ABSTRACT

The following article conceptualizes the recent emergence of the ‘celebrity CEO’ and a proposed relationship with aggressive competitive behavior by addressing possible moderators of this positive relationship. Current literature on this type of CEO highlights the causes and consequences of this status with little addressing the actions, let alone the implications, of such on a firm. A model is proposed that addresses this gap to indicate managerial, organizational, and industry moderators that affect the celebrity CEO’s propensity to engage in aggressive competitive behavior. This contingency framework suggests that an industry’s competitive intensity and the firm’s organizational slack as positively moderating this relationship meanwhile CEO tenure holds a negative moderating effect. The use of a contingency framework allows the relation of aggressive competitive behavior of so said celebrity CEO to be analyzed advocating specific likely outcomes. In doing so, a closer look into this behavior is addressed allowing for a closer dissection of these individuals of which firms become reflections.

INTRODUCTION

Today’s environment is competitive and dynamic- a duo that commonly summons aggressive competitive behavior. Competitive aggressiveness generally refers to outperforming competitors or “beating competitors to the punch” (Lumpkin and Dess, 1996, p. 148). This type of behavior continues to peak the industry’s curiosity as maneuvers and tactics become increasingly aggressive yet remain under studied in terms of strategies utilized. Past research on competitive aggressiveness has looked at the ‘drivers’ behind this behavior, both internal and external forces, in conjunction with the attack characteristics as predictors of relative performance (Ferrier, 2001). Research has thus identified several key antecedents to competitive aggressiveness such as top management team (TMT) heterogeneity, past performance of a firm in relation to its motivation for future actions (Thompson, 1967), and organizational slack as a means of allowing a firm leeway to respond to competitive pressures (Cyert & March, 1963). Largely influenced by Schumpeter’s theory of creative destruction (1950), this stream of research overlaps with competitive dynamic research as the latter has looked at the types and duration of competitive attacks and the performance implications demonstrated. Research within this stream currently focuses on the effect that performance distress holds on competitive aggressiveness (Ferrier, Fhionnlaoich, Smith, & Grimm 2002). One such study showed that firms that performed poorly were not likely to display such behavior (Ferrier et al., 2002). However, missing from this stream is consensus, as conflicting views of the inclination to exhibit such behavior exist where the prospect theory posits an increased likelihood and the threat-rigidity theory claims the contrary. This type of behavior can result in strong market positions, as evidenced by firms such as Wal-Mart or Microsoft, when compared to their conservative counterparts.
One driver of particular interest within this stream is that of the top management team composition. The upper echelons theory suggests that managerial experience and cognition influence three particular activities of problem sensing, interpretation of environmental cues and signals, and matching problems with strategic solutions (Ferrier, 2001). Previous studies have investigated a firm’s TMT dynamics with the intensity of the environment and the resulting aggressive actions in terms of speed and volume of these actions against rivals (Chen, Lin, & Michel, 2010). Similarly, one study focused on the influence of executive cognition on competitive dynamics and found that cognitive perspectives provided important indicators for future competitive retaliation (Marcel, Barr, & Duhaime, 2011). And yet other studies have focused on the characteristics of a firm’s CEO and TMT on influencing a firm’s strategic decisions finding that such characteristics should be considered when determining such decisions (Papadakis & Barwise 2002). The most commonly studied CEO characteristics are risk propensity, education, tenure, and need for achievement while the most commonly studied TMT characteristics are competitive aggressiveness and education (Papadakis & Barwise, 2002).

What increases the propensity of a firm to compete aggressively is clearly spread across many factors, but one of particular interest is the firm’s CEO as the creator and primary actor in such behavior. One particular type of CEO, a celebrity CEO, is expected to outperform rivals by any means possible. Literature on the celebrity CEO thus far concentrates on the effects this key player has on a firm’s performance (Treadway, Adams, Ranft, & Ferris 2009), the causes and consequences of this status (Hayward, Rindova, & Pollock 2004), and issues of compensation (Ranft, Ferris, Zinko, & Buckley 2006). Little has been explored on how these key players use this status to their advantage when determining future direction of their firms, more specifically what strategies they will emphasize, and more importantly, whether they will be more aggressive simply because of this achievement. As the media continues to draw attention away from the firm to the celebrity CEO, the new perception of the celebrity CEO that consumers and stakeholders alike holds begs to be studied as a determinant of future behavior.

The media and its presence within the business arena has shed tremendous attention on firms and their primary leader when the firm is operating especially well in terms of performance. This notion overlaps with the “romanticized conception of leadership [in which] leaders do or should have the ability to control and influence the fates of the organizations in their change” (Meindl, Ehrlich, & Dukerich, 1985). Within this romance lies a double-edged sword where credit is given not only for positive outcomes, but also blame for negative ones (Salancik & Meindl, 1984). This phenomenon of associating the failure or success of a firm to the firm’s CEO is shaping the role of the CEO within the CEO’s celebrity status. These celebrity CEO’s are afforded different roles within their firms as they begin to symbolize and embody the very firm itself. This status and what it entails advances certain outcomes a non-celebrity CEO may not be given the opportunity to enjoy. This is further engrained in the culture of the firm as “stakeholders take celebrity CEO as an intangible firm asset” (Koh, 2011, p. 523). As the celebrity status heightens, so too do the actions (expected or unexpected) this celebrity CEO is likely to take. Whether the actions are confined to industry expectations or more aligned with those of a celebrity is largely dependent upon the particular CEO him/herself.

