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ORIGINAL PAPER

The Impact of CEOs' Personal Traits on Organisational Performance: Evidence from Faith-Based Charity Organisations

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Abstract
This study examines whether and how a CEO's personal traits (gender, altruism, age, and founder) influence organizational performance. Building upon upper echelons theory, this study develops a conceptual framework that gives explicit recognition to how the institutional environment surrounding the CEOs shapes their characteristics, which, in turn, are reflected in the different organizational strategies and performance. This study moves beyond the existing focus on for-profit corporations and conducts the empirical analysis on a novel, hand-collected, longitudinal dataset of 1342 firm-year observations of 128 faith-based charity organizations operating in a major developing, Muslim-majority country in the period 1996–2019. This study reveals that those faith-based charity organizations led by CEOs with specific personal traits (woman, altruistic, young, and founder) exhibit better organizational performance. Importantly, CEOs' personal traits, however, do not have a uniform, systematic effect; their effect is generally strengthened when the CEO is also the founder of the faith-based charity organization, given the greater latitude of managerial discretion that a CEO has in managing the organization. Our findings have important implications for individual charity organizations; their board of directors; and their stakeholders, in particular the communities they serve, as well as the whole society where they operate.

Keywords Corporate governance · Charity performance · Faith-based charity organizations

Introduction

This study aims to examine the relationship between CEOs' personal traits (gender, altruism, age, and being the organization's founder, in particular) and organizational performance. Since the seminal work of Hambrick and Mason (1984), a plethora of research analysed the effects of CEOs' personal traits and generally documented that they affect firm performance (e.g., Belenzon et al., 2019; Hambrick, 2007). However, it remains unclear which specific personal traits of the CEOs influence organizational outcomes, how this influence is exercised, and whether and how contingency factors that enhance (or constrain) managerial discretion moderate this relationship (e.g., Hambrick, 2007; Wang et al., 2016). This prior literature focused on for-profit organizations operating in developed economies (e.g., Hambrick, 2007; Neely Jr et al., 2020). In this study, we depart from this traditional focus and address these key issues in a relatively uncharted organizational setting: faith-based charity organizations (hereafter FCOs).

FCOs are an interesting, and relatively uncharted, organizational setting to address these issues, as the relationships between the main actors involved (CEO, donors, volunteers, and beneficiaries) are expected to be ethical. Donated funds and their use are meant to fulfil religious obligations for the well-being of the society (Yasmin et al., 2014). A clear separation exists between donors and recipients of the service, with the former who expect that the funds transferred to the charity are used to benefit other individuals, rather than for their own benefit (e.g., Bielefeld & Cleveland, 2013). Working for an FCO is also viewed as fulfilling religious obligations, and individuals are aware of the need to work to the best of their ability, with integrity and honesty, to deliver support to beneficiaries and their conduct was found to be

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'heavily' influenced by the belief that 'all individuals will be accountable for their own actions or inactions on the day of judgement' (Ghafran & Yasmin, 2020, p. 523).

However, despite FCOs seeming *prima facie* to be an inherently ethical organizational model, they should not be assumed to pursue their charitable missions selflessly, efficiently, and effectively as they 'are not immune to malfeasance' (Bielefeld & Cleveland, 2013, p. 470). Islamic religion, indeed, encourages believers 'to engage in check and balance procedures in serving God and not purely on blind trust' (Yasmin et al., 2014, p. 117). Stakeholders' trust is, therefore, vital for an FCO and is generally based on the identity of those individuals who lead it (Nawaz, 2021). Due to the lack of the external monitoring mechanisms, their governance represents a key basis for ensuring that these organizations deliver their stakeholders' legitimate aspirations (e.g., Buse et al., 2016; Hyndman & McDonnell, 2009). As governance is entirely self-regulated and religious beliefs, values, and trust are generally closely held at the individual level, a CEO's personal traits are expected to be salient.

Theoretically, this study adopts the overarching framework of the upper echelons theory. Although this theory was developed in the corporate context, it is particularly appropriate for this study because it provides a conceptual lens that assumes that 'executives' experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices' (Hambrick, 2007, p. 334). We expect this assumption will hold also for executives in other organizational contexts, as their judgement and decision-making are characterized by bounded rationality. Executives cannot process and grasp all the information at their disposal (Hambrick, 2007). Instead, they perceive situations with their (humanly) limited cognitive resources and further filter the perceived information through an interpretation process prejudiced by their ethos, personal traits, and experiences. Their individual characteristics (e.g., age, gender, etc.) influence their cognitive biases and are, therefore, reflected in their choices and strategic preferences while making corporate decisions (Hambrick & Mason, 1984). Among executives, CEOs are expected to be the ultimate decision-makers within an organization and are held most accountable for its outcomes. A CEO also serves as the symbolic leader of the organization, with his/her actions altering (or reinforcing) stakeholders' perceptions of organizational values and standards. For this reason, CEOs are expected to greatly influence what happens to their organization (Hambrick, 2007). However, while studies in corporations may, to some extent, help inform the non-profit sector, there are important differences between profit and non-profit organizations (e.g., Finley et al., 2021; Hyndman & McDonnell, 2009), including the role of CEOs and their motivation to serve in these organizations (e.g., Brown & Harris, 2022). It is, therefore, an open and important question as to whether and how specific CEOs' personal traits influence a non-profit organization's performance.

Empirically, this study addresses these questions using a novel, hand-collected dataset of 1342 firm-year observations belonging to 128 FCOs operating in Pakistan in the period 1996 to 2019. This sample choice allows us to exploit the characteristics of Pakistan's institutional environment, i.e., being a main Muslim-majority developing economy, with relatively weak formal institutions and religiosity deeply embedded in the social, ethical, personal, and professional lives (Adeel et al., 2022; Nawaz, 2022). The faith-based charity sector has an important role in the Pakistani society, as the government relies heavily on FCOs to deliver basic goods and services to a large part of the population. This institutional environment is very different from those of the Anglo-American highly-developed countries where most prior non-profit governance literature was focused, but its characteristics are potentially highly generalizable to other Muslim-oriented developing countries (Roomi et al., 2018).

Our main finding is that those FCOs led by CEOs with specific personal traits (woman, altruistic, young, and founder) exhibit better organizational performance. A CEO's personal traits, however, do not have a uniform effect; their effect is strengthened when the CEO is also the FCO's founder, given the greater latitude of discretion that s/he has in managing the organization. This finding contributes to business ethics literature (e.g., Ghafran & Yasmin, 2020; Yasmin et al., 2014) by highlighting that although donors and volunteers fulfil a religious obligation, their ethical decision to contribute to a specific FCO and the efficiency and effectiveness in the management of the donated resources are influenced by those CEOs' personal traits that are observable by stakeholders and signal a CEO's ethical commitment and abilities to manage the FCO so that it achieves its charitable purpose. This study also contributes to an emerging view (e.g., Aguilera et al., 2016) that suggests the analysis of corporate governance practices necessitates a broader attention to societal norms, ethical values, and cultural attributes. It provides a more refined understanding of the complex governance 'bundles' (e.g., Schiehll et al., 2014) between CEOs, resources providers, and organizational performance in a setting characterized by expected ethical relationships between the actors involved and the lack of any relevant governance regulation that constrains their actions. Theoretically, this study contributes to extend the conceptual domain of upper echelons theory, which has traditionally been used in the corporate context (e.g., Hambrick, 2007; Neely Jr et al., 2020), to a relatively uncharted organizational setting and help explore the role of under-investigated CEOs' personal traits (altruism) and CEO-related contextual factors (being a founder).

The remainder of the paper is structured as follows. In the next section we present our theoretical arguments and the rational for the institutional setting as well as the hypotheses development. In section "Research Design", we outline our research design for the empirical analysis. In sections "Findings" and "Discussion and Conclusion", we present findings followed by our discussion and conclusion.

