03	0.04	0.02	0.25*	0.06*	1.00					
(11) CEO Gender	-0.13*	-0.20*	-0.25*	-0.03	0.06*	-0.01	0.01	0.00	0.06*	-0.11*	1.00				
(12) ADV	-0.01	0.00	0.00	-0.11*	-0.01	-0.09*	-0.01	-0.02	-0.02	-0.05*	0.02	1.00			
(13) R&D	0.05*	0.05*	0.01	-0.01	0.03	0.02	0.00	-0.01	-0.05*	-0.12*	0.02	-0.01	1.00		
(14) HHI	0.07*	0.08*	0.03	0.04	0.07*	-0.02	0.03	0.08*	0.18*	0.38*	-0.04	0.05*	-0.08*	1.00	
(15) CSR	0.12*	0.16*	0.09*	0.14*	-0.12*	-0.05*	0.02	0.09*	-0.04	0.16*	-0.07*	-0.01	-0.02	0.10*	1.00

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

TABLE 1.2
General Least Squared (GLS) Panel Regression Models

DV: Award-winning CEO	(1) Model 1	(2) Model 2	(3) Model 3	(4) Model 4	(5) Model 5	(6) Model 6
Award Number	0.06** (0.02)	0.05** (0.02)	0.05* (0.02)	0.05** (0.02)	0.05* (0.02)	0.05** (0.02)
Award Prestige	0.13* (0.06)	0.14* (0.06)	0.11t (0.06)	0.14* (0.06)	0.14* (0.06)	0.14* (0.06)
CEO Duality	0.07*** (0.02)	0.06*** (0.02)	0.06** (0.02)	0.06*** (0.02)	0.06*** (0.02)	0.06*** (0.02)
CEO Tenure	0.01* (0.00)	0.01** (0.00)	0.01** (0.00)	0.01** (0.00)	0.01** (0.00)	0.01** (0.00)
CEO Age	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm Slack	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm Cash	0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Previous Firm Performance	-0.15 (0.11)	-0.14 (0.11)	-0.12 (0.11)	-0.14 (0.11)	-0.12 (0.11)	-0.16 (0.11)
Firm Size	0.02* (0.01)	0.01* (0.01)	0.01 (0.01)	0.01* (0.01)	0.02** (0.01)	0.01t (0.01)
CSR		0.01** (0.00)	0.02* (0.01)	0.01** (0.00)	0.01* (0.00)	0.01 (0.00)
CEO Gender			-0.15** (0.06)			
CSR#CEO Gender			-0.02t (0.01)			
ADV				0.96 (1.07)		
CSR#ADV				-1.07t (0.59)		
R&D					0.36* (0.14)	
CSR#R&D					0.17t (0.10)	
HHI						0.01 (0.02)
CSR#HHI						0.00 (0.01)
Constant	0.13 (0.10)	0.12 (0.10)	0.29* (0.11)	0.11 (0.10)	0.12 (0.10)	0.12 (0.10)
Observations	1,532	1,532	1,532	1,532	1,532	1,532

Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05, t p<0.1

TABLE 1.3

GLS Models with Alternative CSR Measurements

	(1)	(2)	(3)	(4)
DV: Award-winning CEOs	Model 1	Model 2	Model 3	Model 4
Award Number	0.08*** (0.02)	0.09*** (0.02)	0.09*** (0.02)	0.08*** (0.02)
Award Prestige	0.09 (0.05)	0.08 (0.07)	0.08 (0.07)	0.09 (0.05)
CEO Duality	0.05** (0.02)	0.04 (0.03)	0.04 (0.03)	0.05** (0.02)
CEO Tenure	0.00* (0.00)	0.01t (0.00)	0.01t (0.00)	0.00* (0.00)
CEO Age	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
CEO Slack	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm Cash	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Previous Firm Performance	-0.01 (0.00)	-0.02 (0.02)	-0.02 (0.02)	-0.00 (0.00)
Firm Size	0.02** (0.01)	0.03** (0.01)	0.03** (0.01)	0.02** (0.01)
CSR <u>ind</u> adj		0.00 (0.00)		
CSR (Str-Con)			0.00 (0.00)	
CSR (Gov)				-0.04* (0.02)
Constant	0.15t (0.09)	0.16 (0.14)	0.14 (0.14)	0.13 (0.09)
Observations	1,833	848	848	1,833

Standard errors in parentheses

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

TABLE 1.4
GLS Models with Each CSR Dimensions Measurements

DV: Award-winning CEOs	(1) Model 1	(2) Model 2	(3) Model 3	(4) Model 4	(5) Model 5	(6) Model 6	(7) Model 7
Award Number	0.08*** (0.02)	0.07*** (0.02)	0.08*** (0.02)	0.08*** (0.02)	0.08*** (0.02)	0.08*** (0.02)	0.08*** (0.02)
Award Prestige	0.09t (0.05)	0.09t (0.05)	0.10t (0.05)	0.09t (0.05)	0.10t (0.05)	0.09t (0.05)	0.09t (0.05)
CEO Duality	0.06** (0.02)	0.05* (0.02)	0.05** (0.02)	0.06** (0.02)	0.05** (0.02)	0.05** (0.02)	0.06** (0.02)
CEO Tenure	0.00* (0.00)	0.01** (0.00)	0.00* (0.00)	0.00* (0.00)	0.00* (0.00)	0.00* (0.00)	0.00* (0.00)
CEO Age	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm Slack	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm Cash	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm Size	0.02** (0.01)	0.01* (0.01)	0.02** (0.01)	0.02** (0.01)	0.02** (0.01)	0.02* (0.01)	0.02** (0.01)
Previous Firm Performance	-0.14 (0.10)	-0.15 (0.10)	-0.14 (0.10)	-0.14 (0.10)	-0.13 (0.10)	-0.15 (0.10)	-0.14 (0.10)
CSR_ENV		0.03*** (0.01)					
CSR_COM			0.03* (0.01)				
CSR_HUM				0.02 (0.03)			
CSR_EMP					0.01* (0.01)		
CSR_DIV						0.02* (0.01)	
CSR_PRO							0.02 (0.02)
Constant	0.15t (0.09)	0.14 (0.09)	0.14 (0.09)	0.15t (0.09)	0.14 (0.09)	0.14 (0.09)	0.15 (0.09)
Observations	1,832	1,832	1,832	1,832	1,832	1,832	1,832

Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05, t p<0.1

TABLE 1.5

GLS Models with Award-winning CEOs with 3 Years Lag

	(1)	(2)
DV: Award-winning CEOs	Model 1	Model 2
Award Number	0.09*** (0.02)	0.09*** (0.02)
Award Prestige	-0.07 (0.08)	-0.07 (0.08)
CEO Duality	0.05* (0.02)	0.05t (0.02)
CEO Tenure	0.00 (0.00)	0.00 (0.00)
CEO Age	-0.00 (0.00)	-0.00 (0.00)
Firm Slack	0.00 (0.00)	0.00 (0.00)
Firm Cash	0.00 (0.00)	0.00 (0.00)
Previous Firm Performance	-0.05 (0.14)	-0.05 (0.14)
Firm Size	0.01 (0.01)	0.01 (0.01)
CSR		0.00 (0.00)
Constant	0.18 (0.12)	0.18 (0.12)
Observations	933	933

Standard errors in parentheses

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

CHAPTER 2

THE IMPACT OF CEOS WINNING AWARDS ON FIRM STRATEGIC CHANGE

Abstract

We use prospect theory (PT) and behavioral theory of the firm (BTOF) to examine whether CEOs who win awards engage in risk-taking behavior and are likely to initiate substantive strategic change, or such CEOs become complacent and committed to status-quo. We used S&P 500 data to test our hypotheses and found that award-winning CEOs were less likely to engage in strategic change; further, performance below or above firm aspirations had no impact on subsequent strategic behavior. Thus, the results help resolve the contradictory assertions in the CEO award literature. The theoretical contributions to the literatures on CEO awards, firm strategic change, and BTOF are discussed.