It is these actions, generally speaking in effect, that kick off the status engagement process as celebrity CEOs continue to be glorified across media outlets for their actions. When we begin to think of a firm in terms of its CEO and ponder what future actions or directions that firm will
take, many questions surface. These are questions taken under careful scrutiny when a firm is growing. Going with the notion of expansion, we can look at the past history of the celebrity CEO and obtain an idea of what that particular CEO typically does. These aspects of their status afford celebrity CEO’s certain discretion when generating action and leveraging opportunities that would not otherwise gain acceptance. It is important to note that this paper is not concerned with how this status is achieved, or what effect it holds on a firm’s performance. Instead, it is concerned with how this status affects the growth strategies a CEO may pursue, particularly aggressive competitive behavior, which may not be viable sans the status, under normal confines.

CEO’s in general pursue strategies that they opinion as optimal for firms. Celebrity CEO’s not only play this role, but also must maintain their reputation, positive or negative, through the actions they take. It can be inferred that in addition to this extra role, this celebrity status requires additional input to maintain, and as such, this particular version of CEO will not want to damage such an achievement. Therefore, the actions that a celebrity CEO is likely or obligated to take are those that are in the best interest of the firm as well as the afforded reputation created. These “acceptable” actions however may not be the best in the eyes of the CEO. After all, is it not the actions of the CEO as designated by such that have afforded the CEO this reputation and thus boosted firm image? It is important to remember that the context of the status is positive and denotes success. I am not concerned with those CEO’s that have shed negative light on their firm for this infers the firm to be either a failure or failing based on the actions of the so said CEO.

This paper will attempt to shed light on the celebrity CEO and whether a firm that has a celebrity CEO is automatically conveyed as aggressive. Conventional wisdom would naturally lead one to believe that the actions a CEO partakes in are the result of numerous confines such as the environment a firm is embedded in. However, despite the fact that it is external and internal factors that aid a celebrity CEO in acquiring this status, it is the status itself that should be dissected when pondering certain actions this particular CEO engages in. In this paper, I explore the following research questions. Does the reputation of the CEO increase the extent of aggressive competitive behavior? If so, what are some of the managerial, organizational and industry variables that may moderate this relationship? The remainder of this paper is ordered as follows: an extensive literature review of aggressive competitive behavior, the celebrity CEO construct, as well as the moderators proposed to hold an effect, is developed followed by the model and proposition development. A discussion of the model is then provided highlighting managerial implications and future avenues of research.

LITERATURE REVIEW

Antecedents of Aggressive Competitive Behavior

Competitive aggressiveness is commonly defined as “the propensity to directly and intensely challenge competitors to improve one’s competitive position” (Lumpkin & Dess, 1996, p. 148). Many dominant firms within their respective industries are noted and sometimes celebrated for their aggressive behavior as it leads them to become market leaders, think Wal- Mart and Microsoft. In order to protect their strong market positions that afford them above-average profits and stockholder wealth, these firms compete not only aggressively, but also proactively and forcefully while initiating and responding to attacks (Ferrier et al., 2002, p. 301; D’Aveni, 1994; Ferrier, 2000, 2001). While this paper is not concerned with issues of performance of a
firm, it is important to note certain theories that predict the propensity of a firm to undergo competitive behavior to increase performance.

One such theory is the prospect theory that posits that firms operating in the domain of losses are risk seeking while firms protecting gains are risk averse (Kahneman and Tversky, 1979). Because aggressive competitive behavior carries mixed ideals, it is crucial to outline that for purposes of this paper, it should be considered as risky because of the increased likelihood of failure and losses. As such, firms that are struggling are more likely to engage in relatively more risky behavior for they not only have little left to lose, but also more incentive to take a gamble to reverse the losses. The opposite is true for those firms performing well who are said to engage in risk averse behaviors that will not place them in jeopardy. Research on the matter supports these notions as Bowman (1982) concluded that troubled firms were more prone to risk-seeking behavior. These firms therefore are at an increased likelihood of engaging in competitive aggressive behavior while those firms that are risk averse are likely to compete passively.