Background Literature and Hypotheses Development

Theoretical Background and Rationale for the Choice of the Institutional Setting

This study builds upon the notion that a conceptual framework that helps to interpret corporate governance practices should consider how the institutional context influences governance behaviour and outcomes (e.g., Judge, 2012). Although prior upper echelons literature has often overlooked how the institutional context surrounding the CEOs shapes their personal traits and how this will be reflected in the different organizational performance, an explicit recognition can be incorporated into an upper echelons theoretical framework. Upper echelons theory acknowledges that managerial discretion emanates from environmental conditions (Hambrick & Finkelstein, 1987) and is influenced by a host of societal conventions and norms (e.g., Hambrick, 2007). The national context also shapes executives' experiences, values, and personalities (e.g., Yamak et al., 2014).

The management of an FCO, as any organizational practice, does not develop in a vacuum. Organizations—and their executives—are embedded in a nexus of formal and informal rules of the institutional environment in which they operate. It is, therefore, important to acknowledge that existing research on the governance of non-profit organizations, which mainly focused on the Anglo-American context (e.g., Aggarwal et al., 2012; Hyndman & McDonnell, 2009), is unable to generalize its findings across different countries and cultures (Brown & Harris, 2022). Even when the charity organizations analysed were Muslim in identity, the ethical relationships between their actors were likely to be affected as they operated within a non-Muslim society, where existing regulatory frameworks and 'secular governance concerns' that characterize a non-Islamic country context take precedence over ethical concerns (Ghafran & Yasmin, 2020).

Therefore, this study adopts an upper echelons conceptual framework that provides an explicit recognition to the institutional context and empirically tests its predictions in the FCOs in Pakistan. The socio-religious-cultural norms that characterize the Pakistani society offer a distinct natural institutional environment to study the effect of CEOs personal traits on the performance of FCOs.

Philanthropic initiatives in the region which now constitutes Pakistan date back to the days before recorded history (Seal, 1968). Historically, religion has been the foremost driving force behind the development of non-profit voluntary organizations and has provided a strong basis and spiritual motivation to its followers to cater to the needs of the poor, sick, and underprivileged in society (Ghaus-Pasha & Iqbal, 2003). Nowadays, the country contributes—either in cash or with in-kind donations—over 1.5% of the GDP to charity, making Pakistan one of the most charitable nations in the world (Pakistan Centre for Philanthropy, 2016). Most of these funds are channelled through FCOs, which work at the grassroots level (union council, tehsil, or district level) to provide support to the most deprived segments of the society (e.g., by imparting religious and preliminary education, providing basic healthcare, etc.).[1] FCOs in Pakistan are generally set up as result of large donations by high-net-worth individuals (or prominent families) and operate under *Waqf*.[23] The underlying tangible assets, usually a commercial property or agricultural land, serve as a stable source of income for the incumbent FCO, in addition to the donations received by the public.

Upper echelons theory (Hambrick, 2007; Hambrick & Mason, 1984) contends that executives act on the basis of their personalized understanding of the strategic situations they face. These personalized interpretations are a function of the executives' experiences, values, and personalities, which are shaped by the institutional environment. Institutional environments create 'the lenses through which actors view the world' (DiMaggio & Powell, 1991, p. 13). Some specific personal traits (gender, age, and altruism, in particular) are strongly shaped by the Pakistani institutional environment and affect the role of a person in the society. Pakistan is a conservative society, where the man is regarded as head of the family and the breadwinner, while the stereotypical role of women is delineated by the concept of *chadar aur char diwari*.[4] Societal beliefs perceive women

[1] Sectarian division (i.e., Sunni vs. Shia) is prominent. Despite some differences among the two in terms of ritual, doctrine, theology, and interpretation of the law, they coexist and observe many central beliefs and practices and, importantly, do not discriminate on these bases while providing services (Nawaz, 2021).

[2] There is no regulation that mandates FCOs to disclose information about their donors.

[3] A *Waqf*, one of the oldest and credible financial vehicles for the provision of public goods practiced across the Islamic world, is 'an unincorporated trust established under Islamic law by a living man or woman for the provision of a designated social service in perpetuity and its activities are financed by revenue-bearing assets that have been rendered forever inalienable' (Kuran, 2001: 842).

[4] Largely referred to as the 'concealment and confinement within the four walls of the house defines a woman's social space and relationships within her community. These restraints are determined by the prevalent social and religious norms culminating in different forms

as primary caregivers. Although nowhere in the *Qur'an*, or in the *Hadith* literature, are women's business activities forbidden (or even frowned upon), the deep-rooted discriminatory socio-cultural patriarchal values and traditions generally provide lessor opportunities for women, especially at the executive level (Nawaz, 2022). Respect for the elderly is another important trait of the Pakistani society. Seniority is one of the key elements that determines certain appointments in Pakistan and is exercised more rigidly in the charity sectors in which experience is given priority (Iqbal & Siddiqui, 2008). The spirit of philanthropy is widespread in the Pakistani society and stems from religious impulses (Pakistan Centre for Philanthropy, 2016). As outlined in Islamic teaching, those with excessive wealth should use the system of *Zakat* (mandated religious levy), *Khairat* (donation), and *Sadaqah* (voluntary social spending) to share their wealth with the less fortunate in the society. By adhering to prevailing beliefs, values, and, if present, norms, CEOs may signal that their values and actions align with those of the society.

Pakistan's institutional environment also allows latitude in managerial discretion. Managerial discretion exists to the extent that there is an absence of constraint from external forces and when there are multiple plausible alternatives in a given strategic situation (e.g., Hambrick, 2007; Hambrick et al., 1987). Historically, the British Raj initiated institutionalization of voluntary organizations in the Indo-Pak sub-continent by regulating the registration and operations of philanthropic organizations to provide a legal basis for their activities under the colonial rule. A prominent example is of the 1860 Societies Registration Act, which is still practiced in Pakistan, as these organizations are registered under this act along with the 1961 Voluntary Social Welfare Agencies. However, in Pakistan regulation does not address corporate governance in FCOs, not even in the form of code of best practices. Corporate governance is, therefore, entirely self-regulated in each FCO, and CEOs have great discretion in their choice and actions to pursue the FCOs' charitable purposes. This allows a CEO's personal traits to be reflected in organizational strategy and performance (e.g., Hambrick, 2007).

Hence, we develop our hypotheses building upon an upper echelons conceptual framework that gives explicit recognition to how the institutional context surrounding the executives shapes their personal traits, which, in turn, to the extent that managerial discretion is not fully constrained by external forces, will be reflected in the different organizational strategies and performance.

A CEO's Personal Traits and FCO's Performance

Since the seminal work of Hambrick and Mason (1984), much of previous literature used CEOs' demographic traits as proxies for executives' personal beliefs and values to understand the effect of these characteristics on organizational outcomes in corporations (Belenzon et al., 2019). More recently, scholars have begun to explore executives' personality traits, including narcissism, sympathy, and altruism (e.g., Borghesi et al., 2014), to explain CEOs' decisions and their outcomes.

Among the several CEO's personal traits that may affect a CEO's perceptions, experiences, and interactions with others, and, therefore, play a role in an organizational performance, we focus on four of them (gender, altruism, age, and being the FCO's founder). Given the social conditions where FCOs operate, they are likely to affect an FCO's management and are easily observable by stakeholders (e.g., donors and volunteers) whose perception about CEO's traits can affect an FCO's performance. Specifically, gender, and age may be salient demographic attributes, as documented in prior upper echelons literature (see, Bromiley & Rau, 2016), particularly in the institutional setting chosen for the analysis, given the socially defined role attributed to women (vs men) and elder (vs youngsters) in the Pakistani environment (see section "Theoretical Background and Rationale for the Choice of the Institutional Setting"). They are also easily observable by stakeholders to assess which CEOs are best suited to manage their contributions and effectively carry out their charitable purpose. Altruism is a personality trait that is highly relevant in the Pakistani society, given its dominant cultural and religious characteristics (Iqbal & Siddiqui, 2008). It is also relevant in the FCO's organizational setting as this personal attribute is likely to be associated with a CEO's commitment to secure and manage resources to effectively carry out the FCO's charitable purpose, also affecting the stakeholders' perception (e.g., donors and volunteers). Being the founder is also an important CEO characteristic as a founder CEO generally invests time, energy, effort, attention, and his/her own values and identity in the process of creating and managing an FCO (Yasmin et al., 2014). This is particularly important in the Pakistani institutional environment, where the common motive behind forming an FCO is that, from an Islamic religious perspective, one can only send good deeds to their loved ones who have passed away by doing charity in their name. An FCO's founder, therefore, not only leaves his/her legacy behind as a philanthropist but also leaves behind a constant source (*Sadaqah Jariyah*, continuous almsgiving), of receiving good deeds, once the founder has departed from this earthly world.