Keywords: Award-winning CEOs; Strategic Change; Performance Feedback; Prospect Theory

1. INTRODUCTION

Winning an award may have different impacts on CEOs, particularly in their decision to introduce strategic change in their firms. For instance, Carol Meyrowitz served in her role as CEO of TJMaxx during 2005 and 2016. She was recognized among “50 Most Powerful Women in Business” in 2006 by CNN, “100 Powerful Women” in 2009 by Forbes, and was ranked as 76th “Most Powerful Woman in the World” in 2014 by Forbes. Similarly, Barbara Rentler, the CEO of Ross, serving in her executive role since 2014, has been ranked as 34th “Most Powerful Women” by Fortune in 2015 and 2016. The two executives have pursued different strategies since they received these recognitions. While Carol has implemented radical strategic changes and increased TJ Maxx’s online sales, Barbara has kept a traditional retail model staying committed to the status-quo — both models have proven to be successful. It is unclear if the awards and recognitions amplified or attenuated strategic change at TJ Maxx and Ross.

Several scholars have examined the importance of awards on individual decision-making and behavior (Gallus & Frey, 2016; Frey, 2006). On one hand, literature suggests that recognition and praise in the form of awards may cause individuals to perceive themselves or a situation differently in a post-award period (Frey, 2006). Awards may cloud individuals’ judgement causing a feeling of psychological entitlement, predetermining their decision-making, and making them less responsive to potential threats, which may result in financial misconduct (Li, Shi, Connelly, Yi, & Qin, 2020) and declining firm performance (Park, Westphal, & Stern, 2011). Additionally, award-winning executives extract higher compensation (Wade, Porac, Pollock, & Graffin, 2006) and engage in corporate tax aggressiveness (Kubick & Lockhart, 2017). On the other hand, research found that winning awards is associated with higher subsequent research productivity for academic researchers (Chan, Frey, Gallus, & Torgler,

2014). Similarly, studies found that awards are associated with higher social status, social comparisons, identity, and self-esteem (Frey, 2006). Higher social status may lead to a greater access to resources, including connections, better quality human capital (Fombrun, 1996), and job opportunities (Park et al., 2011). Furthermore, award-winning executives offer promotion opportunities for TMTs (Graffin, Wade, Porac, & McNamee, 2008) and increase corporate charitable contributions (Yoo & Pae, 2016). To conclude, while research is divided if awards may be “value creating” or “value destroying” in terms of their effects on individuals’ subsequent performance (Gallus & Frey, 2016), the above evidence suggests that winning awards may impact CEOs’ cognition and behavior, which in turn may affect their strategic decisions on firm management. Taken together, literature shows mixed results if award-winning CEOs may benefit or harm their organizations.

In this study, we focus on CEO’s decision to engage in strategic change by taking the perspective that their perceived risk may change after winning an award. Since change involves risk (Kunisch, Bartunek, Mueller, & Huy, 2017), how CEOs perceive risk may drive their decision to engage in strategic change (Datta, Rajagopalan, & Zhang, 2003; Herrmann & Nadkarni, 2014). Award-winning CEOs could either become risk-taking (Kubick & Lockhart, 2017) or they could become risk-averse (Cho et al., 2016; Hayward et al., 2004). Since strategic change is imperative for organizational growth and survival (Kunisch et al., 2017) and award-winning CEOs are valuable assets for their companies, it is important to learn if such executives promote strategic change or prevent it. As such, we examine *Do award-winning CEOs impact strategic change in the firms they lead?*

We use prospect theory (PT) (Kahneman & Tversky, 1979) and behavioral theory of the firm (BTOF) (Cyert & March, 1963) to explore the above question. PT postulates that

individuals are risk-averse and preserve what they have as opposed to taking risks by gaining something they might not have. Therefore, individuals will be more protective about their current wealth in comparison to an uncertain future gain. Compared to their non-award-winning peers, award-winning CEOs have a lot more to lose, since they are in a superior position in the industry and winning an award is often a rare and prestigious achievement (Frey, 2006). As such, following the logic of PT, award-winning CEOs would be more likely to be risk-averse to protect their status, reputation, and benefits.

Further, BTOF argues that performance below aspirations might prompt problematic search promoting strategic change (Greve, 2003). Similarly, performance above aspirations may either promote risk-averse behaviors or prompt slack search (Mishina, Dykes, Block, & Pollock, 2010). Accordingly, we also examine *How does performance impact the approach of award-winning CEOs to strategic change?*

We test the hypotheses using panel data of S&P 500 companies from 2009 to 2021. This study makes four major theoretical contributions. First, we contribute to the awards literature that has called for an exploration of psychological factors related to awards (Frey, 2006) by investigating consequences associated with award-winning executives (e.g., Cho et al., 2016; Hayward et al., 2004) Since awards can be value creating or value destroying (Gallus & Frey, 2016), it is important to shed more light on the implication of executive awards on firms.

Second, we contribute to the literature on cognition by exploring executives' post-award decision-making in relation to risk-taking (e.g., Chatterjee and Hambrick, 2011). Studies have found that award-winning CEOs delivered worse performance compared to their non-award-winning peers (Malmendier & Tate, 2009; Wade et al., 2006), but it is unclear if it is because such CEOs "became psychologically bolstered by their acclaim and then increased their risk-

taking” or “became fearful of falling from their pinnacles and hence reduced their risk-taking” (Chatterjee & Hambrick, 2011: 209). Similar to Hayward and Hambrick (1997), who argued that media attention contributed to hubris and overconfidence, our study argues that award can also lead to overconfidence.

Third, we contribute to the literature on BTOF (Cyert & March, 1963) by examining how prior firm performance (Bromiley, 1991; Greve, 2003) affects the approach of award-winning CEOs on strategic change. Due to their overconfidence, award-winning CEOs are less likely to attribute poor performance to a problem with their strategy, thus curbing problematic search; and when performance is above aspirations, award-winning CEOs are more likely to be confident to use slack resources in ways that other CEOs might not have confidence to, thus propelling more change. By integrating BTOF and PT, this study offers more refined understanding of how individual factors (i.e., award-winning) and organizational factors intervene to jointly influence CEO’s decision-making behavior.

Finally, we contribute to the literature examining the impact of CEOs on strategic change (Datta et al., 2003; Herrmann & Nadkarni, 2014) by identifying an additional antecedent that has been overlooked by scholars. Since awards have a profound impact on individual cognition (Gallus & Frey, 2016) and awards effect CEO cognition in multiple ways (Chatterjee & Hambrick, 2011; Li et al., 2020), this study offers a comprehensive understanding of the relationship between award-winning CEOs and firm strategic change using the lens of cognitive literature.

The rest of the paper is organized as follows. We review literature in relation to our main constructs - strategic change and award-winning CEOs. We then discuss theoretical development

and provide arguments for our hypotheses. Next, we outline our methodology with a description of variables. Our paper concludes with a discussion section and avenues for future research.

2. THEORETICAL DEVELOPMENT

2.1 Strategic Change

Research on strategic change has grown in the past decades (Datta et al., 2003; Kunisch, Bartunek, Mueller, & Huy, 2017) and such change is an important determinant for organizational survival and growth (Wang, Holmes, Oh, & Zhu, 2016). Upper echelon research highlights the significance of executives in relation to strategic change — Gioia and Chittipeddi (1991) calls them the “architects” of strategic change and argues that certain demographic characteristics and personality traits may impact executives’ engagement in strategic change. Evidence shows that there are multiple antecedents of strategic change related to CEO, including CEO demographics (i.e., age, education, and organizational tenure) (Datta et al., 2003; Zhang & Rajagopalan, 2010), CEO compensation (Carpenter, 2000), CEO career variety (Crossland, Zyung, Hiller, & Hambrick, 2014), CEO succession (Hutzschenreuter, Kleindienst, & Greder, 2012), CEO power (Haynes & Hillman, 2010), and CEO education and tenure (Zhang & Rajagopalan, 2010). For instance, studies have found that younger and less tenured CEOs tend to engage in more strategic change (Datta et al., 2003), while more powerful CEOs tend to be committed to status-quo (Haynes & Hillman, 2010).

