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# Celebrity Chief Executive Officers Influence on Firm Performance: A Review of Theory and Evidence

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**Abstract**

There have been a lot of studies on Chief Executive Officers' (CEO) influence on firm performance. The studies have mainly focused on the Chief Executive Officers as a whole. Despite the various studies on the role of CEO as critical characters in the performance of firms, there does not seem to be specific focus on the influence of celebrity CEOs on firm performance. This study addresses the gap by reviewing existing theory and empirical literature and identifying the research gaps. The researcher has also developed a theoretical framework that explains the relationship between celebrity CEOs and firm performance. The review suggests that celebrity CEOs are under immense pressure as they are considered intangible assets and are expected to have high performance standards. This high expectation of celebrity status could have a negative influence on the firm performance.

**Keywords:** Chief executive officer; Celebrity; Leadership; Performance; Firm

## Introduction

In today's dynamic business environment, the art of management is getting more complex. The title of Chief Executive Officer (CEO) is the highest management position in most firms. CEOs are thus required to steer their enterprises to success. The CEO is responsible for implementing existing plans and policies, ensuring the successful management of the business and setting future strategy. The CEO's position is regarded as one of the most powerful positions in a firm as they are the spokespersons, political strategists and good corporate citizen [1]. Becoming a CEO is the greatest leap that an executive can make in his or her career. What makes it such an extraordinary transition is the complexity of the role and the skills required to manage that - enhanced responsibility successfully. The success of firms is mainly measured through their performance. A CEO must then adopt various leadership styles to achieve highest performance and followership.

CEOs are responsible for maximizing their firm's value [2,3]. Sometimes they are powerful and magically competent. While this core function applies to all workers in a firm, the CEO ultimately is responsible for this central task of business, and reports directly to the firm's board of directors [4]. The CEO oversees the entire operation of a firm. He or she is responsible for coordinating effective operating, marketing, financial, cultural and legal strategies that maximize shareholder value. CEOs are also called by different names in different firms: president, executive director, managing director, general manager, vice chancellor or even chief administrative officer. In small companies, especially start-ups, the CEO is involved in implementing most operations. But as firms get bigger, CEOs delegate duties to subordinates.

Kokeno, Muturi [5] and Alice et al. [6], note that top management team members may contribute through their individual task and teamwork to the strategic direction and achievement of the overall goal of a firm. However, the CEO is looked upon as the final individual to give a go-ahead and make decisions which are crucial to the vision and strategic direction of the firm. It is also because of this that they bear the ultimate accountability, with broad authority within their firms. They are also charged with the overarching leadership, strategy, and direction of their firm. The CEO oversees various functions, including finance, human capital, marketing, legal, operations, sales, productivity and quality assurance. As the CEO oversees these functions, they must also consider the needs of different constituencies or stakeholders, including employees, customers and investors.

According to Malmendier and Tate [7] and Cronqvist et al. [8], CEOs' personal characteristics such as personal life experiences, age, shape, financing decisions and attitudes influence the firms' performance. McDonald et al. [9] share that there is considerable consensus that CEOs have the greatest individual influence on organizational performance, and there is a substantial literature on the effects that CEOs have on the overall performance of firms. Many researchers agree that characteristics of strong CEOs are needed to make decisions in demanding business environments which are fast-flux, multi-dimensional, ambiguous, time-consuming, and challenging [10].

In the study by Rein et al. [11], they argue that marketing researchers characterize celebrity as a product of marriage of entertainment and fame to create and sell highly visible products called celebrities. Thus, celebrities are created through mass communication of carefully selected, prearranged, and sometimes manipulated information about an individual's personality, talent, and style in order to create the image that triggers positive emotional responses in audiences [12]. The concept of celebrity CEO is consistent with America's infatuation with celebrities and the empirical finding that journalists tend to over attribute organizational action and performance to its leader [13].

Cho et al. [14] while referring to Malmendier and Tate [15] note that celebrity is a unique form of social status that is conferred on CEOs by their peers. Graffin et al. [16] argue that those with high social status such as celebrity CEOs are thought to be more capable as strategic

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actors, and deserving of the accolades and remuneration they receive by virtue of their social status.

Scholars have sometimes associated the normative aspect of celebrity with charisma, in which followers obey a leader not for traditional or rational-bureaucratic reasons but through a personal acceptance of the leader's "exceptional powers or qualities" [17]. According to Milner [18] celebrity is a distinctive form of status in part because it matches the vast scale of modern social organizations and the commodification of mass communications. Cravens and Oliver [19] pointed out that to understand a celebrity CEO; you look at it from the concepts of fame and reputation. Fame is the fleeting condition created by circumstance while reputation is generated by positive or negative media interactions and performance over time.

In today's world, the word celebrity quickly brings to mind actors, sports stars, and musicians. Some CEOs, such as Bill Gates, Oprah Winfrey, Martha Stewart, and Donald Trump, also achieved celebrity status. Celebrity CEOs are not a new phenomenon. In the early 20th century, industrial barons such as Henry Ford, John D. Rockefeller, and Cornelius Vanderbilt were household names. In the current era of mass and instant media, celebrity CEOs has become more prevalent and visible. Ryerson University and McGill University were named after benefactors who established those schools which now serve as their legacies.

Celebrity status is one of being widely honored and acclaimed. Abraham Lincoln became the most widely recognized United States of America president because his photograph was so widely disseminated [20]. In Kenya we have had our own celebrities who have won CEO contests and those the media has highlighted as great performers like Julius Kipng'etich at Kenya Wildlife Service, Titus Naikuni at Kenya Airways, Linus Gitahi at Nation Media Group, Manu Chandaria of Comecraft Group, Kaushik Shah of Mabati Rolling Mills, James Mwangi of Equity Bank, Vimal Shah of Bidco and Evans Kidero at Mumias Sugar Company.

According to Hayward et al. [21] in his theoretical research titled "believing one's own press, the causes and consequences of CEO celebrity" in the United Kingdom, celebrity arises when journalists attribute a firm's positive performance to its CEO's actions. The primary interpersonal privilege of celebrity is attention. Celebrities matter to the rest of us, even if we would have no interest in them were they not celebrities. The most mundane experiences of celebrities' lives attract attention, not just by fans but also by anyone who happens to recognize their fame. Celebrity becomes a status and also how the individuals are viewed by the public.

A research undertaken by Wade et al. [22] titled "The burden of celebrity, the impact of CEO certification contests on pay and performance" based on results from Financial World's widely publicized certification contests among Standard and Poor 500 using panel data over 5 years, suggests that the high-profile awards CEOs receive, provide a visible and public assessment of celebrity CEOs by a panel of prominent business experts such as peer business leaders, financial analysts and business journalists. Winning high profile awards reflects consensus on the true abilities to celebrity status. The power of the media lies in its ability to trigger the bandwagon effect of popularity, confirming CEOs' abilities to make the market to perceive award winners as highly talented [23]. Indeed most celebrity CEOs have gotten their status through this form of certification. To measure the immediate performance effects of winning a medal, Wade et al. performed an event study.

Anything a celebrity CEO says or does can and will often show up on the front page of a national daily newspaper or online news. Thus, they need to be much more conscious about the implications of everything that they say or do in all situations. Achieving the level of success that brings about celebrity status is seldom a completely smooth process. Even well-regarded celebrity CEOs seldom has totally untarnished reputations. The debate on celebrity CEO performance is inconclusive as a number of studies focus on financial aspects while others focus on non-financial performance [24].