An alternative view of the inclination to engage in aggressive competitive behavior is denoted by the threat-rigidity theory which suggests that it is common nature, rather general tendency, of a decision maker to behave rigidly when faced with a threatening situation. This is in contrast to the prospect theory as it posits that performance distress reduces competitive aggressiveness. Under these conditions, decision makers are placed under distress and may not process all information, or may even seal off new information (Janis, 1972). Within the same context, these decision makers consult fewer sources of information which in turn limits the potential of available outcomes (Smart and Vertinsky, 1984). Research on this theory describes the predisposition of decision makers to narrow cognitive processes and therefore respond rigidly as such (Daily, 1994; D’Aveni and MacMillian, 1990; Starbuck et al., 1978). Table 1 summarizes the behavioral antecedent, expected behavior, and actions/consequences of each theory.
Table 1: Summary of Prospect Theory and Threat-Rigidity Theory

<table>
<thead>
<tr>
<th>Behavioral Antecedent</th>
<th>Prospect Theory [Behavioral and decision-making theories]</th>
<th>Threat-Rigidity Theory [Organizational and dominant firm behavior theories]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance distress may hold psychological consequences on how a firm reacts to the perception of threats or decline</td>
<td>Bowman, 1982; Kahneman and Tversky, 1979; Fiegenbaum, 1990</td>
<td>People under threatening circumstances typically rely on a familiar, dominant response set</td>
</tr>
<tr>
<td>Decision makers facing losses are risk seeking; decision makers protecting gains are risk averse</td>
<td>Kahneman and Tversky, 1979; Tversky and Kahneman, 1981</td>
<td>Groups partaking in decision-making activities may not be as flexible following a crisis, thereby blocking new information or controlling abnormal responses</td>
</tr>
<tr>
<td>Troubled firms are more likely to engage in risk-seeking behavior</td>
<td>Bowman, 1982</td>
<td>Crisis causes decision makers to narrow cognitive processes and thus respond rigidly</td>
</tr>
<tr>
<td>Firms behave as risk takers when performance falls below a particular mark</td>
<td>Fiegenbaum and Thomas, 1988; Fiegenbaum, 1990</td>
<td>Threat pushes decision makers to concentrate control, preserve resources, and confine information processing</td>
</tr>
</tbody>
</table>

CEO Celebrity Status

The celebrity CEO, much like celebrities, holds infatuation as journalists tend to over attribute organizational actions and performance to a firm’s leader (Meindl et al., 1985). As Hayward, Rindova, and Pollock (2004, p. 639) note, celebrity CEO is the result of circumstances that “arise when journalists broadcast the attributions that a firm’s positive performance has been caused by its CEO’s actions.” This avenue of information provided by such outlets informs the public about the “legitimacy and effectiveness of firms and their leaders” (Haywayd et al., 2004, p. 637; Baum and Powell, 1995; Lamertz and Baum, 1998; Pollock and Rindova, 2003). This aspect of the firm’s external environment, that is social media, is very inclusive as it molds the perception of the firm in the consumer and stakeholder’s mind. When a firm is doing well, headlines about the so said firm’s CEO will commonly read that the CEO is doing well as though the firm itself and the CEO are interchangeable. The outcome of this attention directed at the particular CEO is a
type of celebrity status in which the CEO is glorified for his/her actions or non-actions. This celebrity status is formed through multiple avenues of how people perceive this CEO in his/her actions, performance, personality, and charity to draw attention to a few. This is usually the result of people not wanting to attribute actions to simple luck, but instead to dispositional or situational factors as they seek stable explanations to understand and control outcomes (Heider, 1958; Jones and Davis, 1965). In simple terms, the common thought process does not want to associate a firm’s success to matters that are out of a firm’s control, nor does it want to seek out more complex outcomes to provide better explanation (Cyert and March, 1963; Weiner, 1986). Instead, we want to be able to see a cause and effect outcome in which we place the CEO as the head decision maker of this relationship. Having said this, it is understandable why CEO’s, especially celebrity CEO’s, are glorified when a product launch or new store opening performs well.

This attribution error in which CEO’s are highlighted as the ultimate ‘doer’ in determining a firm’s success or failure is quite common. Meindl et al. demonstrated well over two decades ago, prior to the media boom encountered today, that firm and even industry performance is erroneously attributed to the CEO by journalists and their print (1985). This attribution error is fundamentally the reason certain CEO’s are afforded celebrity status. Going one step further, journalists are also able to then change stakeholder’s perceptions and expectations about ‘who the CEO is’ and ‘how he/she will behave’ (Kelley, 1972), as well as ‘how to react to a CEO’s actions’ (Festinger, 1957; McArthur, 1957). Note that this construct does hold the capacity to be negative and hold negative effects on a firm, but as previously mentioned, this would entail poor or negative performance of a firm and as such will be considered null.

Several issues arise with this status including overconfidence. If the status is believed by the CEO him/herself, this CEO is likely to become overconfident of his/her abilities which may lead to less accurate decisions and inhibited judgment (Camerer and Lovallo, 1999). This particular CEO may also cling to the types of actions that gained accord to deem the celebrity status and as such, may make future strategic actions less adaptable to new competitive demands as he/she unduly persists with actions that produce celebrity (Hayward et al., 2004). As the CEO begins to internalize the celebrity status, he/she will start to believe the firm’s success is dependent upon his/her actions. The hubris that results, as previously mentioned, therefore holds implications for future endeavors the firm will take as the CEO takes personal responsibility for past firm actions and therefore future firm actions. “Namely, overconfidence exists when the ex ante expected accuracy of judgments exceeds their ex post accuracy” (Hayward et al., 2004, p. 645).