Zhang and Rajagopalan (2010: 335) defined strategic change as “the variation over time in a firm’s pattern of resource allocation in key strategic dimensions”. The concept focuses on “change variation” (Carpenter, 2000), that is, how a firm’s resource allocation differs from its

previous year and is consistent with recent literature in strategic management (Back, Rosing, Dickler, Kraft, & Bausch, 2020; Bednar, Boivie, & Prince, 2013).¹

2.2 Award-winning CEOs

Management literature has used different terms for successful and famous executives, such as “star CEOs” (Malmendier & Tate, 2009), “prestigious CEOs” (Acharya & Pollock, 2013), “high-status CEOs” (Plaksina, Gallagher, & Dowling, 2019), and “celebrity CEOs” (Cho et al, 2016). However, majority of these studies (e.g., Ammann, Horsch, & Oesch, 2016; Cho et al., 2016) tend to follow the methodology used by Malmendier and Tate (2009) to examine star CEOs by looking at their awards from popular and trusted business sources, such as Forbes and Harvard Business Review.

Economists use the term “stars” to identify award-winning CEOs (Malmendier & Tate, 2009). However, recent literature points out that stars are “individuals who are widely and enduringly perceived as possessing rare, desirable qualities, through which they can produce exceptional outcomes” (Asgari, Hunt, Lerner, Townsend, & Hayward, Kiefer, 2021:19). Since, it is beyond of our study scope to untangle specific CEO’s qualities based on awards, we do not use a definition of star CEOs in relation to award-winning executives. Further, strategists use the term “celebrity CEOs” who are often defined as executives who primarily deliver superior firm performance (Hayward et al. 2004). In our sample, we observed awards which have been granted based on employee’s feedback. That is, CEOs were recognized to be the best executives based on their employees’ opinions which were not associated with superior firm performance.

Relatedly, celebrity scholars argue that individuals are not considered “celebrities” if they were

¹ It is worth noting that this definition does not evaluate the firm’s change compared to the industry— because if the industry is changing, there is low risk associated with a strategic shift (Zhang & Rajagopalan, 2010). As we are interested in exploring the risk associated with strategic change, we emphasize the firm change compared to its previous strategy.

granted awards by chance (Hayward et al., 2004). In our study, we do not know if some awards could have been granted by chance or based on luck. As such, we refrain from using the construct of celebrity in relation to award-winning executives. Lastly, strategists also commonly use the term “high status CEOs”, which is based on their relative standing in a society and on their networks (Lovelace, Bundy, Hambrick, & Pollock, 2018). We do not measure executives’ hierarchical standing, so we cannot use this concept. As a result, we adopt a more general approach and define CEOs who have won awards as *award-winning CEOs* which is consistent with recent literature (Li et al., 2020; Shi, Zhang, & Hoskisson, 2017).

Studies highlight some positive outcomes associated with award-winning CEOs, such as executives’ motivation to positively contribute to organizational outcomes (Gallus & Frey, 2016), engagement in corporate charitable contributions (Yoo & Pae, 2016), and stimulation for non-award-winning CEOs to increase innovation (Ammann et al., 2016). However, majority of empirical evidence suggests that award-winning CEOs may have negative impact on organizations. That is, such executives may be motivated to extract higher compensation (Malmendier & Tate, 2009; Wade et al., 2006), engage in image enhancing activities, such as writing books that ultimately hinders firm performance (Malmendier & Tate, 2009), aggressive tax saving strategies due to overconfidence (Kubick & Lockhart, 2017), and financial misconduct due to a feeling of psychological entitlement (Li et al., 2020). Thus, it would be intriguing to study how award-winning influences CEOs’ decision on firm management.

2.3 Award-Winning CEOs and Strategic Change

CEOs do not only play a symbolic role in organizations, but they are also “portrayed as someone who has primary responsibility for setting strategic directions and plans for the organization, as well as responsibility for guiding actions that will realize those plans” (Gioia & Chittipeddi,

1991: 434). Building on upper echelon literature, which suggests that executives and top managers have a significant impact on organizational outcomes (Carpenter, 2000; Herrmann & Nadkarni, 2014), we examine the influence of award-winning CEOs on strategic change.

Research suggests that certain CEO's characteristics lead to a greater likelihood of strategic change (Gioia & Chittipeddi, 1991). For instance, CEO with broad information processing capabilities (Gioia & Chittipeddi, 1991), divergent thinking and creativity (Datta et al., 2003), high tolerance for ambiguity and motivation (Kisfalvi, 2000), greater cognitive complexity or extraversion and openness are more likely to engage in strategic change (Herrmann & Nadkarni, 2014; Wangrow, Koley, & Hughes-Morgan, 2019). Lately, examining some nuanced psychological factors, scholars started exploring how CEOs' temporal focus (Back et al., 2020) and knowledge, such as international experience, influence strategic change (Le and Kroll, 2017). Taken together, these studies suggest that changes in cognition may have effects on strategic change (Helfat & Martin, 2015).

While there are several studies about award-winning CEOs, the stream offers little insight about how such CEOs approach strategic change (Cho et al., 2016; Hayward et al., 2004). Scholars suggest that awards are particularly attractive to CEOs as they serve as a strong signal to a market that a CEO has achieved successful outcomes (Cho et al., 2016). As a result, award-winning CEOs have a better access to additional resources and capital (i.e., better quality employees, leverage over suppliers, and social capital) (Fombrun, 1996) and receive more discretion and control over company's processes allowing executives to "recognize a need for change and implement the necessary actions for such change" (Wangrow et al., 2019: 73). However, we know little about if they implement such changes.

2.4 Award-winning CEOs and Risk-averse Behaviors

Literature offers inconclusive evidence in relation to executives' award-winning consequences. One stream of research argues that awards promote CEO' biases, such as overconfidence (Kubick & Lockhart, 2017; Malmendier & Tate, 2009) and psychological entitlement (Li et al., 2020). Consequently, these biases impact CEOs' decision-making processes such that overconfidence leads to risk-taking behaviors (Kubick & Lockhart, 2017), underestimation of resource requirements for risky projects (Li & Tang, 2010), and a strong sense of self-sufficiency along with expectation of overly positive outcomes (Tang, Mack, & Chen, 2018). Since risk perceived by CEOs is positively associated with strategic change (Datta et al., 2003; Herrmann & Nadkarni, 2014; Wang et al., 2016), it would be reasonable to expect that award-winning CEOs would be more likely to pursue riskier behaviors that may result in a greater likelihood of strategic change (Herrmann & Nadkarni, 2014; Wang et al., 2016).

Contradictory to the above studies suggesting that award-winning CEOs are overconfident and risk-taking (Kubick & Lockhart, 2017; Li et al., 2020), other studies argue that such CEOs are risk-averse. For instance, Plaksina and colleagues (2019) found that award-winning CEOs are shown to be associated with reduced mergers and acquisitions activities in a post-award period to maintain a high status among stakeholders. Additionally, Hayward and colleagues (2004), proposed that such CEOs are less likely to engage in strategic changes due to overconfidence - a proposition which was not empirically tested in their paper.