Footnote 4 (continued)

of the segregation of the sexes and in the observation of *purdah*' (Chaudhry, 2019: 17).

A CEO's Gender and FCO's Performance

Prior literature in the corporate context documented that gender is a salient CEO's personal trait that affects a CEO's perceptions, experiences, and interactions with others. Although the presence of socially defined roles regarding women's abilities is likely to influence organizational performance, the relationship is not straightforward.

On the one hand, some leadership characteristics generally associated with women could enhance an FCO's performance. Women are more associated with communal traits, and therefore are better at focusing on people-centred issues (Eagly & Karau, 2002). Male leaders tend to be more exploitive than their female counterparts and focus more on personal gains, while female leaders are more inclined to adopt more accommodative strategies (Chapman, 1975). Female leaders are generally better at holistic thinking than males are; they exhibit finely honed relational intelligence, and they are proficient in developing consensus across divergent stakeholders (Regine & Lewin, 2003). FCOs, as third sector organizations, operate in fragmented environments, and such organizations benefit from the holistic thinking and relational intelligence traits typical of their female leaders. In charities, the CEO's challenging job is to maintain warm relationships with their donors—who mainly give for religious reasons in the case of FCOs—while not jeopardizing their charity organization identity and benefit of the service users (i.e., beneficiaries). Recent business ethics literature (e.g., Brown & Harris, 2022) noted that some of the female leaders' attributes (e.g., interpersonal skills, ethics, and low risk tolerance) positively impact the CEO's ability to manage funds more efficiently in non-profit organizations.

On the other hand, other women's attributes (e.g., lower confidence and less aggressiveness) could be detrimental for a charity performance, for example in generating support from donors. A study in the US context, for instance, documented that non-profit organizations with female leaders tend to secure lower levels of donations (Brown & Harris, 2022). In addition, despite being effective leaders, women's leadership styles are often demeaned for social-cultural reasons (Regine & Lewin, 2003). This entrenched societal sexism causes people to harbour unconscious bias about the abilities of women and could impede a female CEO's ability to manage the organization effectively. Female leaders' ability to raise funds may be socially constrained as people tend to do business with others who are similar to themselves (Fitzsimmons et al., 2014). Acquiring donations in a male-dominated society and from wealthy male donors may not favour female CEOs (Brown & Harris, 2022). Similarly, female CEOs could find it more difficult to get support from volunteers.

This seems to be the case in Pakistani society. As discussed in section "Theoretical Background and Rationale for the Choice of the Institutional Setting", although women's business activities are not forbidden, or frowned upon, in Islam, the prevailing socio-cultural norms embedded in the Pakistani society have hindered women's career opportunities in the business sector. Hardly any large companies in Pakistan are led by a female CEO (Nawaz, 2022). Women's demeanour is understood to be more aligned with charitable work, as caregiver is the Pakistani society's expectation of the role of women. Due to this institutional environment, Pakistani women who are competent managers may choose to resort to charity organizations, where their presence is perceived as more in line with the society's expectations (e.g., Roomi et al., 2018). Therefore, we expect those women that are able to become CEOs of FCOs to be highly competent, potentially more than their male counterparts who have better work opportunities in the corporate context. In addition, being a minority group in numerical terms, women in executive positions are subjected to greater pressure to perform. Thus, they are also likely to act more vigorously and ethically because more self-serving expedients would threaten the welfare of their 'clientele'—especially women—who are economically dependent on the FCO and are already socially deprived. We anticipate that as vigilant observers of their organizational milieus, female CEOs will adopt strategies that will improve an FCO's performance. Thus, we expect that:

H_1: There is a significant positive relationship between woman CEOs and FCO performance.

A CEO's Altruism and FCO's Performance

Whether human conduct can ever be genuinely altruistic has been the subject of several debates. The motivations why individuals voluntarily donate to charitable organizations, in particular, can be manifold, difficult to completely disentangle, and are not necessarily mutually exclusive (Bekkers & Wiepking, 2011). DellaVigna et al. (2012), for example, designed a field experiment to understand whether individual charitable contributions are motivated by the enjoyment to give or social pressure, and they noted that these two motivations tend to co-exist at the individual level. At the executive level, Borghesi et al. (2014) noted that a CEO's altruistic belief that s/he has a moral imperative is not the sole reason to give but instead giving should be viewed as part of a broader strategy that includes also creating a personal goodwill and maintaining good favour with the society.

The altruism (or 'warm glow') model (Andreoni, 1989) posits that giving is mostly supply-driven, i.e., it depends on the giver, who enjoys the act of giving. Under this model, donations unambiguously enhance a giver's utility as well as societal welfare. Individuals may enjoy giving; they care about a specific worthy cause or like the 'warm glow' of giving (DellaVigna et al., 2012). We expect this motivation to play an important role for the altruistic CEOs in FCOs in Pakistan.

Altruism is a personal trait that is highly relevant in the Pakistani society, given its dominant cultural and religious characteristics (Iqbal & Siddiqui, 2008). The Pakistani social, cultural, and economic environment encourages donating as a form of redistribution of wealth to promote social justice. Those with excessive wealth should use instruments such as *Zakat, Sadaqah,* and *Waqf* to share their wealth and donate to the less fortunate in the society. A CEO who is altruistic, through his/her moral education and views it as a manifestation of God's grace and evidence of faith, could, therefore, be also an active philanthropist. Voluntary charitable donations are considered 'as a sign of sincerity of faith' in Islam (Lambarraa & Riener, 2015, p. 70). Hence, this CEO's personal trait could reflect on a sincere care of the FCO's charitable purpose and a consequent commitment to effectively pursue it by managing its resources selflessly and efficiently.

Muslim FCOs and those individuals who lead such religious organizations are expected to have a larger sense of accountability, which is not limited to the stakeholders or regulators only. The keystones of accountability in Islam include the concepts of *amanah* (trust), *mas'uliyah* (responsibility), and *khalifah* (vicegerency) (Haniffa & Hudaib, 2011). Human beings are considered vicegerent of *Allah* (the God) on earth and have the responsibility to look after their family as well as the larger society as a trust from *Allah,* and they form part of the act of *ibadah* (worship). This sense of accountability may encourage charitable giving among CEOs in FCOs in Pakistan. At the same time, a CEO serves as the symbolic leader of the organization; his/her actions, according to the upper echelons theory, influence stakeholders' perceptions of organizational values (Hambrick, 2007). Thus, a CEO's altruism may positively affect the stakeholders' perception (e.g., those of donors and volunteers) and lay the groundwork for enacting key motivational behaviours that enhance an ethical organizational climate and drive positive outcomes in organizations (Groves & LaRocca, 2011). In addition, the ability of altruistic CEOs, being active philanthropists while leading an FCO, to raise funds may be also socially enhanced as individuals tend to liaise with others who share the same habitus (Fitzsimmons et al., 2014). CEOs who are active philanthropists themselves are, therefore, likely to receive more donations for the FCO they manage. Due to the altruistic principles FCOs are established upon and the characteristics of institutional environment where they operate, we expect that:

H_2: There is a significant positive relationship between altruistic CEOs and FCO performance.

A CEO's Age and FCO's Performance

Prior upper echelons literature emphasizes the importance of the age of an executive for a firm's performance and sustainability (e.g., Hambrick & Mason, 1984). However, the relationship is not clear yet, as different attributes associated with age are assumed to cause effects in opposite directions. Age is a personal demographic characteristic that is associated to an individual's level of life experience and his/her propensity regarding change and risk aversion. Specifically, older CEOs are assumed to have more life experience and, consequently, are expected to be characterized by greater awareness of the institutional environment, a more conservative attitude, higher risk aversion, and a greater inclination to maintain the organizational status quo (e.g., Hambrick & Mason, 1984).

