

Do CEO Power and Narcissism Increase or Reduce the Attraction of Socially Responsible Investing?

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Abstract—Using a sample of companies listed on the Spanish Stock Exchange from 2018 to 2022, this paper examines how CEO characteristics, specifically narcissism and power, influence the attractiveness of green investments among institutional investors who adhere to the Principles for Responsible Investment (PRI). We also examine the moderating role of internal and external factors, such as CEO age and the presence of a corporate social responsibility (CSR) committee. In addition, we examine the importance of geographic differences among PRI signatories and the impact of short- and long-term investment horizons. Our results show that CEO narcissism and power negatively influence the attractiveness of green investments. These effects are amplified for older CEOs, who may be perceived as less innovative and less aligned with ESG trends. Conversely, a CSR committee mitigates and may even reverse these negative effects, instilling trust in socially responsible investors (SRI) and thereby promoting green investment. We do not find significant differences among PRI signatories regarding time horizons or nationality. This study contributes to corporate governance and sustainability literature by providing insights into the interplay among CEO attributes, internal governance mechanisms, and the attractiveness of responsible investment.