In line with the above studies, PT argues that individuals are generally risk-averse and prefer to preserve what they have and reduce the risk of losing what they possess (Kahneman & Tversky, 1979). Individuals "find the displeasure of losses to be greater than the pleasure of equivalent magnitude gains" (Holmes, Bromiley, Devers, Holcomb, & McGuire, 2011: 1076), and thus tend to pursue behavior that minimizes losses. Risk perceptions may change depending

upon how a decision is framed and what is the reference point (Holmes et al., 2011). Reference point in PT is a neutral position (i.e., a status-quo) and often determines how the decision will be framed (i.e., as a gain or as a loss) (Holmes et al., 2011). When decision is framed as a gain, individuals become risk-averse, but when decision is framed as a loss, individuals become risk-taking (Holmes et al., 2011).

Given PT's experimental roots, scholars have been manipulating reference points (Holmes et al., 2011), using the following variables: executive compensation (Wiseman & Gomez-Mejia, 1998), firm past performance (Chen, 2008), industry median performance (Chen, 2008), executives' exercise price of stock options (Zhang, Bartol, Smith, Pfarrer, & Khanin, 2008), status-quo (Kahneman, 2003), and individual performance expectations (Coughlan & Connolly, 2001).

In this study, we use winning an award as a reference point for CEOs. Since award-winning CEOs get an access to more resources (Fombrun, 1996), receive a higher compensation (Malmendier & Tate, 2009; Wade et al., 2006), and get more power (Graffin et al., 2008), award-winning CEOs may view themselves in a gain position compared to other CEOs in the industry who did not win awards (Cho et al., 2016). PT suggests that to avoid the potential loss of these benefits, award-winning CEOs will be risk-averse and, consequently, may be less likely to implement strategic change. The effect is further supported by the literature examining the link between success and persistence (Audia, Locke, & Smith, 2000; Slesman, Conlon, McNamara, & Miles, 2012). More specifically, scholars argue that prior success may be positively associated with managerial satisfaction which may lead to less changes and make individuals interpret warning signs as positive (Audia et al., 2000). Similarly, recognitions may amplify executives' positive self-perceptions which can discount potential worst-case scenarios for their firms

(Hiller & Hambrick, 2005). Taken together, increased commitment to a current strategy due to a prior success (Audia et al., 2000) and overly positive perceptions (Hiller & Hambrick, 2005) might prevent award-winning CEOs from pursuing any changes.

Furthermore, scholars offer evidence that award-winning CEOs tend to be more risk-averse when they should meet stakeholders' expectations (Cho et al., 2016; Plaksina et al., 2019). For instance, Cho and colleagues (2016) found that celebrity CEOs pay lower premiums for target firms in a context of acquisitions because they want to preserve their celebrity status by aligning with stakeholders' expectations. As acquisitions initially lower company's value which may send a negative signal to the market, award-winning CEOs weigh their risk very carefully prior to engaging in acquisitions.

Finally, in a post-award period, CEOs might feel less pressure to perform up to standards (Agnew, Piquero, and Cullen, 2009), thus decreasing chances of strategic change. In a post-award period, these CEOs "exhale" and allow themselves some time to enjoy their victory before taking any further actions. Similarly, Li and colleagues (2020) find that award-winning CEOs "exhale" in a post-award period by allowing themselves to engage in financial misconduct.

In sum, the arguments above suggest that award-winning CEOs will not see a need for immediate changes due to risk-aversion, success-persistence link, stakeholders' expectations, and less pressure to perform up to standards or deliver superior results in a post-award period. Therefore, we predict that award-winning CEOs will be less likely to engage in strategic change than their peers without awards.

Hypothesis 1: Firms with award-winning CEOs are less likely to engage in strategic change.

2.5 Award-winning CEOs and Performance Below Aspirations

Lower organizational performance compared to previous years may represent another important reference point for award-winning CEOs and trigger different behaviors. In line with PT logic, as organizational performance falls below aspirations, award-winning CEOs may view themselves in a loss position and engage in risk-taking behavior (Holmes et al., 2011). Similarly, BTOF suggests that companies become risk-taking when their performance falls below organizational aspirations and engage in problemistic search to compensate for their loss (Cyert & March, 1963).

Although, prospect theory and behavioral theory of the firm (BTOF) are similar in their assumptions, there are still some subtle differences between two (Holmes et al., 2011). More specifically, PT is applicable at the individual level (Acharya & Pollock, 2013) and BTOF is often performed on the organizational level (Deb, David, & O'Brien, 2017; Nason, Bacq, & Gras, 2018). However, recently scholars have been using both theories in application to individual and organizational levels (Cho et al., 2016; Schubert, Baier, & Rammer, 2018). For instance, using the logic of BTOF, Cho and colleagues (2016) argued that celebrity CEOs will be risk-taking in response to lower or higher firm performance since executives will try to maintain stakeholders' expectations.

Two theories differ in certain assumptions. More specifically, PT postulates that individuals have goals while BTOF argues that organizational aspirations are treated as goals (Shinkle, 2012). Further, BTOF explains a concept of "slack resources" and PT does not use the same construct (Hoskisson, Chirico, Zyung, & Gambeta, 2017). In short, PT is concerned with individual behaviors under uncertainty and individual dissatisfaction with potential losses (Holmes et al., 2011; Hoskisson et al., 2017), while BTOF primarily describes how organizations

respond to performance feedback (Hoskisson et al., 2017). Since we examine both individual level (i.e., CEO) and organizational level (i.e., a company), we use both theories to explain how award-winning CEOs will approach strategic change in a context of lower performance.

PT suggests that prior losses and gains might also impact individual decision-making and behaviors (Thaler & Johnson, 1990). If individuals experienced prior loss, they may be more risk-averse due to a fear of experiencing loss again. Accordingly, when individuals experience prior gain, they may become risk-taking, because they have a boost in confidence and motivation. That is, prior lower performance may be perceived as a loss, and award-winning CEOs will be less likely to engage in strategic change due to a fear of experiencing loss again.

Furthermore, scholars argue that award-winning may lead to CEO overconfidence (Kubick & Lockhart, 2017; Malmendier & Tate, 2009) which may lead to either risk-taking (Kubick & Lockhart, 2017) or risk-averse behaviors (Hayward et al., 2004). Some studies found that overconfident CEOs may engage in various risk-taking activities (Kubick & Lockhart, 2017), including investing more in innovation and obtaining more patents and patents citations (Hirshleifer, Low, & Teoh, 2012) and are considered more acquisitive because they overestimate their ability to generate returns (Malmendier & Tate, 2008). In contrast, literature also offers evidence where in a context of lower performance, overconfident executives become less receptive of negative feedback (Sleesman et al., 2012) and corrective feedback (Chen, Crossland, & Luo, 2015); remain committed to status-quo even when performance weakens (Hayward et al., 2004); and become self-enhanced and overly optimistic, which leads to biased decision-making and less engagement in strategic change (Park et al., 2011).

Compared with their peers without awards, award-winning CEOs may overestimate their abilities to fix organizational problems and will be less likely to assess their prior decision and

choices in relation to abilities (Park et al., 2011). Such CEOs may experience an “implicit self-enhancement” (Leary, 2007) where individuals’ positive perceptions of their abilities may spill over to evaluations of people, objects, and places associated with those abilities (Park et al., 2011). This feeling of self-enhancement and overly optimistic perceptions, experienced in a post-award period, will be associated with a lesser likelihood of strategic changes (Park et al., 2011). For instance, Sinha, Inkson, and Barker (2012) described a case where celebrity CEO committed to a failing strategy due to overconfidence, overoptimism, and overcommitment to a failing strategy.

Additionally, executives often experience self-attribution biases prompting CEOs to attribute favorable outcomes to their decisions and actions and unfavorable outcomes to external environment (Chen et al., 2015). It is particularly relevant and prominent in instances of positive media coverage which makes decision-makers ignore negative news and remain inert (Bednar et al., 2013). Award-winning CEOs may consider that lower firm performance may be caused by external environment rather than their actions.

Taken together, these arguments suggest that award-winning CEO would be less likely to initiate changes when their firm performance is below aspirations.

Hypothesis 2: Negative relationship between firms with award-winning CEOs and strategic change strengthens when firm performance is below aspirations.