Empirical studies in for-profit entities have shown that companies with younger CEOs are more likely to exhibit a higher level of strategic change and tend to take entrepreneurial initiatives that shape organizational performance. By contrast, older CEOs tend to be more risk averse and opposed to change—technological or operational—that may disrupt their working style/routine. Rather, they act cautiously and commit organizational resources to initiatives where the possible outcomes are fully predictable (Belenzon et al., 2019).

In the institutional context of Pakistan, therefore, older CEOs are likely to have, given their life experience, a better knowledge of the Pakistani society, its peculiarities, and the FCO's stakeholders. This knowledge, together with the great respect for the elderly that characterizes relationships in the Pakistani society, could help an older CEO to attract more contributions from donors and volunteers and manage the FCO more effectively to pursue its charitable purpose. However, older CEOs are also expected to have more inclination to maintain the status quo (e.g., Hambrick & Mason, 1984). This would mean, in the Pakistani institutional environment, a CEO's preference to stick to the traditional way of working, i.e., receiving and redistributing funds via cash, rather than using the banking services and digital apps, whose use is relatively new and not widespread in Pakistan (Naseem et al., 2020). Working in the traditional way harms the FCO's ability to collect funds using digital tools, such as apps or e-banking services. Furthermore, it will make transactions more difficult to audit. This lack of verifiability could jeopardize the stakeholders' trust, which should not be 'blind' according to Islam (Yasmin et al., 2014, p. 117), and, consequently, the FCO's ability to attract contributions from donors and volunteers. Conversely, younger CEOs may be keener in using new technologies, such as cashless banking services and digitals apps, whose use helps collecting funds and promote transparency by keeping auditable records of financial transactions. Such transparency is likely to boost the stakeholders' trust and help improve an FCO's performance. Thus, we expect that:

H_3: There is a significant negative relationship between CEO age and FCO performance.

Founder CEO and FCO's Performance

Prior for-profit literature documented that founder CEOs play considerably different roles in organizational strategy and performance than non-founder CEOs (for a meta-analysis, see Abebe et al., 2020). The two types of CEOs generally possess substantially different knowledge, values, and attitudes in managing an organization. Founder CEOs generally possess the power and credibility to attract financial (i.e., investments) and human (i.e., employees) capital resources to the fledgling firm. Jayaraman et al. (2000) notes that founder CEOs nurture personal mystique with their employees, which enables them to develop stronger bonds with their employees, and such rigid acceptability increases their ability to enact strategic changes in a timely manner. Such tight coupling equally promotes the agility and parsimony of governance necessary to run the incumbent organization in an efficient manner.

Because of their experience and stature within the organization, founder CEOs may see their organization as part of their individual and/or family legacies—that follows from having brought the organization into existence to create value that goes beyond the strict pursuit of economic returns—and may experience a high degree of discretion to engage in behaviours that benefit the collective, such as establishing a philanthropic presence in the community (Handler, 1990). Arguably, relative to non-founder CEOs, founder CEOs are likely to be especially sensitive to the concerns and development of others and being interested in creating value for the community.

In charities, the organization is 'the founder's "baby"' (Brown & Harris, 2022, p. 5). Although founder CEOs do not have to overcome the selection process by board members, founders are 'passionate and are internally motivated towards securing support for their organizations' (Brown & Harris, 2022, p. 5). Founder's imprint on the values, culture, and strategies of such organizations is likely to be even stronger than in for-business entities (Nawaz, 2021). In FCOs, founders see the organizations as 'personal endeavours in serving what they believe in' (Yasmin et al., 2014, p. 117). This is particularly important in the Pakistani institutional environment, where one of the common motives behind establishing an FCO is that, from a religious (Islamic) point of view, one can only send good deeds to their loved ones who have passed away by doing charity in their name (Ghaus-Pasha & Iqbal, 2003). Those who found such charities not only leave their legacy behind as a philanthropist but they also leave behind a constant source (*Sadaqah Jariyah* or continuous almsgiving) of receiving good deeds once they have departed from this earthly world (Nawaz, 2021). Since the purpose is to serve the humanity while building continuous deeds for the hereafter, we expect the founder CEOs in FCOs to strive for sustainable growth and performance of the incumbent FCOs. Therefore, we expect that:

H_4: There is a significant positive relationship between founder CEOs and FCO performance.

An organizational strategy and decision-making are complex processes that are highly dependent on the constraints of the CEO's personal choices, values, and preferences on their latitudes of action (Hambrick, 2007). A CEO's personal traits are likely to have a significant impact on organizational outcomes to the extent to how much managerial discretion exists (Hambrick & Finkelstein, 1987). If a great deal of discretion is present, then a CEO's personal characteristics are more likely to become reflected in an FCO's strategy and performance. If, however, managerial discretion is lacking, a CEO's personal characteristics are unlikely to have an important influence (Hambrick, 2007). Therefore, prior upper echelons literature has documented that managerial discretion is a pivotal moderator of the relationship between a CEO's personal traits and organizational outcomes (e.g., Crossland & Hambrick, 2007).

CEOs' discretion on decisions and actions are greatly constrained by their organizations' own histories and cultures (e.g., Crossland & Hambrick, 2007). However, in FCOs when a CEO is also the founder, this allows the CEO's personal traits to provide a strong imprint of his/her own values and identity on the organizational values, culture, and strategies since an FCO's establishment. Hence, in these FCOs the organizational culture and values are likely to reflect a founder CEO's personal traits, rather than serve a constraint to his/her managerial discretion.

The upper echelons literature also emphasizes the importance of power within the organization as a key social factor that may enhance a CEO's discretion in decision-making (Bromiley & Rau, 2016). In FCOs, founders generally possess a power within the organization that allows a greater degree of discretion in their action and a greater influence on organizational strategy: FCOs' founders, indeed, were found to have 'the tendency to dominate most aspects of the organization' and 'decisions are concentrated mainly around the founder' (Yasmin et al., 2014, p. 117).

Hence, when a CEO is also the founder of an FCO, the influence of his/her personal traits on the organizational outcomes is likely to be enhanced, i.e., the relationship between each CEO's personal trait (gender, altruism, and age) and the

FCO's performance is likely to be strengthened. Therefore, we expect that:

H_5: The relationship between CEO personal traits and FCO's performance is likely to be stronger when the CEO is also the FCO's founder.

Research Design

Sample and Data Collection

Our sample is based on the FCOs that operate in Pakistan. FCOs were identified by gathering a list of registered charity organizations from the Social Welfare Department and contacting the district and tehsil (sub-division of a district) registrar offices to compile a list of registered charity organizations at district level. The initial total population comprised of 1362 charity organizations registered across 35 districts. We cross-verified these organizations through internet searches, telephonic contact, and personal visits, and we eliminated 476 organizations as they were not verifiable, assuming they are inactive. Then, we eliminated 703 organizations as they are not registered as either religious or faith-based. Among the remaining 183 organizations that are active and registered as religious or faith-based charity organizations, we then dropped 55 FCOs because of lack of available data for at least two financial years. Our final sample consists of 1342 firm-year observations of 128 FCOs, founded and operating in Pakistan and led by 192 CEOs in the period 1996 to 2019. 1996 was the first year for which data was available, while 2019 was the latest data available at the time of data collection. The longitudinal nature of the data allows us to perform a thorough analysis and helps us better understand how a CEO's observable personal traits may affect an FCO's performance, taking into account the influence of macroeconomic factors (economic growth), political/regime change (i.e., military vs civic rule), and relief and rehabilitation efforts in response to natural disasters (floods, earthquakes etc.). Our final sample is unbalanced as not all FCOs included in this study have observations for the whole period of 23 years (the minimum number of year-observations needed for an FCO to be included in the sample was two, while the maximum year-observations for an FCO included in the sample are 19 years).

As there is no readily available dataset on FCOs (or any charity organizations) operating in Pakistan, data was hand-collected from multiple data sources. Data about the FCO's performance, CEO's personal traits and other FCO-related control variables was gathered from each FCO's records (management profiles listed on the FCO's website, reports, registration documents, manifesto, and press releases). This information was integrated and 'triangulated' with other reliable information gathered from personal site visits to FCOs and external sources (local newspapers), which allowed us to enrich the level of depth and relevant detail of the information collected. Macroeconomic data was gathered from government press releases and national newspapers (Drought, Government type), and the State Bank of Pakistan (GDP growth, and GDP per capital). Table 1 reports the specific sources used for collecting the data.