Past studies and research into this relationship suggest that overconfident CEOs pay higher premiums during acquisitions (Hayward and Hambrick, 1997), develop riskier products (Simon and Houghton, 2003), and overestimate the likelihood of venture success (Hayward and Shepherd, 2004). Despite these research implications, Hayward et al. suggest that as a celebrity CEO internalizes his/her celebrity and takes responsibility for the firm’s actions, the more likely stakeholder’s are to grant greater control to the CEO in regards to organizational activities and decision process (2004, p. 645). This reasoning can be better comprehended when a CEO’s compensation package is brought into the equation. “A celebrity CEO can expect higher compensation relative to non-celebrity CEOs, reinforcing the notion that the CEO is responsible for firm performance” (Hayward and Hambrick, 1997; Porac, Wade, & Pollock 1999). Therefore, a celebrated CEO has incentive to embrace this status because of the added financial rewards that result from being a celebrity (Rosen, 1981). This gives the CEO an initiative to cultivate this
status on more than one ground. Aside from additional compensation, the CEO is given more leeway in future decisions stood to be made or managerial discretion- a byproduct of increased compensation.

A Contingency View

The following moderators were chosen because of the increasing attention each has gained within the field of management concerning unique subject matters. In combination, the three provide a new outlook on the celebrity CEO as has yet to be examined. As previously mentioned, organizational slack is oft viewed as an antecedent of competitive aggressive behavior and would serve well to be integrated further while studying this particular behavior of this new type of CEO. Organizational slack’s presence can be expected of these larger firms, more specifically those that likely house celebrity CEOs. This is especially true because of the inherent use it serves as a means of protecting the firm in the event of changes. In terms of CEO tenure, this characteristic is one of the more commonly studied as it holds vast potential to explain behavior as previous research has essentially associated tenure with how a CEO is expected to behave. Unique to CEO tenure however are the expected behaviors of this new breed of CEO. By examining the tenure of celebrity CEOs, a more in depth picture can be formulated to view the differences between those celebrity CEOs with more or less tenure. Competitive intensity of an industry was selected because of the relevance it holds for this particular type of CEO and the propensity to be high within a celebrity CEO’s industry environment. The expected increase in pressures from a celebrity CEO coupled with slack resources may ultimately produce unique outcomes that have yet to be monitored.

Managerial Moderator: CEO Tenure

CEO tenure, as Henderson et al. among other scholars rationalize the construct, is often characterized as a life cycle “in which executives learn rapidly during their initial time in office, but then grow stale as they lose touch with the external environment (2006). This cycle is easily understood as CEO selection is held contingent to the environment in which the firm is operating as boards of directors when choosing a CEO try to find someone whose “competencies and experience align with conditions facing the firm at the time and into the foreseeable future” (Finkelstein and Hambrick, 1996; Vancil, 1987). As the CEO settles into the firm, he/she can be expected to lose insight provided by the external environment. This notion that a CEO moves along a cycle from in tune to out of tune with the environment plays greatly into tenure aspect as Miller concludes that CEOs in office for ten or more years lead their firms into lower performance as they become “stale in the saddle” (1991). “CEOs become overly committed to their earlier formulas” (Henderson et al., 2006, p. 448) but do not account for the changing environment causing performance decline. Henderson et al. additionally posit that CEOs who operate within highly dynamic environments will ‘peak’ very early and firm performance is likely to drop after a brief time in office (2006, p. 448).

Organizational Moderator: Organizational Slack

A firm’s organizational slack or slack resources are engaged or depended upon under different conditions. These resources are “physical entities such as cash, people, non-obsolete inventory, machine capacity, and so forth” (Sharfman, et al., 1988, p. 603). They not only protect the firm from external fluctuations, such as those of the environment, but also internal fluctuations (Sharfman, et al., 1988). As Bourgeois notes, they are “that cushion of actual or potential

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resources which allows an organization to adapt successfully to internal pressures for adjustment or to external pressures for change in policy as well as to initiate changes in strategy with respect to the external environment” (1981, p. 30). It should be inherently recognized that these resources serve a specific purpose in allowing a firm leeway when management is responding to changes in the environment (Sharfman, et al., 1988).

Studies thus far on organizational slack have concentrated on their effect on a firm’s performance. Some scholars argue that despite the added costs they incur to maintain, they serve to protect, rather buffer, a firm’s core from changes in the environment and thus serve to enhance a firm’s performance (Cyert and March, 1963; Pfeffer and Salancik, 1978; Thompson, 1967). This notion lends to the idea that organizational slack is necessary to those firms competing within dynamic environments and serve optimum purpose to large firms. As Sharfman et al. concede, organizational slack resources enable firms to ‘hang in there’ on those ‘rainy days’ (1988).