Performance in many cases is based on traditional accounting statistics and ratios mainly return on investment, sales growth rate and market performance. In fact the annual firm statements, including the profit and loss statement and balance sheet indicate whether the firm is doing well or not and by extension the role played by the CEO. Research regarding firm performance suggests that it's one of the most critical variables for a CEO to consider when attempting to build and improve their operations [25]. Daellenbach et al. [26] points out that in the daily planning, innovation, cost reduction and strategic direction of an organization, CEOs act as a filtering mechanism. This filtering mechanism informs the performance of a firm. When a firm is viewed as more innovative and the strategic direction is clear, it's presumed the CEO is performing well.

The performance of a firm is also measured through their innovations, financial growth, cost reduction and clear visions and missions. Ishak while referring to Kaplan [27], Fan, Maury, Suchard et al. indicated that researchers in CEO turnover literature found that corporate performance is frequently used as an indicator to evaluate the effectiveness of a CEO's efforts. They believed that the CEO turnover is triggered by poor corporate performance, rather than good corporate performance. Celebrity CEOs have immense pressure to increase performance in firms and will go an extra mile, including increasing their risk appetite to improve performance. The CEO plays a critical role in this and a celebrity CEO is celebrated in these lenses.

According to Drucker [28], organizational survival depends on satisfactorily executing a plan and achieving a set of conscious or subconscious, predetermined objectives. The Chief Executive Officer serves as the organization's helmsperson, navigating the enterprise through the changing winds and waters of an often times turbulent marketplace, and to pilot the firm successfully to its destination objectives [29,30]. The piloting decisions and choices made by the CEO can have far reaching consequences. The CEO has significant influence over the entire enterprise.

Glick [31] while quoting Edersheim [32] notes that CEOs may lead companies with extremely significant economies to success. He further notes that not only can these CEOs influence the course of their companies, employees, and markets but also in some cases, influence the course of entire countries and regions of the world [33,34]. Thus the CEOs role in the firm performance comes under scrutiny.

## Problem statement

Today CEOs are facing increased scrutiny as they receive ever increasing pay packages, rewards and recognition. According to Glick, CEOs hold one of the most important and influential roles in an organization, yet research on the role remains ambiguous, conflicted, and outdated. The studies have mainly focused on the CEO as a whole. In the past 10 years there has been negative focus on the CEO due to the widely publicized failures of WorldCom, Enron, Arthur Andersen, and Tyco [35]. According to Mcdonald et al, there have been a lot of studies around the CEOs influence on firm performance. Despite the CEO's importance, there does not appear to be recent review of studies of the CEO-firm performance relationship.

Further, despite the various studies and recognizing the role of a CEO as one character in the performance of firms, there does not seem to be specific focus on the persons as a celebrity on the firm's performance. In addition, few investigators have sought to understand what facilitates desired outcomes when it comes to performance. We have been using 1960s and 1970s models to guide scholarly research on the role of CEO, seemingly ignoring the complexities of business today and how they have changed the world of work today. During these periods, we have also witnessed more certification contests and CEO standing out from the rest and winning accolades. Ziek [36] while referring to Turner [37] argues that there is not a great deal of depth or variety in academic writing on celebrity.

As the role of the CEO gets more scrutinized, the various characteristics and behaviors displayed in their management comes into play. Indeed the question will be what kind of CEO has influence on firm performance? Do the media recognition or certification contests that produce winning CEOs who are celebrities have a positive or negative influence on the firm performance? This paper will address this gap by looking at literature on various studies on the chief executive officer as a celebrity and linking it to firm performance. The study will also build on emerging research as pointed out by Cho et al. on celebrity CEOs who are recognized as star performers.

### Objectives of the study

The general purpose of this study is to identify gaps which can be filled by further research. To that end, this study seeks to:

a) To gain a greater and in-depth understanding of celebrity chief executive officers and their influence on firm performance.

b) To identify factors contributing to celebrity chief executive officers performance.

c) To explore firm performance in relation to the Celebrity Chief Executive Officer.

d) To propose a conceptual framework on the relationship between celebrity chief executive officers and firm performance.

## Theoretical Review

### CEO celebrity leadership

There are a number of theories that underline leadership from CEO position. The leadership role is believed to be one of the most important roles of a CEO with a reach that spans all other roles. This paper delves into a brief description of leadership theories necessary for informing research on celebrity CEOs. The theories include upper echelon, strategic leadership and transformational leadership theory.

### Upper echelon theory

The upper echelons theory suggests that the psychological and demographic characteristics of firms' top executives can largely predict decisions and their outcomes. Li and Tang [38] in their research linked CEO hubris to firm risk taking in China used the upper echelons theory and behavioral decision theory. Li and Tang study surveyed data from 2,790 CEOs of diverse manufacturing firms in China and noted positive relationship between CEO hubris and firms risk taking. The concept that characteristics of senior management or the upper echelon of an organization can influence the decisions made dates back to early upper echelon theory [39]. CEOs perform in the upper echelon of the firms they lead.

According to this theory, Hambrick and Mason [39] argue that the strategic vision and the organizational direction of a firm pursued by the CEO is guided or influenced by their understanding of the world. They further state that the CEO orientation which is subject to his experience, educational background, functional background and other demographic factors, play an instrumental role in the way they perceive problems and the mental orientation they deploy in the decision making process. It helps to explain the influence of top leaders on organizational development, suggesting CEOs and other top leaders are able to reflect their thoughts and values into an organization. This aligns to Kaplan who argued that the CEO and top management orientation influences the way they respond to situations, and the strategy chosen for the organization.

Quttainah [40] while referring to Pfeffer and Davis-Blake, [41] argues that Upper echelon theory was built upon strategic leadership and suggests that individual characteristics influence differing strategic decisions by top management teams. Generally, experience, education and personal values are perceived to influence decision of executives. Further studies have examined additional factors such as demographics and characteristics such as CEO tenure, international experience, functional background and age [42].

In reference to the above, the CEOs actions are informed by their own personalized interpretation hence the firm's performance can be explained by the managerial characteristics of its CEO. Advocates of the echelon theory include Child, Lawrence et al. who all agree that CEOs are involved in strategic decision making process and choices that impact directly on the performance of the firm. CEO's actions shape the organization and influence its performance in the prevailing environment. Upper echelon theory evolved into strategic leadership theory, which suggests firms are truly reflections of their top leaders.

### Strategic leadership theory

Leadership theory in general describes leaders at all levels of an organization. However, strategic leadership theory refers only to top organizational leaders [43]. Strategic leadership is the ability to envision the future of the organization [44]. Strategic leadership embodies the capacity to communicate the firm's vision and motivate followers towards attainment of the strategic goals.

Carter and Greer [45] noted that strategic leadership extends to the entire scope of the functions performed and the decisions made by individuals or a group of individuals at the top of the organization. According to Hazy and Uhl-Bien [46] who had a different view, note that people should view leadership as an organizational practice and not a practice of the individuals. However, according to Mauri and Romeo [47] the role of strategic leadership is to create enabling organizational values and culture that is essential for the success of the organization. Managerial capabilities comprise competencies that have significant influence on directing the organization strategy. It is this expanding role of strategic leadership that has created a desire to understand the impact of the CEO on the performance of firms.

**Transformational leadership:** The theory of transformational leadership was first introduced by James Macgregor Burns in his descriptive research on political leaders in 1978. According to Burns, transformational leadership can be seen when "leaders and followers make each other to advance to a higher level of moral and motivation."

Bass and Bass [48] extended the work of Burns by explaining the psychological mechanisms that underlie transforming and transactional leadership; Bass also used the term "transformational" instead of "transforming." Bass and Bass [49], argued that transformational and transactional leadership positively predicts a wide variety of performance outcomes, including individual and organizational levels.