Dependent Variables

The performance of a non-profit charitable organization is a complex and multidimensional concept that is not reducible to a single performance measure. Financial performance is not the main objective of these organizations but reflects only one fundamental aspect: if these organizations fail to acquire and use financial resources effectively, they might not sustain themselves and pursue their charitable mission (e.g., Kirk & Nolan, 2010). For this reason, to estimate an FCO's performance we used a set of financial and non-financial performance measures that capture varying aspects of performance, can be constructed using publicly available data, facilitate comparisons across different FCOs, and are commonly used in prior non-profit literature (e.g., Finley et al., 2021).[5]

Our first proxy is revenues ratio (RER), measured as the ratio of total revenues to total number of employees for an FCO *i* in year *t*. RER captures employees' efficiency in securing funds and delivering services. A higher ratio represents a better FCO's performance as it captures a higher public support and the FCO's ability to obtain funds; that is a performance metric of primary concern to stakeholders (e.g., Brown & Harris, 2022). Our second proxy is fundraising ratio (FundR), measured as the ratio of fundraising revenues less fundraising expenses to fundraising revenues for an FCO *i* in year *t*. These two proxies are based upon the notion that a non-profit organization's ability to collect financial resources is an important measure of its performance, as it helps its survival and growth (e.g., Finley et al., 2021). Our third proxy is number of persons served (NPS), which is measured as the natural logarithm of total persons served by an FCO *i* in year *t*. NPS is a non-financial performance that accounts for management effectiveness, based upon the notion that serving a higher number of persons reflects upon an organization's ability to outreach and cater for the

[5] We acknowledge that an alternative approach advocates the use of subjective measures based on stakeholders' perceptions of organizational effectiveness. This approach, however, has also been subject to the criticism that multiple perceptions can be contradictory and reflect the biases of stakeholders' respondents and was not an alternative in this study due to data availability (see, e.g., Kirk & Nolan, 2010 for a review of the debate).

Table 1 Summary of operationalization of the variables

Variable name	Acronym	Operationalization	Data source
Dependent variables: FCO performance			
Revenues ratio	RER	Ratio of total revenues to total number of employees for FCO *i* in year *t*: $RER_{i,t} = \frac{Totalrevenue_{i,t}}{Totalnoofemployeess_{i,t}}$	FCO's account statements/financial records
Fundraising ratio	FundR	Ratio of fundraising revenue less fundraising expenses to fundraising revenue for FCO i in year *t*: $Fund\,R_{i,t} = \frac{Total\ revenue_{i,t} - Fundraising\ expenses_{i,t}}{Total\ revenue_{i,t}}$	FCO's account statements/financial records
Number of persons served	NPS	Log of total number of persons served by an FCO i in year t	FCO's account statements/financial records
Independent variables of interest			
CEO's personal traits			
CEO gender	CEOF	A binary variable taking the value of one if CEO is a woman, and zero otherwise	Multiple sources[a]
CEO altruism	CEO-altruism	A binary variable taking the value of one if CEO is an active philanthropist (i.e., he or she makes financial contributions for charitable purposes (e.g., the CEO personally bears the costs to send poor people for religious pilgrimage *Hajj*, and/or distributes grains to the needy once the crop is harvested; and/or supplies *Rashan*—essential food items—to them during the month of Ramadan) on a yearly basis, and zero otherwise	Multiple sources[a]
CEO age	CEO-age	Age of CEO in years	Multiple sources[a]
CEO founder	Founder-CEO	A binary variable taking the value of one if CEO is founder of the FCO, and zero otherwise	Multiple sources[a]
Control variables			
FCO-related control variables			
CEO tenure	CEO-tenure	Number of years as CEO in the current position	Multiple sources[a]
CEO duality	CEO-duality	A binary variable taking the value of one if the CEO is also president/VP/chair, and zero otherwise	Multiple sources[a]
Board size	Board-size	Total number of directors on the FCO board	Multiple sources[a]
Board diversity	Board-diversity	Proportion of women directors to total board size	Multiple sources[a]
Charity size	FCO-size	Log of total number of employees at FCO at year end	FCO's account statements/financial records
Charity age	FCO-age	Log of total number of years since inception	Registration documents
Operational philosophy	Operating-philosophy	A binary variable taking the value of one if the FCO operates under the Sunni schism, and zero otherwise	Manifesto/website/registration documents/founders' profiles
Macroeconomic attributes			
Drought	Drought	A binary variable taking the value of one if the country experienced a drought (i.e., a natural disaster) in year *t*, and zero otherwise	National newspapers and government press releases
Government type	Govt	A binary variable taking the value of one if a democratically elected governing was in office in year *t,* and zero otherwise	National newspapers and government press releases
GDP growth	GDP-growth	The growth rate of GDP (annual)	State Bank of Pakistan
GDP per capital	GDP-PC	The natural logarithm of per capita GDP	State Bank of Pakistan

[a]Multiple sources refer to an FCO's records (management profiles listed on the FCO's website, reports, registration documents, and press releases), personal site visits to the FCO, and external sources (local newspapers)

needs of larger proportions of the society. This is particularly important in an FCO, where individuals are aware of the need to work effectively to deliver support to beneficiaries (Ghafran & Yasmin, 2020).

Independent Variables of Interest

In line with prior literature (e.g., Borghesi et al., 2014; Regine & Lewin, 2003), we measured CEOs' gender (CEOF), CEOs' altruism (CEO-altruism), CEOs' age (CEO-age), and founder CEOs (CEO-founder) to test our hypotheses (see Table 1 for variables' definition).

Control Variables

In line with earlier studies (e.g., Nawaz, 2021), we include the following control variables in our analyses at the FCO-level: FCO-size and FCO-age. Large charity organizations exploit their resource-base to attract more funds, thereby outperforming their smaller counterparts. Similarly, long-existing charities develop a good reputation in the public eye by being involved in the provision of collective goods for a sustained period and therefore may attain higher support.

To account for the impact of an FCO's governance, we control for the board size (Board-size), and board diversity (Board-diversity) (e.g., Aggarwal et al., 2012), as well as CEO tenure (CEO-tenure) and duality (CEO-duality) (e.g., Belenzon et al., 2019). Nawaz (2019) argues that larger boards potentially provide balance for effective decision making in organizations that are based on religious ideologies, suggesting that larger boards play a vital role in determining the strategic direction of an FCO. Likewise, Buse et al. (2016) note that greater gender diversity improves governance practices of non-profit firms. Executive knowledge of organizational systems and processes grows over time, and such accumulated knowledge has been shown to affect performance-related decision-making (Nonaka & Takeuchi, 1995). Longer tenured CEOs have a better knowledge of the organization, which could have a positive effect on organizational performance. However, as they gain control over the organizational knowledge and expertise, they may become more resistant to change and less willing to consider new initiatives (e.g., Belenzon et al., 2019), and longer CEO tenure could also have a negative effect on organizational performance. Likewise, one of the most avowed advocates for the separate structure, Jensen (1986) expresses discomfort with the dual structure. The agency theory tenants are adamant that concentrated structural power, i.e., when CEOs serve simultaneously as board chair or chair of the board of trustees in the case of charity organizations, curtails directors' ability or willingness to dispassionately evaluate the policies, practices, and performance of a firm's dual powered CEO. To that extent, we expect a negative association between CEO-duality and FCO performance.

To take into account the institutional characteristics where an FCO operates in the period under analysis, we control for the FCO's operating philosophy (Operating-philosophy), frequency of drought (Drought), type of government (Govt.), and macroeconomic indicators such as GDP growth rate (GDP-growth) and GDP per capital (GDP-PC). Depending on the FCO's operating philosophy (either Shia or Sunni), an FCO may appeal to a certain sect of the society and attract a different public support (Nawaz, 2021). Similarly, we control for drought and the government type because charity giving increases in the wake of any natural disaster (e.g., flooding, earthquake) or wars, and Pakistan has faced all such disasters during the study period. Charity organizations, including FCOs, played a vital role during these disasters, working hand-in-hand with the armed forces and other government agencies to help in relief and rehabilitation efforts (Iqbal & Siddiqui, 2008). Table 1 reports the list of all variables, with their definition and sources.