2.6 Award-winning CEOs and Performance Above Aspirations

BTOF suggests that when organizational performance rises above aspiration levels, firms engage in slack search and risk-taking behaviors (Argote & Greve, 2007; Baum, Rowley, Shipilov, & Chuang, 2005; Xu, Zhou, & Du, 2019). Different from problemistic search, which uses

motivational logic and suggests that companies want to overcome dissatisfaction with lower performance and achieve an aspirational level target (Xu et al., 2019), slack search uses the logic of capacity-based argument (Xu et al., 2019). When organizational performance rises above aspiration levels, managers are no longer under pressure to solve immediate problems (Levinthal & March, 1981), instead, they focus on their legacy and pursue resource allocations in order to achieve their aspirations. Scholars offer empirical support that performance above aspirations leads to increased innovativeness (Baum et al., 2005), R&D expenditures (Chen, 2008), and long-term orientation (Martin, Wiseman, & Gomes-Mejia, 2016).

Aligning with BTOF, PT (Thaler & Johnson 1990) argues that prior gains may promote risk-taking behaviors among individuals since they get confidence from prior success. Prior superior performance was one of the main factors promoting overconfident CEOs (Hayward and Hambrick, 1997). The effect of overconfidence on risk-taking behaviors is amplified in the presence of high compensation (Aabo, Hvistendahl, & Kring, 2020) and higher managerial discretion (Li & Tang, 2010). As both, higher compensation and higher managerial discretion, have been associated with consequences of award-winning CEOs, overconfidence of award-winning CEOs might lead to risk-taking behaviors and more strategic change.

Higher performance is often accompanied with higher organizational reputation which makes companies more visible and more scrutinized by stakeholders (Briscoe & Safford, 2008). As companies become more visible and prominent, stakeholders' expectations also become higher (Zavyalova, Pfarrer, Reger, & Hubbard, 2016), that may result in more scrutiny (Zavyalova et al., 2016). Additionally, award-winning CEOs will experience higher market (Mishina et al., 2010) and investor expectations (Lim & McCann, 2014) which are often associated with expectations of more risk. Investors encourage executives' risk-taking activities

to obtain highest returns. As a result, to meet investors' expectations and secure their lucrative positions, award-winning CEOs would be risk-taking and more engaged in strategic change.

Additionally, positive performance amplifies media attribution of success to award-winning CEOs (Hayward et al., 2004). Media contributes to a higher CEO status, associated with awards, by making it more ingrained into their personality and more reflected in their behaviors (Hayward et al., 2004). Further, media can make such CEOs to feel infallible and thus tend to take risky initiatives (Wade & Porac, Pollock, & Graffin, 2008). Taken together, we argue that award-winning CEOs will be more likely to engage in strategic change when past firm performance is above aspirations.

Hypothesis 3: Negative relationship between firms with award-winning CEOs and strategic change weakens when firm's performance is above aspirations.

3. METHODS

3.1 Sample and Data

The sample for our study consists of S&P (Standard & Poor) 500 companies from 2009 to 2021. We chose to use firms in the S&P 500, because their executives are more likely to be noticed and win awards. In our data, 17% of all CEOs had won awards.

We obtained data from BoardEx and COMPSUTAT. The latter database provides archival data on the dependent variable and firm controls, while BoardEx provides detailed information about CEO demographics (i.e., age, gender) and CEO achievements (i.e., CEO awards). This approach represents a contribution to award-winning CEO literature since majority of studies have only used prominent and prestigious awards (Li et al., 2020; Malmendier & Tate,

2009) and sometimes only one source of award (Cho et al., 2016). Our data set allows us to use a broader range of awards.

Consistent with majority of previous papers (Cho et al., 2016; Li et al., 2020; Malmendier & Tate, 2009), we also reviewed specific business sources to identify prestigious CEO awards. The following media sources represent reputable channels: *Bloomberg*, *Business Executive*, *Chief Executive*, *Ernst & Young*, *Financial Times*, *Forbes*, *Fortune*, and *Harvard Business Review*.

3.2 Measurements

3.2.1 Dependent Variable. Our dependent variable is “*strategic change*” identified as a change in firm overall resource allocations in relation to key strategic dimensions including (1) advertising (ADV), (2) research and development spending (R&D), (3) plant and equipment spending (P&E), (4) administrative spending, (5) inventory spending, and (6) leverage (Zhang & Rajagopalan, 2010). The measurement of strategic change is consistent with previous literature (Back et al., 2020; Carpenter, 2000) exploring the effect of CEO characteristics on strategic change.

Data on the strategic dimensions were obtained from COMPUSTAT and updated yearly. We first calculated the ratios for each strategic dimension. For instance, for advertising expenses we found a ratio of firm advertising expenses in a given year and divided it over total sales. Similarly, we calculated ratios for five remaining dimensions. Next, we calculated the difference in these ratios between current and previous years — for example, $\Delta \text{firm ADV}_t = (\text{firm ADV}_t - \text{firm ADV}_{t-1})$. Then, we adjusted for industry average by subtracting industry median changes in these ratios. Changes in industry median were obtained using the difference between current and previous years of median calculations. For example, industry-adjusted advertising expense was

calculated as follows: industry-adjusted Δ firm $ADV_t = (\text{firm } ADV_t - \text{firm } ADV_{t-1}) - (\text{industry median firm } ADV_t - \text{industry median firm } ADV_{t-1})$. Next, we calculated absolute values for each of these industry-adjusted calculations and standardized the absolute values within the sample (mean=0, standard deviation=1). The average of the six standardized values was used as the comprehensive measure of strategic change.

3.2.2 Independent Variable. “Award-winning CEOs” are defined as CEOs who won at least one award (Li et al., 2020). We use a binary variable to operationalize award-winning. That is, “1” denotes” if a firm has a CEO who has won at least one award, “0” denotes a firm without award-winning CEO. This approach is consistent with the literature on award-winning CEOs (Cho et al., 2016; Lie et al., 2020).

3.2.3 Moderators. “Performance below/above aspirations” — consistent with BTOF research (Greve, 2003; Mishina et al., 2010), we used a spline function to differentiate between performance below and above aspirations. “Performance (when below historical aspiration) equals firm ROA in a year minus firm ROA in the previous year if firm ROA in that year was less than ROA in the previous year, and it equals 0 if firm ROA in that year was greater than or equal to ROA in the previous year. Performance (when above historical aspiration) equals firm ROA in a year minus firm ROA in the previous year if firm ROA in that year was greater than or equal to ROA in the previous year, and it equals 0 if firm ROA in that year was less than ROA in the previous year.” (Xu et al., 2019: 1234).

3.2.4 Controls. Following prior research, we controlled for several variables. At the individual level, we controlled for *CEO age* measured in a number of years (Back et al., 2020); *CEO tenure* measured in a number of years in CEO position (Li et al., 2020); *CEO duality* measured as a binary variable- “1” if CEO was a also a chairman, and “0” otherwise; *CEO gender* (Li et al.,

2020) measured as a binary variable- “1” if CEO is male and “0” if CEO is a female; and *CEO succession* (Malmendier & Tate, 2009) measured as a binary variable – “1” if CEO has changed in that particular year and “0” otherwise.

We also controlled for awards prestige when awards came from reputable sources, such as *Bloomberg, Business Executive, Chief Executive, Ernst & Young, Financial Times, Forbes, Fortune, and Harvard Business Review*. Award source was measured as a binary variable where “1” meant a reputable source, and “0” meant otherwise.

At the firm level, we controlled for *firm performance* which is measured as industry-adjusted return on assets (ROA) (Zhang & Rajagopalan, 2010); *firm size* measured as natural logarithm of total assets (Wade et al., 2006); *firm slack* measured as a ratio of total assets to total debt (Back et al., 2020); and firm previous strategic change which is change from a previous year.