It can also be defined as a leadership approach that causes change in individuals and social systems. It creates valuable and positive change in the followers. According to Aarons [50], "Leadership is associated with organizational and staff performance" (p. 1163). Transformational leadership has four components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration [51].

Orabi [52] in his theoretical research titled "The Impact of Transformational Leadership Style on Organizational Performance: Evidence from Jordan" indicates that this type of leadership can collectively impact employee behavior and commitment leading to improvements in the work climate and knowledge sharing. Orabi identified four components of transformational leadership namely idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. In his survey in among 3 banks and analyzing results using multiple regression the findings indicate that while transformational leadership and three of its components - inspirational motivation, intellectual stimulation, and individual consideration did contribute to 81.6% of the variance in organizational performance; idealized influence was not a significant factor contributing to this outcome.

The transformational leader stands in stark contrast to the transactional leader who focuses on internal processes and managing others to get the job done. Transformational leaders are identified as being charismatic, inspirational, intellectually stimulating, and individually considerate||. Described as selfless or servant leadership, transformational leadership focuses on the development of all members of an organization into leaders.

The transformational leadership theory has been positively linked to a variety of organizational outcomes [53]. In studies undertaken by MacKenzie, Zaccaro and Banks [54,55] demonstrated that transformational leadership has a positive influence on organizational performance, organizational culture and vision.

## Empirical Review

### Characteristics of chief executive officers and firm performance

A number of studies have been done on the relationship between the CEO and the firm performance. Mintzbergs [56] in his book titled "Managing" based on the analysis of the daily lives of 29 managers in a variety of fields and industries and varying in sizes in America notes that the role of a CEO in leading and managing remains timeless and is unaffected by the complexities in the business environment. In an earlier study by Tenglad [57] titled "New Managerial Work? A comparison with Henry Mintzberg's Classic Study 30 Years later" observed CEOs over a full working week and emphasizes their behaviors as leaders, partner and facilitator to employees and solves business problems through cross-functional networks and project-teams. Existing literature provides a mixture of findings concerning the impact of CEOs impact on firm performance.

One stream of literature suggests that the CEO characteristics or actions have very little explanatory effect on profitability measures of firm performance [58,59]. Li and Tang, Wasserman et al. [60] noted that based on conventional management theories and others inclined to the organizational ecological school, argues that CEO have little impact on firm performance because they have been constrained by environmental factors such as industry culture and history. Holmstom [61] points that attributions of managerial ability are noisy and difficult to make because organizational performance is affected not only by the local decisions of management, but also by systematic risk factors operating at the industry and organizational levels.

Conversely, another stream of literature finds corporate executive actions do matter and greatly influence performance outcomes of the firms they manage [62-65]. Li and Tang in their study on CEO hubris and firms risk taking in China among the manufacturing industry using logistic regression noted that top executives greatly affect what takes place in the firm. Ling and Tang anchored their study on upper echelons theory and managerial discretion research, and provide empirical evidence that a CEO pushes firms to make risky decisions and this is based on discretion. As pointed out by McDonald et al, the consideration here is on the CEO effect as opposed to industry or macro-economic environment factors that determine the performance, particularly looking at the possibility that a CEO's character, behavior, personal values help shape his or her management style, which in turn helps drive firms performance.

Hambrick and Quigley [66] argue that the magnitude of the CEO effect has been underestimated in past research. The findings of prior studies on the role of CEO in the firms' performance are mixed and varied. Looking at it from financial perspective, Mohammed et al. [67] in their empirical research titled "CEO's personal characteristics, ownership and investment cash flow sensitivity: Evidence from NYSE panel data firms" in Tunisia argues that the relationship between corporate decisions and CEO's characteristics has been largely ignored in standard financial theory.

Kokeno and Muturi in their explanatory research on the effects of chief executive officers 'characteristics on the financial performance of firms listed at the Nairobi Securities Exchange in Kenya using multiple regression analysis technique argue that the CEOs age and education had a positive and significant influence on the firm's performance. This is also supported by Aron and Mathew [68] and Gottesman and Morey [69] whose research also suggests that individual characteristics, traits, behaviors and experiences of a CEO, explain variation in management style that contribute to firm's performance. Nadkarni and Chen [70] also added that that the CEO temporal focus, defined as the degree to which a CEO focuses on the past, present, and future in thinking about their firm and the issues it faces influences firm performance in terms of the firm's ability to introduce new products. Further, Wang et al. [71] noted that certain leadership characteristics and behaviors by CEOs might significantly impact firm performance.

Ofe [72] in his empirical study on the impact of the educational background of Chief Executive Officers (CEOs) on firm performance of manufacturing and information technology listed firms in the Stockholm Stock Exchange argues that CEO characteristics such as educational orientation, age and functional background influence the way business problems are perceived and the decision making process. Further Yukl [73] in his empirical study titled "Effective Leadership Behavior: What Questions Need More Attention" framed by the theory that task oriented and relations oriented leadership behaviors are positively related to the employees' positive perceptions of organizational climate. Bertrand and Schoar [74] provide evidence suggesting that top managers have particular "styles" that are associated with financial and organizational performance. This provides evidence to support the influence of CEO on firm performance.

Kokeno and Muturi while referring to a research by Bulent and Cuneyt and Arif [75] research in Turkey suggest that most studies have given much attention on the developed countries, such as United States, leaving a gap in the existing literature on the CEO characteristics on firm performance in emerging economies such as Kenya. There being a gap in the research on CEO in Kenya then there is likely to be a bigger gap in the study of celebrity CEOs' influence on firm performance.

Glick in her research titled: "The role of the chief executive officer" based on what is reported in literature and what is known in practice in the United States of America identified six categories of CEO roles. Glick's research design was non-experimental, descriptive, inferential, and used quantitative methods and the methodology was a self-reporting survey by email to collect data about the role of CEO. Using convenience sampling Glick sampled a total of 127 CEOs and Cronbach's alpha was used to assess internal consistency reliability of the roles within the major categories. The research was building on Mintzberg [76] intention in applying the structured observation method in developing the theory about the role of managers. Those are informational, interpersonal, decisional, operational, strategic and diplomacy roles. The CEO collects information, monitors, disseminates information as spokesperson and also acts as the commander of the organization. Interpersonally, the CEO also leads, motivates and directs the work of the firm. While handling decisions, the CEO is an entrepreneur, disturbance handler, conflict handler, resource allocator, task master, staffer, negotiator and problem solver [77]. Operationally, the CEO makes sure the deadlines are met, analyzing information, controller, technical expert and consultant. Strategically the CEO is a coordinator, an innovator, a planner, vision setter, strategist, transformer, creator and maintainer of culture. Diplomatically, the CEO is a statesperson, figurehead and liaison. This means that, to be a celebrity CEO you must possess these key attributes.

Kantola [78] in his literature review titled: "Mediatization of Power Corporate CEOs in Flexible Capitalism" analyzed the mediatization of corporate power with a special focus on the work of the CEO in Europe and argues that role of the media in corporate management, especially in the work of corporate leaders, shows how the techniques of power in corporate management have become mediatized. CEOs have positioned themselves and projected their public image through spectacular successful actions [79-82]. CEOs are seen more in public positioning the firm and becoming heroic celebrities who share confidence, aspirations and hope for success [83,84].

