CEO power and Waste management

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"Every year across the globe more than two billion tons of municipal waste is generated"
(International solid waste management, 2024)

Abstract:

This paper examines the impact of the power of chief executive officer (CEO) on firms' environmental sustainability from the lens of waste management, an underexplored but important driver of environmental sustainability. Drawing on the approach/inhibition theory of power, we argue that powerful CEOs are likely to engage in risk-taking behavior and exercise greater control over resources. Therefore, they may prioritize short-term profits over long-term sustainability. By employing data of firms listed in 37 countries from 2002 to 2019, we find that CEO power is positively associated with the level of waste generated, implying that companies with powerful CEOs tend to produce more waste. Further analysis reveals that relationship is more pronounced for firms with low governance quality and those operating in environmentally non-sensitive industries. Our findings are robust to alternative estimation techniques, variable measurement, cross-sectional analyses, and endogeneity tests. This research provides novel insights into the role of CEO power and informs stakeholders, regulators, and policy makers about the impact that powerful CEOs may have on environmental sustainability.

Key words; *CEO power, Waste management, Approach/inhibition theory of power, Waste generation*