3.3 Analysis

The goal of this study is to examine if award-winning CEOs engage in less strategic change after winning an award. To mitigate biases due to confounding effect, we employed propensity score matching (PSM) technique to analyze our data. PSM is a statistical technique which attempts to estimate the treatment effect by accounting for the covariances that predict receiving the treatment (Rosenbaum & Rubin, 1983). We used nearest neighbor matching technique to identify covariances which would predict our treatment effect (Rosenbaum & Rubin, 1983). Consistent with award-winning CEO literature (Cho et al., 2016; Li et al., 2020), we chose the following variables: CEO tenure, CEO duality, and firm performance to predict our treatment variable. We chose CEO tenure because tenured CEOs are more likely to receive awards since they stay longer in their positions and have more time to be recognized for their actions. CEO duality

contributes to CEO power (Finkelstein, 1992) which in turn impacts strategic change (Haynes & Hillman, 2010). More specifically, scholars find that often CEO power leads to status-quo (Haynes & Hillman, 2010) and risk-averse behaviors when implementing IPOs (Romano, Cirillo, Mussolino, & Pennacchio, 2019). Firm positive performance typically brings media attention (Bednar et al., 2013) attracting recognition and praise. Additionally, CEOs of large firms and firms which perform well are more likely to receive awards (Hayward et al., 2004). After performing PSM, we conducted the panel analysis.

We used panel regression analysis to test our hypotheses, specifically, generalized estimating equations (GEE) (Liang & Zeger, 1986) to account for non-independent observations. Additionally, this approach is consistent with recent literature examining the impact of award-winning CEOs (Cho et al., 2016; Wade et al., 2006).

3.4 Results

Hypothesis 1 argued that award-winning CEOs will be less likely to engage in strategic change, which was supported ($b = -.04$; $p < .05$). Hypothesis 2 predicted that performance below aspirations will further reduce strategic change. However, we found no support for Hypothesis 2, suggesting that lower performance might not have an impact on award-winning CEOs possibly due to CEO high position and overly optimistic expectations. In Hypothesis 3, we predicted that performance above aspirations will promote strategic change. We found no support for Hypothesis 3. Taken together, our results suggest that award-winning CEOs might not be concerned with superior or inferior performance compared to their industry peers as they might perceive themselves infallible and ignore signals for change or for opportunity.

[Insert Table 2.1 about here]

[Insert Table 2.2 about here]

3.5 Robustness Tests

To better understand the relationship between our dependent and independent variables, we examined the effects of firms with award-winning CEOs on each dimension of strategic change: *advertising; R&D; plant and equipment; selling, general, & administrative; inventory, and leverage*. Previous studies suggest that some dimensions of strategic change, such as advertising and R&D might have different impacts on firm outcomes and industries (Datta et al., 2003; Oh & Barker, 2018). As such, we examine the impact of award-winning CEOs on each dimension of strategic change. Results can be found in tables 2.3, 2.4, 2.5, 2.6, 2.7, 2.8 for advertising; R&D; plant and equipment; selling, general, and administrative; inventory; and leverage respectively. We found significant and negative relationships for award-winning CEOs and plant and equipment ($b=-0.02$; $p<0.5$) and for award-winning CEOs and leverage ($b=-0.71$; $p<0.01$). We found no significant relationships for award-winning CEOs and advertising; R&D; selling, general, and administrative; and inventory. The significant results may suggest that our relationships between award-winning CEOs and strategic change may be driven by the relationships between award-winning CEOs and plant and equipment and leverage. Such CEOs might be particularly reluctant to implement changes in those two areas in a post-award period. These effects may be further explored in future studies.

[Insert Table 2.3 about here]

[Insert Table 2.4 about here]

[Insert Table 2.5 about here]

[Insert Table 2.6 about here]

[Insert Table 2.7 about here]

[Insert Table 2.8 about here]

Additionally, we lagged our dependent variable by 3 years to explore the long-term effect of award-winning CEOs on strategic change, but found no significant relationships. Prior studies suggest that “common and foundational to all strategic change research is time—whether recognized in the extant studies or not—if for no other reason than that time is a defining feature of all change” (Bartunek & Woodman, 2015; Kunisch et al., 2017: 1005).

[Insert Table 2.9 about here]

Finally, we tested the moderating effect of slack resources since a stream of research in BTOF argues that slack resources are positively associated with strategic change (Greve, 2003; Mishina et al., 2010). Firms with slack resources have more flexibility to explore potential changes and resource re-allocations (Mishina et al., 2010). However, we found no support for the moderating effect of slack resources suggesting that award-winning CEOs are not responsive to these additional firm resources. It is possible that since slack resources are primarily readily available to firm insiders, such CEOs feel less pressure from stakeholders to engage in strategic change. On the contrary, firm performance is visible to many stakeholders and would hold prominent CEOs to higher expectations.

[Insert Table 2.10 about here]

4. DISCUSSION

In this study, we investigated the impact of award-winning CEOs on strategic change.

Particularly, applying PT to examine our relationships, we argued that award-winning CEOs will be less likely to engage in strategic change as opposed to non-award-winning CEOs. Further, we explored two contingencies which may have an impact on our main relationships. According to BTOF, performance below aspirations promotes risk-taking behaviors and more strategic change

(Greve, 2003) since lower performance becomes a catalyst for organizations to attempt changes in order to survive and continue their growth. Performance above aspirations, on the contrary, promotes slack search (Mishina et al., 2010) where organizations engage in risk-taking behaviors and more strategic change since higher performance provides a cushion for organizations to experiment with resources.

Empirical findings offer partial support for our arguments. We found that award-winning CEOs would be less likely to engage in strategic change. PT posits that individuals are generally risk-averse under uncertainty and prefer risk-averse decisions as opposed to risk-taking to preserve what they have. Executives often operate under uncertainty and have to make very costly decisions. Winning awards brings additional challenge since it comes with more resources and opportunities (Fombrun, 1996) which may also result in closer stakeholders' attention and higher expectations (Cho et al., 2016). Therefore, to maintain their high status, award-winning CEOs make careful and risk-averse decisions which result in less strategic change. We lagged our dependent variable by one year. It is possible that such award-winning CEOs may be over achievers and take a short pause after their victory before making any strategic changes. Therefore, future studies could explore the difference between one-year changes and five-year changes since the concept of time is highly relevant in a field of strategic change (Kunisch et al., 2017).

Our second hypothesis, based on BTOF, argued that declining performance will prompt firms to initiate strategic changes to improve firm performance (Bromiley, 1991; Greve, 2003), but was not supported. Perhaps, award-winning executives are not as responsive to a declining performance. It is likely that winning award leads to hubris and overconfidence due to which CEOs are not responsive to diminishing firm performance (Hayward et al., 2004; Park et al.,

2011) and are less responsive and receptive of negative feedback (Sleesman et al., 2012). On one hand, overconfident CEOs underestimate resources along with internal and external threats. On the other hand, they overestimate positive outcomes (Park, Kim, Chang, Lee, & Sung, 2018). Further, they do not take blame for past unsuccessful events because they attribute them to external forces or bad luck (Chen et al., 2015) due to a self-attribution bias. That is, when events unfold not as originally planned, overconfident CEO will be more likely to ignore corrective feedback and will include less information from prior feedback into future actions (Chen et al., 2015). As for our findings, it is possible that winning awards for CEOs may contribute to their self-enhancement (Park et al., 2011) and a feeling of infallibility (Wade et al., 2006) in cases of declining performance. We also found no evidence that such executives engage in more strategic change when their performance rises above expectations. Perhaps, in cases of higher performance, award-winning CEOs feel that they've achieved their aspirations and may take pause from any initiations.

Taken together, our study suggests award-winning CEOs would not engage in strategic change due to risk-averse behaviors, success-persistence relationships, and stakeholder's expectations. Additionally, we found that performance below and above aspirations did not result in any significant change in strategies suggesting that award-winning CEOs do not necessarily respond by taking action to performance below or above aspirations.