In recent decades, the media have increasingly been focusing on the personality of the CEO, and this media logic has become more prevalent among many corporate leaders. The increased media outlets and increasing number of shareholders in the world there is a growing audience for business news who require detailed information on continuous basis. The increasing appetite for business information and the interest in the CEO that drive business success has contributed to the creation of celebrity CEOs who have strong media presence [85,86].

Sinha et al. [87] in their case study titled "Committed to a Failing strategy: Celebrity CEO, Intermediaries, Media and Stakeholders in a Co-created Drama" in New Zealand submit that the apparent status of having a "celebrity CEO" heading a large organization creates a strong impression that the organization will be successful and forms an almost irresistible force compelling stakeholder commitment. Sinha et al's research was based on a case study on Air New Zealand's failed acquisition of Ansett Australia in 2001 and describes how the CEO, financial intermediaries, media and stakeholders co-created an unfolding drama marked by the CEO escalating the firm's commitment to the failing acquisition as a way of maintaining an illusion of control, which helped preserve the CEO's celebrity identity.

A celebrity CEO's appointment will gain media attention, help to signal good prospects, improve investor confidence, attract resources including quality employees and boost stock market performance [88,89]. The celebrity CEO's past achievements help to promote the leader's substantial influence over the firm's outcomes [90] reducing the uncertainty and unpredictability associated with organization's operations and attracting higher compensation for the CEO while also increasing managerial over-confidence and hubris. The expectations of future performance also give the celebrity CEO a 'burden of celebrity'.

## Types of celebrity CEOs

**Understanding and managing CEO celebrity:** In an empirical research undertaken by Ketchen Jr et al. titled "Understanding and managing the CEO celebrity" in the United States of America as shown in Figure 1 summarizes that to understand the celebrity CEO, you must look at it from the point of fame and reputation. CEOs are classified into four: icons, scoundrels, hidden gems and silent killers. Icons are CEOs possessing both strong fame and strong reputations. CEOs who display high levels of relative fame but low levels of reputation are in the group called scoundrels. These CEOs are well known but vilified. Hidden gems are CEOs who lack fame but possess positive reputations. These CEOs toil in relative obscurity while leading their firms to success. Their skill as executives is known mainly by those in their own firm and by their competitors. Silent killers are the fourth and final group of CEOs. These CEOs are overlooked and ignored sources of harm to their firms. While scoundrels are closely monitored and scrutinized by the media, it may be too late before the poor ethics or incompetence of the silent killers is detected.

Koh [91] in his investigative research titled "Value or Glamour? An empirical investigation of the effect of celebrity CEOs on financial reporting practices and firm performance" using a sample of 269 awards given to 189 celebrity CEOs from 1987 to 2003, argues that a CEO's reputation is established through the executive labour markets assessment of his abilities and the firms performance improves significantly after winning awards. Koh confirms this through the use of Basu's [92] asymmetric timely loss recognition model to investigate whether celebrity CEOs engage in more conservative accounting practices after winning awards and finds out that celebrity CEOs improve financial reporting quality by reporting economic losses in a more timely fashion than prior to their first awards. In further analysis, Koh investigates celebrity CEOs' impact on firm performance and finds that firms managed by celebrity CEOs generate positive cumulative abnormal returns of 11.7% for the 3 year period after they win awards. The CEO reputation is therefore built from the revelation of information related to their performance. As more of this positive information is revealed, then the status of the CEO increases and his reputation grows. Further Hall [93] argues that intangible resources, such as reputation, are the strongest determinants of a firm's operating success.

In his study, Ketchen Jr. argues that many of the CEOs recognized by the media and society as icons or scoundrels also tend to be the founders of their firms, such as Oprah Winfrey and Martha Stewart.

| CEO Fame | CEO Reputation: Low | CEO Reputation: High |
|---|---|---|
| High | **Scoundrels**<br>*(Certainly famous and hardworking but reputation vilified e.g. Kenneth Lay, Leone Helmsley)* | **Icons**<br>*(Combines style and substance in the execution of his or her job responsibilities e.g. Warren Buffet, Mary Kay Ash)* |
| Low | **Silent Killers**<br>*(These CEOs are overlooked and ignored sources of harm to their firms e.g. Harding Lawrence, LeeScott)* | **Hidden Gems**<br>*(Toil in relative obscurity leading to firms success but CEO is unknown apart from those in own firm and competitors e.g. Anne Mulcahy, Robert Wegman).* |

Source Ketchen Jr et al. [82].

**Figure 1:** Four types of Celebrity CEO's.

These corroborate Malmendier and Tate's who refer to them as superstar CEOs or as referred to by Graffin et al. as celebrity CEOs. This could be attributed to historical or cultural infatuation with rags to riches stories and knowing that it's possible to succeed which aids the CEOs to celebrity status. Celebrity CEO has a political skill that enables them to influence others and provide them credibility in interacting with media and the firms stakeholders [94]. This enables them to achieve icon status.

If a CEO is responsible of a company's successes, after all, he must also be responsible for its failures. A firm's directors automatically blame the incumbent CEO when a company performs poorly. Interestingly most of the celebrity CEO ends up experiencing negative performance. Hayward et al. argue this is because of the hubris hypothesis which indicates that media coverage leads to CEOs to become over-confident. This overconfidence is thought to lead CEOs to underestimate the impact of external factors to the firm which eventually leads to low performance. Secondly, Fombrun [95] noted that the high expectations placed on the celebrity CEO introduces "the burden of celebrity" which results in more and more being expected of them. They push themselves to high-risk and high reward strategies to meet the ever increasing expectations.

**CEO certifications and firm performance:** Competition and rankings of the best performing firms, managers and chief executive officers continue to be undertaken at sectoral, national and international levels. Eduardo et al. [96] in his research on Executive Celebrity and Shareholder Wealth in the United States of America notes that performance rankings and awards are often viewed in a negative light. A study undertaken by Malmendier and Tate indicates a negative effect on shareholder wealth arising from a CEO certification. However, employing a publicly certified CEO might be expected to yield tangible performance benefits to a firm by signaling that the CEO is of high quality and likely to add economic value to the company. Deephouse [97] and Fombrun argued that reputation facilitates value creation by signaling to current and potential exchange partners, including employees, suppliers, investors, and customers. Pfarrer et al. [98] and Wade et al. argue that awarding of celebrity status to CEOs by stakeholders generates positive capital market outcomes. The behavior of the CEO and the firm then begin to reflect the direction its going.

A CEO may also be able to translate the credibility of being anointed a star into power when dealing with internal and external constituencies. Specifically, being certified as a celebrity CEO may increase the CEO's prestige power. As Finkelstein wrote, "Prestige power is related to a manager's ability to absorb uncertainty from the institutional environment." As certification is awarded by expert stakeholders, it would seem to confer a positive institutional reputation and lead to increased prestige power for the anointed star. Similarly, Hayward et al. proposed that star CEOs and key stakeholders embrace, rather than reject a CEO's celebrity status and view it as a valuable intangible asset for a firm.

Mishina et al. [99] in their empirical research titled "Why "Good" Firms Do Bad Things: The Effects Of High Aspirations, High Expectations, And Prominence On The Incidence Of Corporate Illegality" while examining 194 manufacturing firms over a period of 10 years in the United States of America argue that the desire to improve performance, CEOs will utilize more extreme measures to reaffirm to the stakeholders that they are skilled and strategic in decisions and directing the operations of the firms. In the research, Mishina et al. used rare events logic regression models as described by Tomz, King and Zeng [100]. Therefore, the behavioral tendencies of the CEOs are related to the firm performance [101]. The internalization of CEO celebrity status appears to be an important psychological process that distinctly reflects the way a CEO's identity influences firm risk behavior. Celebrity CEOs will elevate their risk-taking in response to both positive and negative firm performance.