Data Analysis

To test Hypotheses 1, 2, 3 and 4 we used parsimonious versions of the following specification:

$$Performance_{i,t} = \alpha_0 + \beta'_{CEO} CEO_{i,t} + \gamma'_{i,j} X_{i,j,t} + vi + \varepsilon_{i,t} \quad (1)$$

where $Performance_{i,t}$ is the estimate for FCO performance metrics (i.e. RER, FundR, and NPS); $CEO_{i,t}$ elucidate CEO personal traits, $X_{i,j,t}$ are 'j' control variables for 'i' FCO, β' and γ' are a $1 \times k$ vector of parameters to be estimated, vi is the panel unobservable heterogeneity, and $\varepsilon_{i,t}$ are assumed to be independent for each i over all t. To test hypothesis 5, we add interaction terms between the variable CEO-founder and our estimates of CEOs' personal traits (CEOF, CEO-altruism, and CEO-age). To rule out any potential remaining multicollinearity concerns, we first test each relationship in a distinct model, then we present the full model.

Omitted unobservable firm characteristics could affect both the selection of a variable of interest and lead to spurious correlations. It might occur, for instance, that some FCOs in our sample could be more progressive than others, so they have a higher likelihood of having a woman as CEO. Assuming that corporate culture is relatively time-invariant during the period under analysis, we use a fixed effects model to control for heterogeneity concerns and any other unobservable firm characteristics that may sway our results.[6] This is consistent with earlier research (e.g., Adams

[6] The Hausman test was performed to decide between the random effects and fixed effects model. Given its result ($p < 0.05$), we employed a fixed effects model.

Table 2 Descriptive statistics

	Mean	Std. Dev	Min	Max
Panel A: Dependent variables				
Revenues ratio (RER)	364,625	1,092,067	52,173	703,221
Fundraising ratio (FundR)	0.836	0.158	0.637	0.971
Number of persons served (NPS) (a)	1140	556	263	7364
Panel B: Independent variables of interest				
CEO gender (CEOF)	0.266	0.441	0	1
CEO-altruism	0.385	0.487	0	1
CEO-age	33	11.344	23	69
Founder-CEO	0.401	0.491	0	1
Panel C: Control variables				
CEO-tenure	8	3	6	17
CEO-duality	0.609	0.488	0	1
Board-size	6	2.836	3	13
Board-diversity	0.581	0.300	0.201	1
FCO-size[a]	182	108	30	750
FCO-age	16	10	5	32
Operating-philosophy	0.602	0.490	0	1
Drought	0.342	0.475	0	1
Government	0.720	0.449	0	1
GDP-growth	1.257	0.556	−0.011	2.012
GDP-PC	6.758	0.398	6.119	7.301

See Table 1 for variables' definitions

[a]Mean, standard deviation, min and max values of NPS and FCO-size are in absolute value, without logarithm, of number of people (served and employees, respectively) for presentation. No of observations: 1342

& Ferreira, 2009) to keep all model coefficients comparable and controls for the omitted firm-related variables that may lead to inconsistent estimation due to endogeneity issues. In addition, across all regression models, we also control for time-fixed effects and estimate clustered standard errors by employing Windmeijer's (2005) correction procedures to produce robust standard errors.

Findings

Descriptive Statistics and Univariate Analysis

Table 2 presents the descriptive statistics for all variables included in our study. The average FCO's performance (RER, FundR, and NPS) is 364,625, 0.84, and 1140, respectively. As for the independent variables of interest, 27% of the FCOs are led by female CEOs (51 out of 192 CEOs). The average CEO's age is approx. 33 years old and 39% of the CEOs included in our sample are active philanthropists (74 out of 192), while 40% are the FCO's founder (77 out of 192).

Among FCO-level control variables, the average CEO's tenure is approx. 8 years, while approx. 60% of the CEOs hold dual roles (116 out of 192 CEOs). The average board size is 6 with, on average, a majority of women directors (board diversity = 0.58). The average FCO-size is approx. 182 and FCO-age is approx. 16 years. 60% of the FCOs included in our sample operate under the Sunni schism (Operating-philosophy). On the macroeconomic attributes, the average frequency of droughts during our sample period is approx. 34%. In approx. 72% of the years under analysis, there was a democratically elected government in office. The average GDP growth and GDP per capita during the study period is 1.26 and 6.76, respectively.

Multicollinearity diagnostics using variance inflation factors (VIF) (mean VIF value = 2.03, max VIF value = 3.32) and the correlation between the independent variables (see Table 3) indicate that multicollinearity is unlikely to be a concern.

Multivariate Analysis

Tables 4, 5, and 6 report the results of the multivariate analyses on the relationship between CEOs' personal traits and FCOs' performance, measured by (i) revenues ratio (RER), (ii) fundraising ratio (FundR), and (iii) number of persons served (NPS), respectively. The inclusion of CEOs' personal traits significantly improves the explanatory ability of the models. Consistently with our expectations, this shows the

Table 3 Correlation matrix

Variables	VIF	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. RER		1.000																
2. FundR		**0.1928**																
3. NPS		**0.228**	**−0.1762**															
4. CEOF	1.94	**0.1747**	**0.2562**	**−0.6559**														
5. CEO-altruism	1.45	0.044	**0.1923**	**−0.3857**	**0.268**													
6. CEO-age	2.66	**−0.0982**	**−0.1662**	**−0.3476**	**0.2063**	−0.0171												
7. Founder-CEO	2.49	**−0.2573**	0.068	**−0.1506**	**0.2597**	**−0.2713**	**−0.1492**											
8. CEO-tenure	2.48	**−0.0971**	**−0.1659**	**−0.347**	**0.2064**	−0.0167	**0.9951**	**−0.1484**										
9. CEO-duality	3.32	**−0.1634**	**−0.2107**	**−0.1654**	0.0316	**−0.0872**	**0.1937**	**0.1309**	**0.1915**									
10. Board-size	2.56	**0.8396**	**0.3148**	**−0.4058**	**0.3042**	0.1008	−0.0396	**0.3389**	−0.0401	**0.1144**								
11. Board-diversity	2.48	**0.6384**	**0.1745**	**−0.2154**	**0.1434**	**0.1188**	−0.1005	**0.252**	**−0.1001**	0.0823	**0.7365**							
12. FCO-size	2.41	−0.0359	**−0.2271**	**0.5062**	**−0.2493**	**−0.3614**	**−0.3383**	**0.4905**	**−0.3375**	−0.0112	−0.0387	**0.1063**						
13. FCO-age	2.19	−0.0297	**−0.2527**	**0.5364**	**−0.2857**	**−0.3723**	**−0.3524**	**0.4776**	**−0.3516**	−0.0041	−0.0573	0.0943	**0.9978**					
14. OP	1.73	**−0.0928**	**−0.0852**	**−0.0919**	−0.0431	**0.1816**	0.0035	−0.078	0.0028	**0.0896**	0.034	0.0097	−0.0068	−0.0053				
15. Drought	1.53	0.0235	−0.0335	0.0522	**0.2166**	**−0.229**	0.0417	−0.093	0.0406	**−0.2942**	−0.0825	**−0.1487**	**−0.19**	**−0.1952**	−0.0163			
16. Gov-ernment	1.17	0.0431	**−0.5916**	**0.454**	**−0.4535**	**−0.4594**	−0.0592	**0.1554**	−0.059	**0.1069**	**−0.3371**	**−0.1775**	**0.5169**	**0.5542**	0.0342	−0.0978		
17. GDP-growth	1.08	0.0089	−0.0223	0.0054	0.0052	−0.0174	−0.0001	0.0077	−0.0007	−0.0047	−0.0197	−0.0385	−0.0054	−0.0048	−0.0059	0.0307	0.0113	
18. GDP-PC	1.03	0.029	0.0149	0.0233	0.0262	−0.0116	0.0333	0.0163	0.0318	0.0233	−0.0392	0.0351	0.0292	0.0257	**0.135**	−0.0066	−0.0051	**0.1625**

