

ACADEMIC WEEKLY DIGEST

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CEO NARCISSISM

HOW IT MODERATES THE RELATIONSHIP BETWEEN UNCERTAINTY AVOIDANCE & CSR

The growth of multinational restaurant firms is ever-increasing. As Corporate Social Responsibility (CSR) initiatives are highly influenced by cultural contexts, it is increasingly important to understand how CSR initiatives are enacted in the different countries these firms operate. **Dr Bora Kim**, together with her collaborators, took a particular look at whether CEO narcissism plays a role in strengthening/weakening the relationship between uncertainty avoidance, which is culture-specific, and CSR. Have a great week!

What's in this issue:

**UNCERTAINTY
AVOIDANCE &
CSR: THE
MODERATING
ROLE OF CEO
NARCISSISM**

Uncertainty Avoidance & CSR: The Moderating Role of CEO Narcissism

DR BORA KIM

A firm's CSR is influenced by the cultural context of a given society and the characteristics of its corporate executives. Applying germane theories, this study empirically examines whether CEO narcissistic personality weakens or strengthens the impact of uncertainty avoidance (UA) on CSR in the restaurant industry.

UA is the degree to which people in a society are uncomfortable with risks and is a core cultural dimension associated with CSR. That is, while CSR reduces a firm's risk by offering insurance-like protection against litigation and regulation costs, it may also be considered an unfamiliar, risky practice due to its less clear-cut predictability and ambiguity about the outcome manifested over time.

As CSR-related decisions are determined and implemented top-down in most companies, this study investigates the effect of CEO characteristics: CEO narcissism.



Narcissism is a significant psychological attribute associated with CEOs' decision-making behaviors and corporate outcomes. As the restaurant industry is characterized by sensitivity to economic conditions and high managerial discretion, understanding how a CEO's narcissistic personality influences a firm's CSR and interacts with contextual factors like UA is critical.

The research findings show that multinational public restaurant firms with more properties in countries where levels of uncertainty avoidance are high (e.g., Germany, Greece, Guatemala, Japan, Mexico, Finland, and South Korea) are less involved in CSR activities. However, when narcissistic CEOs are at the helm, this relationship becomes weaker as they a) desire more praise and b) care less about the external environment such as national culture. These findings can help multinational restaurant firms develop effective localized CSR portfolios according to the culture of local markets.

FURTHER READING

Kim, B., Lee, S., & Kang, K. H. (2018). The moderating role of CEO narcissism on the relationship between uncertainty avoidance and CSR. *Tourism Management*, 67, 203-213.

Link: bit.ly/3p6qQHr