**Celebrity CEOs reputation, social status and identity:** Nassirzadeh et al. [102] in a study titled "CEO's Reputation: Corporate

Performance" investigated the relationship between CEO's pre-existing, existing and future reputation in Iran where they noted a negative relationship between a CEO's pre-existing reputation and justification for poor performance. The research used a questionnaire among non-professional investors in Tehran Stock Exchange; data were collected and analyzed using Spearman and Man Whitney tests. The status and identity of the CEO arising from their reputation has an effect on performance of firms as there is a desire to go an extra step to always protect the reputation.

Malmendier and Tate reasons that celebrity is a unique form of social status that is conferred on CEOs by their peers. Status is an intangible asset based on stakeholders' evaluations of a firm's underlying quality and capabilities [103]. In view of the high social status such as celebrity CEOs are thought to be gifted as strategic actors and therefore deserve recognition and remuneration by virtue of their social status [104]. Through this celebrity status, the CEO acquires an identity which is now associated with them [105].

According to Cho et al. while referring to Powel and Baker [106] identity theory describes the ability of the human self to become reflexively aware of itself through interactions with other people" Cho further notes that as an individual continues to act over time, identity control mechanisms regulate core psychological processes and behaviors to try to maintain alignment among one's salient identities. Social identity is a person's knowledge that he or she belongs to certain social category or group. Through social comparison process, persons who are similar to self are categorized to a group and labelled as such. Thus the concept of self evolves in relation to the surrounding social environment and the social position one holds within these settings. Burke [107] argues that in identity theory, the core of an identity is the categorization of the self and occupant of a role and incorporation into the self of the meanings and expectations associated with that role and its performance. The celebrity CEO acquires social status and is identified by the categorization and is expected to perform their functions with prestige of the status. By virtue of being a celebrity CEO, it means that the internalization of celebrity status provides a control system for subsequent cognition and behaviors. The celebrity CEOs are thus expected to behave in a way that is consistent with the celebrity identity in the eyes of self and others. The celebrity CEO is likely to avoid those actions that might affect their reputation.

Celebrity CEO is likely to be more concerned with guarding their identity and therefore less likely to take excessive risks which may lead to loss of benefits that celebrity status provide. Cho et al. further points out that under normal conditions, celebrity CEOs are less likely to take excessive risks to avoid damaging their identity and losing the benefits that celebrity can provide. According to Cho et al. while referring to Graffin and Wade argues that because of the identity, the celebrity CEO makes decisions that do not harm the organizational performance while still reaffirming their social status as skilled strategic actors. Celebrity status encourages CEOs to align their interests with shareholders' interests because being certified a celebrity CEO can positively influence their future compensation and career prospects.

**Celebrity CEOs aspirations, risk taking and performance**: An empirical research by Cho et al. titled: "Performance deviations and acquisition premiums: the impact of CEO celebrity on managerial risk-taking" in the United States of America suggests that being a celebrity is a double-edged as the CEO feels great pressure to match the inflicted performance expectations that come with celebrity status. In reviewing the research, it's clear that the CEO's aspirations will drive the risk appetite that translates to better performance. The internalization of celebrity status by CEOs strongly influences their decision-making. The research by Cho et al. also draws from identity control theory and a study of acquisition premiums exploring how CEO celebrity status and financial performance relative to aspirations affect firm risk behavior.

According to Mishina et al. aspirations and expectations of a celebrity CEO trigger risky behavior. Good firm performance creates heightened internal aspirations and excessively optimistic external expectations concerning firm performance. When this occurs, CEOs are likely to face increasing pressures and stress to meet or exceed expectations. Celebrity CEOs have a tendency to aspire for higher achievements and as they do so they shall meet high hurdles. At the start there are lower hurdles that they go through with ease but as they progress they meet even higher hurdles. As they aspire the risk appetite increases with the jump of each hurdle. The unintended consequence of this is that the CEOs may engage in excessive risk-taking to achieve the elevated aspirational hurdles. Many times as the celebrity achieves and tackles the hurdles, the prominence increases. With the increased prominence of a firm attracts increased media attention that amplifies firm's outcomes, further increasing performance pressure on the celebrity CEO.

According to psychological studies, individuals desire to maintain or protect a good self-image when they make decisions [108]. These studies point to an individual who may sometimes become risk-seeking to protect their social status and identity. Thus the celebrity CEO's attitude towards risk manifests very differently based on the firms performance or aspirations. As the firm's performance gets exceptionally good, celebrity CEOs may adjust their reference points to reflect these higher aspirations [109] because they have an exalted identity standard. However, as they achieve high and higher performance, the likelihood that they will exceed these elevated aspirations declines.

There are personal benefits and risks associated with a celebrity CEO. The continuous praising from the media results in CEOs being over-optimistic of their ability to make profitable strategic decisions. Celebrity CEOs are likely to enjoy increased prestige power, which facilitates invitations to serve on the boards of directors of other firms and creates opportunities to network with other "managerial elites." The desire to maintain their status may encourage celebrity CEOs to avoid risks that might threaten their celebrity and the associated benefits of their status [110]. Thus the celebrity CEOs who are frequently termed by the media to be the "spin doctors" subsequently make suboptimal investment decisions that reduce firms value. According Malmendier and Tate rent-seeking celebrity CEOs will over-emphasize their personal career enhancements by engaging in distracting activities such as sitting on numerous boards resulting in them neglecting their primary focus and becomes detrimental.

According to Burke, as celebrity CEOs ride on their status, a poor organizational performance creates identity distress particularly if they have previously been viewed as highly competent strategic actors. In this regard, when the firm's performance is poor, the celebrity CEO would perceive the current lag in the firm's performance as being inconsistent with their identity. As it's expected that a celebrity CEO must be leading a firm to success and the contrary creates a threat to their social status and identity. Given that a celebrity CEO is driven by media attention, the poor performance may be amplified further strengthening performance pressures. Poor performance will have a significant impact on the celebrity CEOs social status and lead them towards taking bold actions leading to excessive risk taking.

Celebrity CEOs tend to receive higher compensation and compensation than their colleagues. Therefore their concern about compensation and status significantly contributes to their risk seeking behavior. According to Graffin, Wade et al. the performance of the firm is attributed to the celebrity CEO, thus when the firms performance is poor they have a challenge attributing it to external causes. Thus a celebrity CEO is more accountable than a non-celebrity CEO for poor performance particularly when the celebrity CEO has embraced the status.

Since the celebrity CEO rides on high compensation, according to Wade et al. when they fail to meet expectations, their boards and stakeholders tend to lower the lucrative rewards compared to non-celebrity CEOs whose firms yield same levels of poor performance. The poor performance of a celebrity CEO's firm may also disproportionately damage the CEO's future compensation premiums and career prospects in the external executive labor market. These employment-related consequences of poor firm performance constitute a negative "burden of celebrity" for CEOs.

Celebrity status creates potential costs for individuals. Celebrity CEOs face larger and more lasting reputation erosion if their job performance and behavior is inconsistent with their celebrity image. The increased personal media scrutiny, and their friends and family must often endure increased attention into their personal and public lives. Accordingly, wise CEOs will attempt to understand and manage their celebrity status. The desire to maintain their status may encourage celebrity CEOs to avoid risks that might threaten their celebrity and the associated benefits of their identity.