See Table 1 for variables' definitions. No of observations: 1342

Variables significant at $p < 0.05$ are in bold

Table 4 The relationship between CEO's personal traits and FCO's performance (dependent variable: RER)

Models	Expected sign	1	2	3	4	5	6
Variables		RER	RER	RER	RER	RER	RER
CEOF	$H_{1\,(+)}$		1.481***				1.511***
CEO-altruism	$H_{2\,(+)}$			0.0982**			0.0684**
CEO-age	$H_{3\,(-)}$				−0.0339***		−0.00689**
Founder-CEO	$H_{4\,(+)}$					0.0245***	0.0178***
Control variables							
CEO-tenure		−0.0569***	−0.0449***	−0.0567***	−0.0685***	−0.0558***	−0.00807**
CEO-duality		−0.0260***	−0.0276***	−0.0176**	−0.0341***	−0.0261***	−0.0319***
Board-size		0.0197***	0.233***	0.0194***	0.0164***	0.0300***	0.243***
Board-diversity		−0.00887***	−0.00389***	−0.00920***	−0.00919***	−0.0107***	−0.00294***
FCO-size		0.00163***	0.00120***	0.00163***	0.00122***	0.00490***	0.000236***
FCO-age		−0.000304	0.00159***	−0.000319	0.000655	−0.00116**	0.000794***
OP		−0.0100***	−0.000342**	−0.00881***	−0.00420*	−0.00660**	−0.000202**
Drought		−0.0200***	−0.000288**	−0.0205***	−0.0315***	−0.0224***	−0.00141***
Govt		−0.0803***	−0.000897	−0.0799***	−0.0819***	−0.0765***	−0.00260
GDP-growth		−0.000875	−0.000408	−0.000853	−0.000866	−0.000817	−0.000379
GDP-PC		0.00766**	0.00717***	0.00778**	0.00657*	0.00763**	0.00728***
Firm fixed effects		Included	Included	Included	Included	Included	Included
Year effects		Included	Included	Included	Included	Included	Included
Constant		0.487***	0.370***	0.478***	0.530***	0.496***	0.373***
R^2		0.442	0.721	0.762	0.784	0.816	0.859

No of observations: 1342. Robust *t*-statistics in parentheses

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$

importance of the CEO's personal traits in the performance of an FCO. Overall, the statistically significant and consistent results across performance metrics provide support for our hypotheses 1, 2, 3, and 4. Specifically, we found evidence of a positive and statistically significant relationship between the presence of a female CEO (CEOF) and an FCO's performance ($p < 0.01$). FCOs with a woman as CEO tend to exhibit higher levels of performance. Hence, hypothesis 1 is supported. A CEO's altruism was found to be positively and statistically associated with an FCO's performance ($p < 0.05$). FCOs led by altruistic CEOs tend to exhibit higher levels of performance. This finding provides support for hypothesis 2. A CEO's age was found to be negatively and statistically associated with an FCO's performance ($p < 0.05$). FCOs led by older CEOs tend to exhibit lower levels of performance. Hence, hypothesis 3 is supported. Finally, founder CEOs were found to be positively and statistically associated with FCOs' performance ($p < 0.01$). FCOs led by their founders tend to exhibit higher levels of performance. Hence, hypothesis 4 is supported.

Table 7 reports the multivariate analysis of the moderating role of a CEO founder on the relationship between a CEO's personal traits and an FCO's performance, measured by (i) revenues ratio (RER), (ii) fundraising ratio (FundR), and (iii) number of persons served (NPS), in Panel A, Panel B, and Panel C, respectively. Consistent with our theorizing, the statistically significant positive relationship suggests that FCOs led by a woman ($p < 0.01$) and/or an altruistic CEO ($p < 0.05$) who are also the FCO's founder tend to exhibit higher levels of performance. These findings support hypothesis 5 that a CEO's personal traits are likely to become more strongly reflected in an FCO's performance when the CEO is also the founder. We found no statistically significant association between a founder CEO's age and FCO performance. This finding, albeit insignificant, is not in line with our hypothesis, suggesting that being an FCO's founder weakens, rather than enhances, the negative effect of being an older CEO over an FCO's performance. Arguably, being the head and founder of an FCO, founder CEOs develop a greater knowledge of the FCO and its management, and stronger relationships with the society/donors who may trust such CEOs with their contributions and tend to support FCOs led by a founder CEO, even when the CEO is relatively old (Tang et al., 2016).

Additional Analyses

We conducted several additional analyses to ensure that our results are robust. First, we challenged our main estimates of an FCO's financial performance and used two sets of widely

Table 5 The relationship between CEO's personal traits and FCO's performance (dependent variable: FundR)

Models	Expected sign	1	2	3	4	5	6
Variables		FundR	FundR	FundR	FundR	FundR	FundR
CEOF	+		0.0497***				0.0171***
CEO-altruism	+			0.00613***			0.00978***
CEO-age	−				−0.0223**		−0.0810***
Founder-CEO	+					0.0704***	0.0622***
Control variables							
CEO-tenure		−0.0179***	−0.0151***	−0.0148***	−0.0165***	−0.00607*	−0.00956***
CEO-duality		0.0686***	0.0764***	−0.0202	−0.0456	−0.0124***	−0.0536***
Board-size		0.0363***	0.0280***	0.0277***	0.0272***	0.00642***	0.00597***
Board-diversity		−0.0395***	−0.0349***	−0.0351***	−0.0353***	−0.0279***	−0.0282***
FCO-size		0.00229***	0.00436***	0.00461***	0.00406***	0.0333***	0.0295***
FCO-age		−0.00342***	−0.00286***	−0.00286***	−0.00294***	−0.00758***	−0.00707***
OP		−0.00343**	−0.00711***	−0.00825***	−0.00918***	−0.00646***	0.00145
Drought		0.0165***	0.0254***	0.0258***	0.0274***	0.00856***	0.0158***
Govt		−0.0743***	−0.0735***	−0.0740***	−0.0735***	−0.0810***	−0.0794***
GDP-growth		2.20215	−0.000129	−0.000150	−0.000156	−0.000188	2.26205
GDP-PC		0.00632**	0.00242**	0.00232**	0.00247*	0.000617	0.00569
Firm fixed effects		Included	Included	Included	Included	Included	Included
Year effects		Included	Included	Included	Included	Included	Included
Constant		0.450***	0.541***	0.551***	0.545***	0.588***	0.643***
R^2		0.478	0.751	0.771	0.793	0.802	0.814

No of observations: 1342. Robust *t*-statistics in parentheses

$***p<0.01$, $**p<0.05$, $*p<0.1$

used alternative performance measures. Specifically, as a proxy for revenue ratio (RevR), we use the ratio of total revenues to total assets and the natural logarithm of total revenues (Ln-revenues) (e.g., Berardi et al., 2016). Likewise, in the set of alternative measures for fundraising ratio (FundR), we use two distinct proxies: (i) the ratio of administrative expenses to total expenses (RAE), which measures the extent to which an FCO spends money on administration and (ii) the ratio of fund-raising expenses to total expenses (RFE), which measures the amount of money spent by an FCO to raise 100 in charitable funds (e.g., Berardi et al., 2016). While the first set of proxies captures the FCO's ability to attract revenues (e.g., donations), with higher values indicating a better FCO's performance, the second set (i.e., RAE and RFE) define performance as the extent to which an organization uses its funds to accomplish its charitable mission, where lower values indicate that an FCO is operating with a better performance. In the same spirit, we challenged our main estimate of an FCO's non-financial performance (NPS) and use the ratio of total funds used for charitable purposes to total number of persons served (NPSR) by an FCO i in year t as an alternative proxy. Results are consistent with those reported in the main findings (see Tables 8, 9).