Industry Moderator: Competitive Intensity

Competitive intensity within a market refers to the “magnitude of effect that an organization has on its rivals’ life chances” (Barnett, 1997, p. 129). Within this relationship are two types of competitors, those that are weak and only harm a rivals’ life chances slightly, and those that are strong that reduce their rivals’ life chances immensely. The probability of competition occurring varies from market to market, where competitive intensity itself varies from firm to firm. Some firms are stronger competitors than others (Barnett, 1997) and thus affect rival firms opportunities for growth more. When competition is intense, firms must adapt and typically do so by engaging in risk-taking and proactive activities (Auh & Menguc, 2005). Zahra notes that “when rivalry is fierce, companies must innovate in both products and processes, explore new markets, find novel ways to compete, and examine how they will differentiate themselves from competitors” (1993, p. 324).

Another aspect of competitive intensity rests on organization or firm size. Barnett notes that “as organizations grow, they become more capable of alleviating or even controlling selection pressures” (1997, p. 133). Large firms carry an inherent likelihood of holding more slack resources and as such may not necessarily need to respond to competitors in the same manner as small firms. Resources, in general, independent of firm size cause rivalry. This rivalry is influenced by not only the number but the size of competitors (Shepherd, 1979). This in turn contributes to environmental hostility as competitive intensity grows (Dess and Beard, 1984). It is important to note that this type of intensity is largely the result of actions undertaken by industry competitors. When competition is intense, firms must adapt quickly and accordingly, whereas when competition is less intense, firms are able to operate as they normally would.
Celebrity CEOs are largely aware of their status. “Celebrity cannot just be granted to an individual. It is a byproduct of the relationship an individual has with the public, rather than a defining characteristic of an individual” (Ranft, et al., 2006, p. 283). These CEOs can expect higher pay as well as more discretion within their decision-making domain. Because these CEOs are given more “slack and more latitude in behavior because of who they are,” they may begin to implement changes they feel are not only necessary but also those that will increase their reputations “by fulfilling market demands” (Ranft et al., 2006, p. 286). This is the consequence of celebrity per se as certain behaviors become more likely and in turn expected. The status is both a benefit and a burden as Wade, Porac, Pollock, and Graffin (2008) note “beneath the surface of the media’s glare is a tangle of burdens that can make it difficult for star CEOs to stay on top” (204). As Ketchen, Adams, and Shook conceive, this type of CEO fall prey to “greater and more lasting reputation erosion if their job performance and behavior is inconsistent with their celebrity image” (2008).

It is easily conceived that a celebrity CEO will feel a greater need to engage in behavior, aggressive or not aggressive, to maintain this reputation. It is the behavior that landed the status that is to be expected in the consequent actions or future maneuvers; the status is more easily attained however, when behavior is irregular or competitive as it attracts attention and media coverage. Once a celebrity CEO engages in competitive behavior, it is commonly expected that they will continue such behavior to maintain the competitive position that resulted from the behavior in the first place. This behavior also affords the firm a strong market position which in turn leads them to above-average profits and stockholder wealth, further intensifying the need to
continue this very behavior (Ferrier et al., 2002, p. 301; D’Aveni, 1994; Ferrier, 2000, 2001). This type of CEO is therefore more likely to engage in competitive aggressive behavior to maintain expectations and strengthen his/her reputation, and as such,

**Proposition 1: CEO celebrity status is positively related to the extent of aggressive competitive behavior.**

Certain moderators underlie this expectancy consisting of managerial, organizational and industrial variables that further this propensity. Celebrity CEOs do not necessarily emerge and assume expected behavior and actions. Instead, it is a process that begins within a firm and can be carried on throughout a CEO’s career implying a certain conditioning process. Certain variables however can be seen as moderating this relationship. I begin with the managerial moderator dictated by a CEO’s tenure. Tenure is more easily understood when a CEO’s compensation is folded into the equation. In terms of pay, the CEO’s compensation package denotes several aspects to the CEO and the relationship he/she holds with the firm. Compensation is generally conceived as an outcome directly tied to firm performance and stakeholder dividends among other factors. The length of time a CEO has held position within a firm can be seen as an outcome of tenure. Tenure within its own construct implies that satisfactory performance has been put forth, hence the CEO remaining in the position.

As previously noted, CEOs can expect higher pay upon achievement of celebrity. With this increase in compensation, CEO’s can generally expect more managerial discretion as well. This refers to “latitude of options top managers have in making strategic choice” (Hambrick and Finkelstein, 1987). The more discretion a CEO holds infers fewer constraints to the choices he/she wishes to make thus increasing the CEO’s impact on organizational outcomes (Finkelstein and Boyd, 1998). As Finkelstein and Boyd concluded, “the absolute amount of CEO compensation is expected to be higher the greater the level of discretion” (1998). This suggests that a celebrity CEO will believe him/herself to hold more discretion due to the increase in compensation (or expected compensation) upon receiving notice of this status, rather due to celebrity status; a CEO can expect higher compensation which holds a direct effect on managerial discretion.