5. IMPLICATIONS AND FUTURE RESEARCH

Our study has implications for several streams of strategic management research. *First*, we contribute to the stream on awards which argues that awards can either have value creating or value destroying consequences (Gallus & Frey, 2016). Here, we highlight the negative side of

award-winning. That is, firms with such executives are unlikely to engage in strategic change and non-responsive to performance fluctuations. As such, board of directors (BOD) of companies with award-winning CEOs may need to increase monitoring to ensure CEOs are involved and paying attention to changes after winning an award. Malmendier and Tate (2009) found that award-winning CEOs delivered subsequent lower performance, especially in companies with weak governance. In line with this logic, the field of strategic management would benefit from studying an interaction between award winners and board of directors.

Second, PT literature has encouraged researchers to investigate the concept of reference points more thoroughly (Holmes et al., 2011). Our study explored how winning awards impacts executives' evaluation of reference points and firm behavior.

Third, we contribute to BTOF by arguing that theory has a boundary condition in relation to award-winning CEOs. That is, such executives may not be responsive to a declining or rising performance; and, as result, will be less likely to engage in strategic change.

Finally, we have contributed to the literature on strategic change by identifying an additional antecedent (i.e., award-winning CEOs) which impacts firm growth and survival. To the best of our knowledge, previous scholars have not examined the link between award-winning CEOs and strategic change as a pattern of resources allocations yet.

We encourage future research to measure an impact of awards on CEO overconfidence. Research suggests that positive relationship between overconfident CEO and corporate risk is stronger when CEO receives high compensation (Aabo, Hvistendahl, & Kring, 2020) and has a high level of managerial discretion (Li & Tang, 2010). Both, higher compensation (Malmendier & Tate, 2009; Wade et al., 2006) and higher managerial discretion (Graffin, Wade, Porac, McNamee, 2008; Hayward et al., 2004), are related to winning awards. Therefore, since we do

not measure CEO overconfidence, future scholars can continue our research by incorporating a concept of CEO overconfidence in our model. It is possible that CEO overconfidence may play a role of a mediator between award-winning executives and strategic change.

In conclusion, our study has practical implications. While CEOs winning awards has multiple benefits for firms, there are some disadvantages too. Our finding, that award-winning CEOs engage in less strategic change, suggests that BOD, working with such executives, might want to increase their oversight and monitoring. Particularly, our finding of lack of strategic change despite lower performance suggests that such monitoring may be critical to prevent organizational decline in a context of lower performance.

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TABLE 2.1
Descriptive Statistics and Correlations

Variables	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Strategic Change	.07	.22	1.00													
(2) CEO Age	57	5.87	-0.02	1.00												
(3) CEO Gender	.07	.25	-0.02	-0.04	1.00											
(4) CEO Tenure	5.05	4.64	-0.05	0.40*	-0.14*	1.00										
(5) CEO Duality	.62	.49	-0.02	0.25*	0.01	0.16*	1.00									
(6) CEO Succession	.39	.49	0.09*	-0.10*	0.01	-0.17*	-0.09*	1.00								
(7) Award Prestige	.13	.33	-0.03	-0.05	0.21*	0.04	0.02	-0.13*	1.00							
(8) Previous Strategic Change	.1	.23	0.28*	0.04	-0.01	-0.11*	0.02	0.03	-0.01	1.00						
(9) Firm Size	9.79	1.19	-0.02	0.17*	0.18*	0.02	0.14*	-0.01	0.04	-0.13*	1.00					
(10) Firm Performance	.01	.02	0.11*	-0.04	-0.03	-0.03	-0.08*	0.06	0.00	0.01	-0.18*	1.00				
(11) Firm Slack	1.74	1.05	-0.02	-0.12*	-0.11*	0.06	-0.13*	0.02	0.01	-0.06	-0.29*	0.24*	1.00			
(12) Firm Performance Below Aspiration	-.00	.09	0.00	-0.01	0.00	-0.04	0.02	0.00	-0.01	0.07	-0.07*	0.01	-0.01	1.00		
(13) Firm Performance Above Aspiration	.02	.08	0.00	0.03	-0.02	-0.05	-0.01	0.07	-0.05	0.13*	-0.09*	0.23*	0.02	0.87*	1.00	
(14) Award-winning CEO	.5	.5	-0.06	0.01	0.11*	-0.05	0.08*	-0.10*	0.38*	0.00	0.15*	0.01	-0.05	-0.04	-0.08*	1.00

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

TABLE 2.2

Generalized Estimating Equation (GEE) Panel Regression Analysis

DV: Strategic Change	(1) Model 1	(2) Model 2	(3) Model 3	(4) Model 4	(5) Model 5	(6) Model 6
CEO Age	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
CEO Gender	-0.02 (0.04)	-0.02 (0.04)	-0.01 (0.04)	-0.01 (0.04)	-0.02 (0.04)	-0.02 (0.04)
CEO Tenure	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
CEO Duality	-0.04 (0.02)	-0.04 (0.02)	-0.04 (0.02)	-0.04 (0.02)	-0.03 (0.02)	-0.03 (0.02)
CEO Succession	0.05* (0.02)	0.05* (0.02)	0.05* (0.02)	0.05* (0.02)	0.05* (0.02)	0.05* (0.02)
Award Prestige	-0.03 (0.04)	-0.00 (0.04)	-0.00 (0.04)	-0.00 (0.04)	-0.00 (0.04)	-0.00 (0.04)
Previous Strategic Change	0.24*** (0.05)	0.24*** (0.05)	0.25*** (0.05)	0.25*** (0.05)	0.25*** (0.05)	0.25*** (0.05)
Firm Size	0.02 (0.01)	0.02t (0.01)	0.02t (0.01)	0.02t (0.01)	0.02t (0.01)	0.02t (0.01)
Firm Performance	-0.52 (0.53)	-0.52 (0.53)	-0.53 (0.53)	-0.52 (0.56)	-0.37 (0.55)	-0.36 (0.55)
Firm Slack	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)
Award-winning CEO (AWC)		-0.04* (0.02)	-0.04* (0.02)		-0.04* (0.02)	
Performance Below Aspiration			-0.10 (0.09)	-0.10 (0.10)		
PerformanceBelow*AWC				0.02 (0.27)		
Performance Above Aspiration					-0.12 (0.11)	-0.13 (0.11)
PerformanceAbove*AWC						0.13 (0.42)
Constant	-0.11 (0.16)	-0.14 (0.16)	-0.14 (0.16)	-0.14 (0.16)	-0.14 (0.16)	-0.14 (0.16)
Observations	543	543	543	543	543	543

Standard errors in parentheses
 *** p<0.001, ** p<0.01, * p<0.05, t p<0.1

TABLE 2.3

Panel Regression Analysis for Advertising as a Dimension of Strategic Change

DV: ADV	(1) Model 1	(2) Model 2
CEO Age	-0.00** (0.00)	-0.00** (0.00)
CEO Gender	0.00 (0.00)	0.00 (0.00)
CEO Tenure	0.00** (0.00)	0.00** (0.00)
CEO Duality	-0.00* (0.00)	-0.00* (0.00)
CEO Succession	-0.00* (0.00)	-0.00* (0.00)
Awards Prestige	0.00* (0.00)	0.00* (0.00)
Firm Size	-0.00 (0.00)	-0.00 (0.00)
Firm Performance	0.03 (0.03)	0.03 (0.03)
Slack	-0.00 (0.00)	-0.00 (0.00)
Previous ADV	0.61*** (0.03)	0.61*** (0.03)
Award-win CEO		0.00 (0.00)
Constant	0.05*** (0.01)	0.05*** (0.01)
Observations	348	348