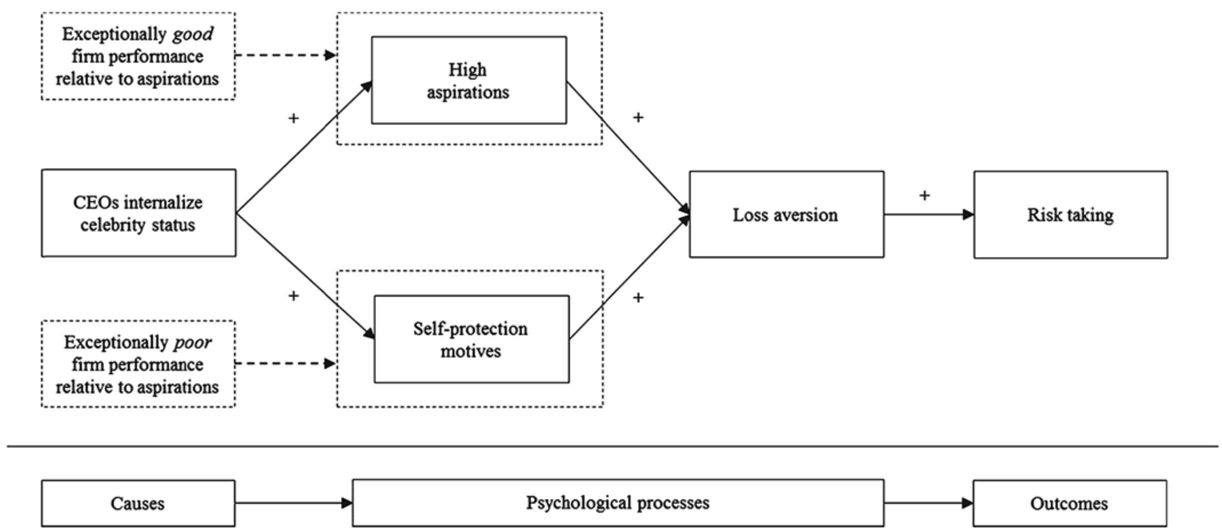
The stock markets tend to react in a manner that reinforces the influence of the celebrity CEO on the firm performance and by extension the risk behavior. According to De Bondt and Thaler [111], the stock market tends to overact to unanticipated news. For this reason, the celebrity CEOs firms are more likely than non-celebrity CEOs firms to experience sharp drop in share price when especially optimistic expectations are not met. It's this potential severe stock market penalty that may further put pressure on a celebrity CEO to take bold actions to avoid anticipated potential loss (Figure 2).

**Celebrity CEOs attribution, current success and firm performance:** Hayward et al. in his theoretical research titled "Believing One's Own Press: The Causes And Consequences Of CEO Celebrity" in the United States of America argue that journalists attribute a firm's success to the celebrity CEO and in so doing the CEO tends to believe this over attribution and become overconfident about the efficacy of their past actions and future abilities. In his finding in his literature review, Hayward notes the powerful role the journalists play in creating a celebrity by providing explanations of firm behavior through their credible and legitimate, if not authoritative, media outlets providing a richer potential set of explanations for firm performance.

Hogarth and Einhorn [112] and Steiner and Rain [113] argue that psychological studies demonstrate that recent success influences individual's expectations regarding their future success, and individuals pay greater attention to the recent most performance. The celebrity status measured over time compared between those who have old celebrity status and those with the new celebrity status points different risk appetites. The question that follows is whether the CEOs celebrity status is imprinted on a CEO identity thereby influencing his or her decision-making or whether these effects tend to fade over time.

Decisions of celebrity CEOs are more likely to be anchored in the recent performance and assessment. Chatterjee and Hambrick in their study titled: "Executive Personality, Capability Cues, and Risk Taking: How Narcissistic CEOs React to Their Successes and Stumbles" in America looking at CEOs in publicly-owned United States companies between 1992 and 2006 found out that CEOs may adjust their perceived capabilities based on current performance as this provides the clearest guidance. Understanding the prominence of the celebrity CEO award, the CEOs are likely to incorporate external appraisals into their identity and this will provide relevant guide for their own behavior. However over time, the external appraisals of others tend to diminish as the level of consensus among these external constituents declines [114].

At the point of award of the celebrity status and winning accolades, celebrity CEOs is likely to have greater consensus and unanimity concerning their superiority. Over time there is likely to be shifts and changes which may lead to praise worthy and sometimes not




Source: Cho et al. [14].

**Figure 2:** The interplay among internalization of celebrity status by CEOs, firm performance relative to aspirations, and risk-taking.

praiseworthy. This is so prevalent in cases where the firm's performance is not consistently high and improving to match the inflated internal and external expectations. This therefore means the recently attained celebrity status is more likely to respond to risk differently from those that acquired earlier.

CEOs that attained celebrity status in the past are less likely to have a strong identity-control motivation to demonstrate superior firm performance in order to confirm their identity in the eyes of self and others. This argument suggests that the internalization of celebrity status by CEOs is an ongoing process that may shift in dynamic ways over time. Thus, celebrity CEOs who attained celebrity status in the past are less likely than newly anointed celebrity CEOs to experience higher performance pressures driven by stronger self-protection motives and higher aspirations inherent in their celebrity status when firm performance substantially deviates from industry average returns.

Additionally, as public attention to celebrity status fades over time, decreased media attention may reduce the levels of monitoring and scrutiny of external constituencies regarding firm performance, thus diminishing the performance pressures on CEOs who attained celebrity status in the past. This logic indicates that newly-anointed star CEOs are more likely to face higher performance expectations arising from both their own identity-control attempts to avoid potential discrepancies in identity.

Overall, our arguments indicate that recent celebrity is more likely to influence CEOs' willingness toward risk-taking particularly when firm performance deviates from industry averages as it would tend to amplify performance pressures driven by the internalization of celebrity status by CEOs and elevated by external stakeholders' optimistic expectations about newly anointed celebrity CEOs.

**Celebrity CEO an intangible asset:** Celebrity resembles other intangible assets, such as reputation, status and legitimacy, because it influences stakeholders' perceptions of and willingness to exchange resources [115]. A study by Pfarrer titled "A Tale Of Two Assets: The Effects Of Firm Reputation And Celebrity On Earnings Surprises and Investors' Reactions" which looked at two intangible aspects high reputation and celebrity firms found out that firms that have accumulated high levels of reputation are less likely, and firms that have achieved celebrity are more likely to announce positive surprises than firms without these assets. This applies to the celebrity CEOs as they are expected to be more successful.

A celebrity CEO serves as an intangible asset for the firm and may increase opportunities available to the firm. When firms employ celebrity CEOs, the firms enhance their credibility to stakeholders by signaling that their CEOs are of high quality. In turn, celebrity CEOs' firms are more likely to be viewed positively by stakeholders. As a celebrity CEO, they can leverage on the status to negotiate better terms of credit. Therefore, celebrity CEOs are expected to achieve better firm performance. Thus a celebrity CEO may increase stock price, enhance a firm's image, and improve the morale of employees and other stakeholders.

In the same respect, a celebrity CEO also entails risks for firm. Hayward et al. argue that in the process of attributing a firm's actions and performance to its CEOs, journalists create 'celebrity CEOs.' Having created such celebrity, journalists can then change stakeholders' expectations about who the CEO is and how she will act and how to respond to CEO actions. Increased attention to the firm via the celebrity CEO means any gaps between actual and expected firm performance are magnified. Further, if a celebrity CEO acts in an unethical, inappropriate or illegal manner, chances are that the CEO does firm will receive much more media attention than will other firms with similar problems. Firms that employed award-winning CEOs enjoyed positive stock returns in the days following the announcement. Wade also argued that the same firms showed negative stock market returns in the subsequent year relative to firms that did not employ award-winning CEOs. The celebrity CEO is positioned as an asset for the firm and their presentation and actions have direct impact on the perceived and actual performance.