Part of the celebrity status entails that the CEO is within an industry that is fast paced or dynamic as well as competitive by nature garnering media attention. The status is often achieved because the firm and CEO are highlighted for their unique maneuvers in distressed times or otherwise. This particular firm can be expected to compete aggressively because of the CEO in office. However, as time progresses it can be expected that the CEO will become out of tune with the environment or ‘stale in the saddle’ as Miller (1991) found that CEOs with longer tenure were less likely than less-tenured CEOs to make adaptive changes in their strategies. Hambrick, Geletkanycz, and Fredrickson (1993) found that an executive’s tenure significantly affected his/her commitment to the status quo. “Current performance of the organization appears to have a role in determining an executive’s commitment to the status quo. [As such, it can be understood that] high performance provides validation of current strategies and leadership profiles, while poor performance creates doubt about their wisdom” (Hambrick, et al., 1993, p. 413-14). Whilst no external pressures may necessarily induce this threatening feeling, the maintenance of the celebrity status alone is enough to increase the propensity of a CEO to behave as though they are under constant threat thus behaving rigidly as the threat
rigidity theory posits (i.e. increased competitive aggressive behavior).

Because organizations become reflections of their top executives (Hambrick and Mason, 1984), this holds implications on those firms with CEOs that are not only celebrity, but also tenured. This is magnified when this particular CEO is given discretion as a result of compensation coupled with tenure. Based on the above propositions of a celebrity CEO’s propensity to engage in aggressive competitive behavior, I further propose that a celebrity CEO’s tenure will hold a negative moderating effect on this outcome and as such,

**Proposition 2: CEO tenure negatively moderates the relationship between CEO celebrity status and their extent of aggressive competitive behavior.**

We turn attention now to organizational variables that can moderate this relationship. The composition of the organization that a CEO heads manifests the types of decisions a CEO is likened to make; this includes, but is not limited to organizational slack. The possible addition of ‘extra’ power, due to increased resources, in the hands of the CEO may warrant an increase in CEO overconfidence or hubris. The celebrity CEO is already said to fall prey to this illusion. Hayward and Hambrick (1997) mention that “some CEOs have systematically inflated views of their abilities, perhaps due to demonstrable accomplishments or, as likely to a relative persistent personality trait of self-importance.” Whether this notion is conceived as a personality trait or obvious portrayal due to firm performance, it can be conceived that as a firm expands, it is likely the result of proper direction from the CEO.

Coupled with inflated views of themselves, overconfidence may intensify a celebrity CEO to “believe inherently in their abilities, often to the point of delusions of grandeur” (Kets de Vries and Miller, 1984). Keep in mind that part of the celebrity status is awarded on the CEO’s actions. Those actions in particular that are not the ‘norm’ or that are considered to be ‘outside of the box’. This is intensified by the assumption that the firm that houses the celebrity CEO is successful or a market-leader. This implies that the firm is already at an increased likelihood of pursuing competitive aggressive behavior. In addition, because the celebrity CEO can be thought as an intangible asset to the firm (Ketchen Jr. et al., 2008), the CEO will want to protect this status, as well as his/her celebrity status, and may pursue riskier strategies. With this intangible asset label, a CEO may be able to increase opportunities available to his/her firm (Ketchen Jr. et al., 2008). These opportunities become more viable or plausible with the addition of organizational slack- a cushion for the firm.

As Wainer and Rubin (1969) found, CEO’s with a high need for achievement typically ran firms that grew much more quickly than those firm’s with opposite needs for achievement (low or even average). This could be the outcome of the more aggressive strategies these high-need CEOs pursued (Wissema et al., 1980). As the celebrity CEO begins to accept this status, they consume the role of decision-maker more intensely as they equate the success or failure of their firm with the actions they have made. “They do not want anything left to chance. Thus they will carefully analyze situations so that they can proactively manipulate, rather than having to react to, their customers and competitors” (Miller and Toulouse, 1986, p. 1391). This notion is further increased when the CEO assumes position within a large firm that has added slack resources.
A large firm can be thought of as successful, which in turn implies apt resource availability or ample organizational slack. A firm’s organizational slack, or buffer, allows the firm to experiment with new strategies (Thompson, 1967). This concept is furthered when the firm is not only large but also headed by a celebrity CEO. The CEO is more likely to pursue strategies that will not only make the firm more successful but test, so to speak, the assumed discretion. This discretion ‘testing’ corresponds to a firm’s unabsorbed slack or uncommitted resources as they are “more easily redeployed elsewhere allowing for greater managerial discretion” (Tan and Peng, 2003, p. 1251). The inclusion of increased discretion as a by-product of organizational slack increases the propensity of a CEO to utilize such resources to his/her discretion. This is especially true when the CEO is aware that the firm will not suffer from direct decisions mandated by him/herself if the decision does not align properly. From this conception, it should be regarded that a celebrity CEO will consider organizational slack or a firm’s slack resources when engaging in aggressive competitive behavior and as such,

**Proposition 3: Organizational slack positively moderates the relationship between CEO celebrity status and the extent of aggressive competitive behavior.**