Standard errors in parentheses

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

TABLE 2.4

Panel Regression Analysis for R&D as a Dimension of Strategic Change

DV: R&D	(1) Model 1	(2) Model 2
CEO Age	-0.00 (0.00)	-0.00 (0.00)
CEO Gender	0.00 (0.01)	0.00 (0.01)
CEO Tenure	0.00 (0.00)	0.00t (0.00)
CEO Duality	-0.01* (0.00)	-0.01* (0.00)
CEO Succession	-0.00 (0.00)	-0.00 (0.00)
Awards Prestige	0.00 (0.00)	0.00 (0.00)
Firm Size	0.01*** (0.00)	0.01*** (0.00)
Firm Performance	0.11 (0.07)	0.11 (0.07)
Slack	0.01*** (0.00)	0.01*** (0.00)
Previous R&D	0.30*** (0.02)	0.30*** (0.02)
Award-win CEO		0.00 (0.00)
Constant	-0.06* (0.03)	-0.05* (0.03)
Observations	348	348

Standard errors in parentheses

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

TABLE 2.5

Panel Regression Analysis for Plant and Equipment as a Dimension of Strategic Change

DV: P&E	(1) Model 1	(2) Model 2
CEO Age	0.00 (0.00)	0.00 (0.00)
CEO Gender	-0.01 (0.02)	-0.01 (0.02)
CEO Tenure	0.00** (0.00)	0.00* (0.00)
CEO Duality	-0.03* (0.01)	-0.03* (0.01)
CEO Succession	0.02t (0.01)	0.02t (0.01)
Awards Prestige	0.00 (0.01)	0.01 (0.01)
Firm Size	-0.00 (0.00)	0.00 (0.00)
Firm Performance	-0.28 (0.23)	-0.28 (0.23)
Slack	0.00 (0.01)	0.00 (0.01)
Previous P&E	0.77*** (0.04)	0.77*** (0.04)
Award-win CEO		-0.02* (0.01)
Constant	0.08 (0.07)	0.07 (0.07)
Observations	348	348

Standard errors in parentheses
 *** p<0.001, ** p<0.01, * p<0.05, t p<0.1

TABLE 2.6

Panel Regression Analysis for Selling, General, and Administrative as a Dimension of Strategic Change

DV: SG&A	(1) Model 1	(2) Model 2
CEO Age	0.00 (0.00)	0.00 (0.00)
CEO Gender	0.00 (0.01)	0.00 (0.01)
CEO Tenure	0.00 (0.00)	0.00 (0.00)
CEO Duality	-0.01 (0.01)	-0.01 (0.01)
CEO Succession	0.00 (0.01)	0.00 (0.01)
Awards Prestige	-0.00 (0.01)	0.00 (0.01)
Firm Size	0.00 (0.00)	0.00 (0.00)
Firm Performance	-0.02 (0.10)	-0.02 (0.10)
Slack	-0.00 (0.00)	-0.00 (0.00)
Previous SG&A	0.90*** (0.02)	0.91*** (0.02)
Award-win CEO		-0.00 (0.00)
Constant	0.01 (0.03)	0.01 (0.03)
Observations	348	348

Standard errors in parentheses

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

TABLE 2.7

Panel Regression Analysis for Inventory as a Dimension of Strategic Change

DV: Inventory	(1) Model 1	(2) Model 2
CEO Age	-0.00 (0.00)	-0.00 (0.00)
CEO Gender	-0.02 (0.01)	-0.02 (0.01)
CEO Tenure	-0.00 (0.00)	-0.00 (0.00)
CEO Duality	0.00 (0.01)	0.00 (0.01)
CEO Succession	0.01 (0.01)	0.01 (0.01)
Awards Prestige	0.01 (0.01)	0.00 (0.01)
Firm Size	0.00 ^t (0.00)	0.00 (0.00)
Firm Performance	-0.23 (0.16)	-0.23 (0.16)
Slack	-0.00 (0.00)	-0.00 (0.00)
Previous Inventory	1.15*** (0.04)	1.15*** (0.04)
Award-win CEO		0.01 (0.01)
Constant	-0.03 (0.04)	-0.02 (0.04)
Observations	348	348

Standard errors in parentheses
 *** p<0.001, ** p<0.01, * p<0.05, ^t p<0.1

TABLE 2.8

Panel Regression Analysis for Leverage as a Dimension of Strategic Change

DV: Leverage	(1) Model 1	(2) Model 2
CEO Age	-0.03 (0.03)	-0.03 (0.03)
CEO Gender	0.81 (0.55)	0.80 (0.54)
CEO Tenure	0.05 (0.03)	0.04 (0.03)
CEO Duality	0.04 (0.33)	0.10 (0.32)
CEO Succession	0.33 (0.30)	0.29 (0.30)
Awards Prestige	-0.02 (0.36)	0.31 (0.37)
Firm Size	0.03 (0.15)	0.07 (0.15)
Firm Performance	11.49t (6.02)	11.41t (5.93)
Slack	-0.17 (0.15)	-0.17 (0.15)
Previous Leverage	1.10*** (0.10)	1.10*** (0.10)
Award-win CEO		-0.71** (0.22)
Constant	1.62 (2.04)	1.33 (2.02)
Observations	348	348

Standard errors in parentheses

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

TABLE 2.9

Panel Regression Analysis with Strategic Change with 3 Years Lag

DV: Strategic Change	(1) Model 1	(2) Model 2
CEO Age	0.00 (0.00)	0.00 (0.00)
CEO Gender	-0.02 (0.04)	-0.02 (0.04)
CEO Tenure	-0.00t (0.00)	-0.00t (0.00)
CEO Duality	0.01 (0.02)	0.01 (0.02)
CEO Succession	0.02 (0.02)	0.02 (0.02)
Awards Prestige	-0.01 (0.03)	0.01 (0.03)
Firm Size	0.00 (0.01)	0.00 (0.01)
Firm Performance	1.16* (0.49)	1.22* (0.49)
Firm Slack	0.01 (0.01)	0.00 (0.01)
Award-winning CEOs		-0.05* (0.02)
Constant	0.03 (0.14)	0.03 (0.14)
Observations	571	571

Standard errors in parentheses

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

TABLE 2.10

Panel Regression Analysis with Slack Resources as a Moderator

DV: Strategic Change	(1) Model 1	(2) Model 2	(3) Model 3	(4) Model 4
CEO Duality	-0.01 (0.48)	-0.01 (0.48)	0.00 (0.48)	-0.01 (0.48)
CEO Tenure	-0.01 (0.05)	-0.01 (0.05)	-0.00 (0.05)	-0.00 (0.05)
CEO Age	0.01 (0.04)	0.01 (0.04)	0.01 (0.04)	0.02 (0.04)
CEO Gender	3.21*** (0.91)	3.21*** (0.91)	3.19*** (0.91)	3.14*** (0.91)
Award Prestige	-0.63 (0.47)	-0.63 (0.47)	-0.81t (0.48)	-0.86t (0.47)
Number of Awards	0.46** (0.17)	0.46** (0.17)	0.89** (0.27)	0.92*** (0.27)
Firm Performance	-2.54 (3.59)	-2.54 (3.60)	-3.00 (3.59)	-2.96 (3.58)
Prev STR CHG	1.39*** (0.02)	1.39*** (0.02)	1.39*** (0.02)	1.39*** (0.02)
Firm Size	0.16 (0.30)	0.16 (0.31)	0.18 (0.30)	0.16 (0.30)
Firm Slack		0.04 (1.55)	0.05 (1.55)	1.47 (1.71)
Award-winning CEO			-0.75* (0.38)	-.37 (.43)
Award-winning# Firm Slack				-2.25t (1.16)
Constant	-3.05 (2.36)	-3.06 (2.38)	-3.07 (2.37)	-3.33 (2.36)
Observations	543	543	543	543

Standard errors in parentheses
 *** p<0.001, ** p<0.01, * p<0.05, t p<0.1

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