## Discussion and Synthesis

### Discussion of theoretical review findings

The theoretical review points towards the celebrity CEOs' skills and experience that can make or break a firm. An effective CEO can bring a floundering company back from near bankruptcy, or vice versa, can fail to lead a promising company into prosperity. Celebrity CEOs enjoy self-attributions for corporate performance and failures to external factors. The celebrity CEO comes from public perception and attribution by mainly journalists and business writers. Thus the celebrity CEO acquires the tag of success and transformation. The transformational leadership is thus expected to lead the firms into success.

The Celebrity CEO as discussed in the upper echelon theory provides leadership and direction to the organization and bears the ultimate responsibility for the success. Even though the CEO operates in an ecosystem with various players, changing patterns and sometimes disruptions, they bear the ultimate responsibility to provide the vision and strategic direction. The Celebrity CEO is the image of success and confidence in the organization. The various stakeholders connect with the upper management of the organization and the CEO is the representation of that upper team.

In the process of attributing a firm's actions and performance to its CEOs, journalists create 'celebrity CEOs.' Having created such celebrity, journalists can then change stakeholders' expectations about who the CEO is and how she will act and how to respond to CEO actions. Therefore, recognizing how attributions affect the behavior and interactions of social observers with celebrity CEOs might shed additional light on the celebrity CEO roles in the firm. The celebrity CEO has the responsibility to understand the operational environment and provide strategic leadership for the success of the firm. They must build on capabilities that allow them to understand the strategic operations and provide commensurate leadership for success.

The celebrity CEO comes with a reputation value by signaling to current and potential partners, including employees, suppliers, investors, and customers of expected performance. A CEO may also be able to translate the credibility of being anointed a star into power when dealing with internal and external constituencies. The Celebrity CEO has to convert his or her teams to become followers and thus transform the firm. This transformation motivates and builds a momentum that nature's followership to success.

Overall, the arguments based on upper echelon, strategic leadership and transformational leadership suggest that the internalization of celebrity status by CEOs creates a strong incentive for celebrity CEOs to provide leadership, take strategic decisions which are sometimes risky. In doing so, these CEOs are working to protect and bolster their identity by eliminating any perceived discrepancy between their

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identity as skillful strategic actors and their firm's performance. These leadership capabilities of the celebrity CEO direct the organization to success but the pressure associated with the status have the potential of bringing down the organization.

## Discussion of empirical review findings

The empirical literature points to the understanding that the CEO is largely responsible for the success or failure of an organization. They thus play a key role in determining the course the organization takes. Therefore there are various character traits, leadership styles and presentation that CEOs take to manage their organizations. Even though CEOs work with various officers in their organizations, they ultimately have the final call. This final call puts immense pressure on the CEO to make the choices that shall lead to improved performance.

A number of scholars noted that it's often difficult to determine whether a firm's performance is driven by the excellence of the CEO or by its general and organizational conditions that bear little relation to the CEOs competence. Evidence from literature suggests that top manager's style is associated with both financial and organizational policies, direction and performance. The CEO has to battle with a number of variables when leading and works through various teams, including the board and management but carries the burden of ultimate responsibility in communication and execution.

The literature points to the fact that poor company performance is often blamed on the CEO and sometimes unavoidable external events. On the other hand, good performance is credited to the foresight and quality of management of the CEO. The celebrity CEO then in this circumstance seizes the opportunity to elaborate about the organization, its strategies and its operations. In fact, the art of charisma which combines both the fame and reputation help project the organization well to its various stakeholders. This ability to communicate and articulate issues puts the celebrity CEO one step ahead of other CEOs.

The celebrity CEO comes as an intangible asset and also as a burden to the organization. Their presence in organization creates positive perception. Having a celebrity CEO at the helm of the organization reassures the stakeholders that the firm's future prospects are bright and in turn enhances the firm's ability to attract high quality employees, increase its leverage over suppliers and gain better access to needed capital. This energizes the organization and with the harnessed leadership the organization will certainly perform and excel.

On the other hand there is the downward side of a celebrity CEO who is recognized as an actor. This burden of celebrity puts so much pressure on the CEO and the organization. There is some level of expectation to the extent that the celebrity is supposed to be a miracle worker. In fact every time they perform well, the bar is raised is to perform even better. At the same time the CEO may try to put in place systems that are best known to them. Sometimes this system does not get in sync with the organizations environment and leads to poor performance. Thus celebrity CEOs faces a lot of pressure in performance of their duty in leading the organizations.

Engaging or recruiting a celebrity CEO is expected to lead to great performance by the firms based on the understanding that the CEO is high quality and shall thus add economic value. However, from the literature review it's also evident that many of the celebrity CEOs are not able to overcome many of the challenges after some time, they seem to lose touch with reality and alienate anyone in the organization who they think is competition. Further, they have weak succession planning to the extent that once they leave the organization; it has a tendency to fail. The question is how doing these great assets in the name of celebrity CEO leading to great organizational performance but also has huge potential for organizational failures? The celebrity CEO receives higher compensation than non-certified CEOs and as the firm's positive performance increases so do their perks. In the process as the firm does very well, the followers of the celebrity CEO and the confidence from the industry increases and this puts pressure on them. At the slight mention of a fall in performance the industry also responds negatively and may lead an organization to crash. This burden of keeping the firm flying high informs the risk appetite and innovation.

The celebrity CEO operates in an environment where there is continuous pressure coupled with today's unfolding challenges from shifting customer loyalty to technologies that are overturning traditional business models. Therefore, a celebrity CEO is one who is able embark on a transformation journey, reviewing strategies, implementing disruptive technologies and increasing headcounts to recruit new skill sets. However, the complexity of the issues the celebrity CEOs face today and the speed with which the market requires them to respond is putting a significant amount of pressure on performance. The speed, breadth and depth of change require unique skills, cutting-edge technologies and forward-thinking minds which celebrity CEO who are industry stars are supposed to lead.

Most of the studies on celebrity CEOs have been based on event studies [116-119] and statistical analysis using cross-sectional time series regressions. This is based on the understanding that to review the celebrity status, you need to look at the performance over time and also in sampling the celebrity CEOs, it's based on competitive recognition. Regression and time series analysis was most used in the various studies reviewed. The sampling technique and questionnaires were used to collect data on the various celebrity CEOs.

The reviewed literature from scholars in Asia, America, Australia, Africa, and Europe indicates that there are increased media outlets, shareholders and general audience in the world for business news. This new audience requires detailed information continuously on business performance, investment opportunities and the trail-blazers in the business world. The demand for business news and information has made writers key opinion leaders in shaping the business world. Thus when news editors point to the leading CEOs in the market then those that are continuously spoken about acquire celebrity status [120].

## Conceptual framework

This study constructs a conceptual framework from the reviewed literature on the analysis of the relationship between celebrity CEOs and firm performance. The conceptual framework aims at bringing out the relationship between the variables at play in the study. The independent variable which in this case is the celebrity CEO while the dependent variable is firm performance (Figure 3).