Lastly under consideration is the industry variable of competitive intensity. By such, is meant the competitive nature of the industry in which the firm is embedded as well the industry’s dynamism. The industry in which a firm rests can be said to mold the types of strategies and outcomes desired by the firm, specifically whether the firm engages in aggressive competitive behavior. While this paper is not concerned with the performance of firms within an industry, it is concerned partly with how the other firms within this hypothetical industry affect a firm with a celebrity CEO. Chamberlain (1933) implies that firms seek and choose those strategies which will most completely exploit their uniqueness and individuality. Along this notion, it is the CEO, or the celebrity CEO, that makes these decisions for they are considered a reflection of him/her. Given this context, a celebrity CEO will wish to remain unique and individual in relation to the other firms within the given industry and as such may employ riskier strategies, especially when coupled with industry competition and celebrity CEO status pressures. Another underlying assumption should be considered when we think about the celebrity CEO. Part of this status is granted as a result of successful performance, but more importantly is the context in which this performance is obtained. It can be assumed that this celebrity is operating within a firm that is not only large in size, but embedded within an industry that holds increased competition for the media is allotting coverage to such competition by highlighting the unique moves the celebrity CEO made. Otherwise, the celebrity may not have been granted such media coverage if the industry was not one that was regarded as interesting based on the strategic moves the CEO employed.

As explained earlier, the competitive intensity within an industry dictates that certain firms are stronger, or more competitive, than other firms. With this notion comes the idea that those firms willing to compete within industries that are deemed competitive, the understanding that they will do so aggressively to maintain themselves. However, due to the simple fact of intensity, a firm that is already engaged in competitive behavior will likely pursue those strategies that are aggressive in nature to maintain its preferable status within the surrounding industry competition. This is especially so when the firm is already celebrated due to its celebrity CEO. The celebrity CEO will not want to disengage in any possible way from the afforded advantages this status holds. As such, it can be conceived that the combination of competitive intensity with celebrity
CEO status will heighten the propensity of aggressive competitive behavior because the two align to produce similar if not equal outcomes.

Game theorists posit that firms build their reputation based on the actions they pursue (Weigelt and Camerer, 1988). Those firms that are deemed competitive will then have taken aggressive measures to signal to other firms within the same industry that they will not only defend their market position but also the reputation that has formed. This can be thought of as an extension of the celebrity CEO’s reputation for the two emerge out of actions of the firm and the CEO. Going forward with this thought, the celebrity CEO may take competitive acts by rival firms more personally within the domain of competitive intensity. As Ferrier et al. find, “poor performing firms [are] less likely to exhibit aggressive competitive behavior” therefore implying that it is those firms that enjoy success that will actually do so (2002, p. 311).

Let it be assumed that as a result of this conclusion, celebrity CEOs are more likely to be present in those industries that hold successful firms and as such exhibit aggressive competitive behavior. Furthermore, these actions may be intensified if a celebrity CEO conceives all actions another firm makes to be threatening. This particular CEO will not want any negative repercussions to reflect on his/her status and as such may be more so inclined to pursue aggressive competitive behavior when the existence of industry competition is high. As such,

**Proposition 4: The level of competitive intensity positively moderates the relationship between CEO celebrity status and the extent of aggressive competitive behavior.**

Underlying the above propositions is the assumption that celebrity CEOs work relentlessly to achieve and maintain this status. Hailed as revolutionary and innovative, celebrity CEOs easily become engulfed in the press surrounding their achievements. This individual at the apex of his/her organization becomes a “public figure who often builds reputations that are culturally and socially pervasive, expanding beyond the scope of reputation with shareholders, customers and employees” (Ranft, et al., 2006, p. 281). The scope under which these CEOs are celebrated is also a double-edged sword for “celebrity CEOs are more closely scrutinized than their less celebrated colleagues” (Ranft, et al., 2006, p. 287). As such, the actions undergone to achieve the status must continue to occur if the celebrity CEO does not wish to lose the additional merits he/she has earned. Because decline quickly turns into a downward spiral from which few firms are able to recover (Hambrick and D’Aveni, 1988), a celebrity CEO is likely to continue actions that have granted him/her the status throughout his/her career. This will then serve to increase the intensity of his/her celebrity status, which in turn will continue to fuel the aggressive competitive behavior. This model incorporates the moderators that exist within the relationship between celebrity CEO status and the propensity to engage in aggressive competitive behavior.

**DISCUSSION**

This paper proposes a theoretical model in which the relationship between a celebrity CEO’s and his/her propensity to engage in competitive aggressive behavior is moderated by several variables. The basic premise holds that a celebrity CEO, due to the inherent characteristics associated with the status itself, are more likely to engage in aggressive competitive behavior; the extent of this behavior is under examination as the relationship is posited to hold moderators which both negatively and positively affect the extent of this behavior. For example, a CEO’s tenure with his/her organization negatively moderates the extent of aggressive competitive behavior.
behavior while organizational slack and the level of competitive intensity positively increase the extent of aggressive competitive behavior.

