That Could Have Been Me: Mortality Salience, CEO Relational Identification, and Reprioritization Following Director Deaths

Guoli Chen
INSEAD
1 Ayer Rajah Avenue
Singapore 138676
+65 6799 5354
guoli.chen@insead.edu

Craig Crossland
University of Notre Dame
328 Mendoza College of Business
Notre Dame, IN 46637
+1 574 631 0291
craigcrossland@nd.edu

Sterling Huang
Singapore Management University
60 Stamford Rd
Singapore 178901
+65 6808 7929
shuang@smu.edu.sg

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ABSTRACT
Anecdotal and empirical evidence from a broad range of sources suggests that individuals often respond to the death of a peer by re-evaluating their approach to, and priorities in, their life and their career. In this study, we synthesize work addressing this general human tendency with management research in the domain of strategic leadership. Building on the concept of mortality salience, we argue that CEOs who experience the death of a director at the same firm will subsequently modify their personal and organizational priorities. We hypothesize, and find evidence for our claim, that firms led by CEOs experiencing peer deaths will show an increase in short-term inefficiency, a reduction in long-term investment, and an increase in corporate social responsibility (CSR). We provide further support for our theory by showing that the impact of experiencing the death of a peer is amplified by several factors that are likely to increase a CEO’s relational identification with the deceased: CEO-director demographic similarity and the suddenness of the death. To test our hypotheses, we use a sample of director deaths in U.S. public firms and a difference-in-differences estimation approach.