## Variable descriptions

The Celebrity CEO is the independent variable defined by the certification status, reputation, social status and identity; aspirations; current success and intangible asset. Certification status is based on a CEO competition like the Company of the Year Awards (COYA) managed by the Kenya Institute of Management, which identifies annually the best CEO of the year in Kenya. The leading CEO of the year is a celebrity and a winner among peers. Reputation, social status and identity define how the celebrity is recognized in the industry and how they carry out their activities. The recognition and style puts them

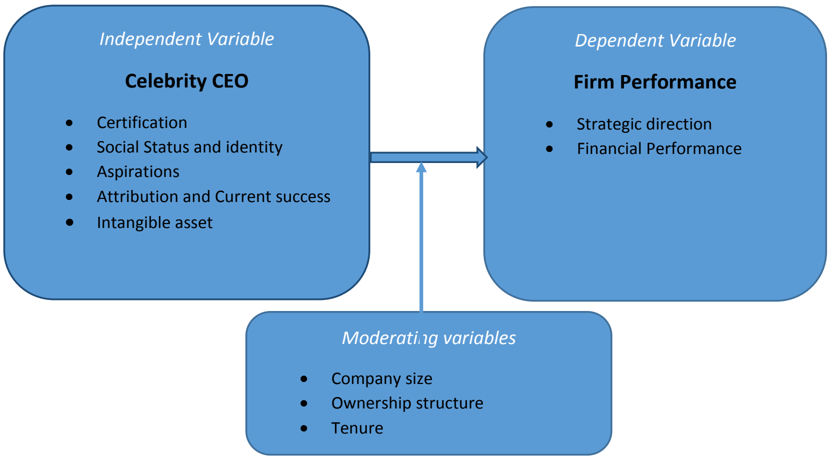


**Figure 3:** Conceptual framework.

above the rest. The Celebrity CEO aspirations relate to their goals and desires for success for the firm. The appetite for aspirations has an influence on risk and the relations to performance. The current success in relation to the old success and the influence on performance come into play in relation to performance and finally looking at the celebrity as an intangible asset. The celebrity CEOs person and name influences the firm performance.

Firm performance which is the dependent variable is measured by the strategic direction, financial performance and profitability. Strategic direction is measured by the strategic plan and business plans of the institution and culture. The financial performance is measured by the profit and income accounts and balance sheet.

The moderating variables include the company size, which defines the level of performance. The smaller the firm the modes of measurement are different from big firms. The ownership structure of the firm has an effect. In cases where there are independent board members and in others where there are executive board, the relations are bound to have an effect on the celebrity CEO performance. The celebrity CEO tenure will have an influence whether observers attribute a firm's past performance to that CEO's ability. The period the CEO has been in the firm will influence whether observers attribute the performance to the celebrity CEO.

## Conclusions and Recommendations

### Conclusion on the reviewed theoretical literature

The study findings show that the argument on the celebrity CEO influence on firm performance is not extensively explored. Therefore, future studies on the subject of celebrity CEO should also focus on exploring more theories that explain the relationship between the celebrity CEO and performance in the public sector, in the NGO sector and also institutions as celebrities. The celebrity phenomenon thrived a great deal in the United States of America and it has been spreading throughout the world and thus theoretical studies from other regions would help shape the future perspectives.

In addition, there are limited theoretical studies that have looked at behavioral theory or upper echelon theory to explain the relation between the celebrity CEO and performance yet the two theories have significant impact on explaining the relationship. Future studies should seek to enrich theoretical literature and on applicability of transformational leadership theory and risk theory on the performance of institutions managed by celebrity CEOs. Further explore additional theories that touch on celebrity CEO and firm performance mainly the attribution theory, social network theory, human capital theory celebrity theory, behavioral theory and theory of the firm. This will help define the celebrity CEOs source of power from their education, skills, function, expertise, experience, industry specialization, age and leadership.

### Conclusions on the reviewed empirical literature

The role of the CEO and by extension the celebrity CEO continues to be of interest in the performance of firms. The empirical evidence reviewed indicates mixed findings on the role of the CEO in firm performance. Therefore, these mixed findings about the role of CEO in firm performance suggest that there is more need to study the role of CEO in firm performance.

The phenomenon of celebrity CEO is still very new to other parts of the world apart from America. However, across most of the literature reviewed, it's evident that contests are being run and journalists continue to profile the leading CEOs among their peers. There is need to look at what makes celebrity CEO stand out and how long they sustain their success. The future study should explore the measure of a celebrity and the indicators to be used to determine performance for a celebrity CEO.

In the research by Bulent and Cuneyt and Arif research in Turkey suggests that most studies have given much attention on the developed countries, such as United States, leaving a gap in the existing literature on the CEO characteristics on firm performance in emerging economies such as Kenya. There being a gap in the research on CEO in Kenya then there is likely to be a bigger gap in the study of celebrity CEO's influence on performance in the region. This is a potential area of study as the number of contests in Kenya has increased and CEO's who stand tall among their peers have been identified.

Celebrity status is big business, CEOs are the face organizations and the academic study of celebrity CEO is itself a growing. The study relied on scholarly literature to document and analyze the aspects of celebrity CEO looking at the fame and reputation. The celebrity CEO is also charismatic in many ways. Therefore, future study could introduce the aspect of charisma in the influence of celebrity CEO.

Further the reviewed literature points to fame and reputation to

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measure the celebrity CEO. The fame and reputation then drive the risk appetite for recognition. CEOs who have won awards are then able to attain the celebrity status. However, the celebrity statuses are advanced by the media. Therefore, future studies should also explore on the celebrity CEO and their risk appetite and its impact on performance of firms. Further combining the Celebrity CEOs interest and institutional interest and long term gain for the firm's performance.

It's also noted that most of the reviewed empirical studies used data from certification competitions like the Company of the Year Awards in Kenya managed by the Kenya Institute of Management. The competitions were mainly based on an assessment by either industry players or selected judges. However, these competitions are only achieved based on the CEO and the respective organization entering into a competition. In cases where a CEO does not enter into the competition then the opportunity of recognising them as celebrity is diminished. Since there is a cost element of entering into the competition then it's most likely the medium to large firms that are likely to enter the competition. This then denies the opportunity of those CEOs that are excelling but have no opportunity to enter into the competition from being recognized. Future studies could use other variables beyond certification to identify celebrity CEOs.

In the reviewed literature, the Celebrity CEO is an acquired status group. Through this acquired status the celebrity CEO towers above other CEOs. They are expected to have a magic touch in the organization. According to Weber, he predicted that status hierarchies would disappear as the logic of capitalism rationalized all sectors of economic activity, leaving high status groups with no material basis for their claims to superiority. Since Weber's time, status groups have continued to be treated primarily as modern hangovers from pre-modern times, remnants of aristocratic, patriarchal, racial, or other forms of status that have been reduced in importance in recent generations but still ensure some measure of privilege. Therefore, a further study on the status influence on performance should be of interest.

The findings from discussions shows different methodologies were applied in the reviewed literature, however this study recommends future studies to use factor analysis and advanced regression models such as logistic regression. These variables will be fundamental in explaining the influence of the celebrity CEO on performance. The documented evidence of celebrity CEO in Kenya and Africa is very limited. In fact, apart from the certification awards, there has been limited study on celebrity CEOs who stand out and are recognized in the media. Therefore, future study should combine both certification and media recognition on the celebrity CEO.

CEOs that attained celebrity status in the past are less likely to have a strong identity-control motivation to demonstrate superior firm performance in order to confirm their identity in the eyes of self and others. This argument suggests that the internalization of celebrity status by CEOs is an ongoing process that may shift in dynamic ways over time. Thus, celebrity CEOs who attained celebrity status in the past are less likely than newly anointed celebrity CEOs to experience higher performance pressures driven by stronger self-protection motives and higher aspirations inherent in their celebrity status when firm performance substantially deviates from industry average returns.

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