Thus far, literature demonstrates that firms are predisposed to the actions of their top managers as research confirms that they essentially become reflections of these top managers (Cyert and March, 1963; Hambrick and Mason, 1984; Finklestein, Hambrick & Cannella Jr., 2009). From the above, it is easy to conceive that a CEO that holds ‘celebrity status’ will behave, and thus perform, differently from his/her non-celebrity counterparts. So much so, that the actions that in turn become reflections of these celebrity CEOs may reinforce the status itself. This paper develops the celebrity CEO concept further by explaining the propensity of such an individual to behave in one particular way, aggressively in terms of competition. By understanding the context in which the celebrity status is bred, we are able to predict likely behavior, both expected and unexpected. As such, the major contribution of this paper is to the celebrity CEO literature that seeks to understand the actions of such to predict future actions. Current celebrity CEO literature dissects the status and the contributing variables that enhance or detract the status. Little if any literature thus far seeks to apply the status, and what it entails for strategic actions, to behaviors expected from CEOs of large firms. The literature also does little to address possible reasons why these behaviors surface when they do, when these behaviors begin or end, or how these behaviors affect the firm either positively or negatively. By drawing upon industry, organizational, and managerial variables, this paper has attempted to exemplify via a contingency framework possible moderators present in the relationship between celebrity CEO status and the propensity to engage in aggressive competitive behavior. As the celebrity CEO stream of research continues to grow, literature surrounding this phenomenon will continue to transcend the borders beyond performance to seek explanation for consequential actions. This paper attempts the beginning of a needed understanding of how this status underlies certain behaviors.

Part of the issue for furthering this stream of research concerns the lack of available measurement tools to gauge the status itself. A strong set of scales allows for better prescriptive measures as well as operationability of a construct. Measurement would also allow for firms to gauge the potential negative benefits the status holds. By such is meant that being able to measure the “amount” of celebrity and the actions put forth may allow for a relationship to be discovered concerning amount of celebrity and perhaps performance as a result. Just as tenure is said to hold itself within a cycle, so too may celebrity status. In addition, a feedback loop may exist that strengthens the status, which thus strengthens the propensity to act aggressively. This loop would serve well to be explored as another possible variable for this behavior perhaps in a longitudinal study where tenure, compensation, and competitive intensity are aggregated. Essentially speaking, which appears first- the status or the behavior?

Although this paper has put forth the notion that celebrity CEOs are more inclined to display aggressive competitive behavior, it does not account for larger external factors such as performance distress. This factor in itself pre-dictates certain outcomes and thus can be seen as a limitation. The above propositions are contributory to a firm active within a ‘normal’ environment. Surely, under distress a celebrity CEO would behave differently which begs for further discovery. This paper has established that a celebrity CEO is more inclined to engage in aggressive competitive behavior partly because of the status itself. Further discovery would serve well to see other possible moderators that affect this relationship. In addition, no discretion has been placed on whether the environment is dynamic or static in nature. Firms are in constant
search for their next competitive advantage. The constant evolution of the environment however makes this difficult. While an assumption may stand to be made that a celebrity CEO commonly exists in a dynamic environment, further research into this particular view would help paint a more complete picture. It could be that the status of the CEO has no effect on the propensity to compete aggressively but instead that the environment instigates the behavior.

Lastly, on the notion of the status itself, the above paper has given the impression that the status is only present under a positive context. This is not the case however. The portrayal of a CEO ‘falling from grace’ holds tremendous implications on his/her actions and performance behavior. Differences in strategies would be interesting to explore for reasons none other than how these propelled actions would affect a firm’s competitors, products, performance, stakeholders, and board of directors. At what point is a celebrity CEO no longer celebrity? This question can only be answered once a measurement scale is put in place. However, being able to determine when this cycle has begun its downturn would serve tremendous purpose. This attribution error that exists should be fully explored as more and more CEOs are gaining momentum as celebrity within this field of research. The outcomes of such CEOs need further development if the media is going to continue along the path of naming certain CEOs as celebrity. The above propositions and moderators also do not account for the effects held by agency theory issues. How does this theory in which agents and principles have different attitudes towards risk interplay with the inclination to compete aggressively?

CONCLUSION

The notion that celebrity status may serve to both help and hinder a CEO should be more readily accepted, especially when a CEO is seeking to acquire this status, reaping the benefits of, or looking for an exit from it. Not per se a blessing in disguise, the celebrity CEO is granted extensive advantages that continue and develop this status directly and indirectly, as well as positively and negatively. As the media will surely continue to fuel this avenue of press, it pays to understand the effort put forth and outcomes that surmount, as results for a firm are obtained. The potential negative benefits, while not explored in the present paper, may spillover into all segments of a firm just as the positive benefits have been shown to. The time and dedication that goes into achieving this status is likely not done for the status but instead for the firm as expected, but the possibility of acquiring this status should always be on the list of possibilities for the actual CEO, the firm, and its stakeholders as a possible result. Because the status has endless possibilities in terms of how it affects a firm, the firm must keep this in consideration of occurring. Regardless of whether a celebrity CEO is a likely occurrence within a particular firm, the status itself should be viewed as a possible predictor of future behavior within the industry as a whole from the potential behavior this individual may deploy. This is especially true of those CEOs that hop from firm to firm or industry to industry. The possibility of being able to gauge and predict rival firms’ actions holds tremendous implications.
REFERENCES