Finally, we estimated two alternative specifications of our main models. To mitigate potential endogeneity concerns that generally affect upper echelons theory and corporate governance research (e.g., Neely Jr et al., 2020; Van Essen et al., 2013), although there are few reasons to believe that our empirical estimation might have reverse causality issues, we ran robustness tests using the system Generalized Method of Moments (GMM) estimator that combines in a system equation in first differences with the same equation expressed in levels as in Eq. 1, to account for any reverse causality. Additionally, we use the two-stage least square (2SLS) regression as the standard remedy for the endogeneity problem (Aggarwal et al., 2012). We use two instrumental variables as a source of exogenous variation in the CEOs' demography on the FCOs' performance. Our first instrumental variable is a CEO's education background, i.e., a dichotomous variable which equals 1 if the CEO graduated with a business degree, and zero otherwise. Earlier studies recognize that superior educational attainment, a business degree in particular, contains expectations on the latent ability of the CEO (Nawaz, 2021). Various empirical investigations contend that business education strengthens CEOs' personal profiles and makes them more confident leaders and enhances their intrinsic ability to develop more innovative business models when leading complex organizations (Nawaz, 2021; Tang et al., 2016). Accordingly, we estimate a regression of CEOs' education background against

Table 6 The relationship between CEO's personal traits and FCO's performance (dependent variable: NPS)

Models	Expected sign	1	2	3	4	5	6
Variables		NPS	NPS	NPS	NPS	NPS	NPS
CEOF	+		0.195***				0.403***
CEO-altruism	+			0.985***			0.562***
CEO-age	−				−0.0611**		−0.232***
Founder-CEO	+					0.196***	0.492***
Control variables							
CEO-tenure		−0.137***	−0.120***	−0.0784**	−0.0561**	−0.142***	−0.0537**
CEO-duality		−0.649***	−0.686***	−0.616***	−0.603***	−0.663***	−0.517***
Board-size		0.0577***	0.0521***	0.0333***	0.0226***	0.0455***	0.0197
Board-diversity		−0.00729**	−0.0125**	−0.0328**	−0.0466*	−0.0137*	−0.0188*
FCO-size		0.00876***	0.00674***	0.0109***	0.00621***	0.000610**	−0.00627
FCO-age		0.0131	−0.00851	0.00319	−0.00129	−0.00658	−0.00902
OP		0.0245***	0.0205***	0.0280***	0.0290***	0.0233***	0.0385***
Drought		0.0934***	0.103***	0.111***	0.109***	0.0969***	0.0988***
Govt		−0.0336	−0.0510	−0.0756**	−0.0763**	−0.0264**	−0.0345
GDP-growth		0.00850	0.00913	0.00894	0.00853	0.331***	0.00827
GDP-PC		0.353***	0.406***	0.474***	0.500***	0.0916***	0.402***
Firm fixed effects		Included	Included	Included	Included	Included	Included
Year effects		Included	Included	Included	Included	Included	Included
Constant		0.137***	0.164***	0.969***	0.981***	0.630***	0.847***
R^2		0.421	0.694	0.746	0.763	0.768	0.776

No of observations: 1342. Robust *t*-statistics in parentheses

$^{***}p<0.01$, $^{**}p<0.05$, $^{*}p<0.1$

controls and an instrumental variable in first stage. Next, we use CEOs' insiderness (a dichotomous variable that equals 1 if the CEO is internally promoted, and zero if the CEO is externally hired) as our second instrumental variable in the second stage regression. As Table 10 illustrates, the central tenets of our main findings remain unchanged.[7]

Discussion and Conclusion

Discussion of Findings and Contributions

By building upon an upper echelons theoretical framework that gives explicit recognition to the specific characteristics of the faith-based charity organizations and the societal conditions where they operate, this study provided interesting insights on the role of four key CEOs' personal traits (gender, altruism, age, and being the organization's founder) on organizational performance. The empirical analysis was conducted on a novel, hand-collected, longitudinal sample of 1342 firm-year observations from 128 faith-based charity organizations, operating in a major developing, Muslim-majority country, and led by 192 CEOs in the period 1996–2019. Consistent with our theorizing, we document that those faith-based charity organizations led by CEOs with specific personal traits (woman, altruistic, young, and founder) exhibit better organizational performance. A CEO's personal traits do not have, however, a uniform, systematic effect, but their effect on organizational performance is generally enhanced when the CEO is also the founder of the faith-based charity organization, given the greater latitude of discretion that a CEO has in managing the organization.

These results bring in several theoretical contributions to the literature. In particular, this study contributes to business ethics literature (e.g., Ghafran & Yasmin, 2020; Yasmin et al., 2014) by emphasizing that although the organizational purpose and the relationships between the main actors involved (CEO, donors, volunteers, and beneficiaries) are expected to be ethical, the faith-based charity organizational model should not a priori be assumed to be inherently ethical; rather it should be critically explored (Greenwood & Freeman, 2017). Consistent with previous studies (e.g., Yasmin et al., 2014), our findings support the view that stakeholders' trust is not blind. Although donors

[7] Since instrument variables are used in the 2SLS model, the analysis detects fitted value and drops out some observations during the process. This is standard procedure as adopted in the earlier research (e.g., Aggarwal et al., 2012). Subsequently, in our analysis the observations are reduced to 1,173, from 1,342.

Table 7 Moderating effect of CEO founder status

Models	Expected sign	1	2	3	4	5	6	7	8	9	10	11	12
		Panel A				Panel B				Panel C			
Variables		RER	RER	RER	RER	FundR	FundR	FundR	FundR	NPS	NPS	NPS	NPS
CEOF	+	1.462***	1.505***	1.523***	1.464***	0.00844***	0.0210***	0.0161***	0.0188***	0.399***	0.364***	0.459***	0.432***
CEO-altruism	+	0.0763***	0.0398**	0.0582**	0.00402**	0.00733***	0.0257***	0.00833***	0.0234***	0.535***	0.484***	0.492***	0.427***
CEO-age	−	−0.0265***	−0.0102***	−0.0197***	−0.0206***	−0.0355**	−0.0823***	−0.00484***	−0.0090***	−0.246***	−0.238***	−0.272***	−0.283***
Founder-CEO	+	0.00935***	0.00565**	0.00440*	0.00622*	0.0535***	0.0641***	0.0649***	0.0663***	0.507***	0.495***	0.442***	0.449***
Founder-CEO*CEOF	$H5_{(+)}$	0.0129***			0.0133***	0.0184***			0.0110***	0.325***			0.355***
Founder-CEO*CEO-altruism	$H5_{(+)}$		0.0212***		0.0213***		0.0327***		0.0321***		0.132**		0.1910**
Founder-CEO*CEO-age	$H5_{(-)}$			0.0482	0.0368			0.00593	0.0697			0.369	0.382
Control variables													
CEO-tenure		0.00817**	0.00681*	0.00874**	0.00743*	0.00927***	0.0134***	0.0103***	0.0142***	−0.122***	−0.132***	−0.156**	−0.0822***
CEO-duality		−0.0314***	−0.0328***	−0.0309***	−0.0316***	−0.0521***	−0.0553**	0.00656***	−0.0692***	−0.756***	−0.735***	−0.672***	−0.916***
Board-size		0.243***	0.242***	0.245***	0.243***	0.00996***	0.00792***	−0.00512***	0.00732***	0.0626	0.00135	0.0227	0.0262
Board-diversity		0.00366***	0.00377***	0.00318***	0.00471***	0.0278***	0.0275***	0.0286***	0.0279***	0.0568	0.0644*	0.0192	0.106***
FCO-size		0.00421*	0.00298	0.00669	0.00585**	0.0275***	0.0231***	−0.0291***	0.0226***	0.00244	0.00854	0.0149	0.0289
FCO-age		0.000359	0.000999***	0.000748***	0.000516**	−0.00659***	−0.00656***	−0.00713***	−0.00660***	−0.0763	−0.0933	0.00301	−0.0797
OP		0.00108	0.000872	0.000175	0.00176	0.00147	−0.00112	0.00156	−0.000948	0.0233***	0.0216***	0.0345***	0.0172**
Drought		−0.000462	0.00447**	0.00181	0.00287	0.0158***	0.0134***	0.0159***	0.0136***	0.128***	0.125***	0.0852***	0.114***
Govt		−0.000687	0.00778**	0.00076	0.00298	−0.0750***	−0.0829***	−0.0818***	−0.0851***	−0.0763**	−0.0525	−0.0121	−0.0394
GDP-growth		−0.000314	−0.000384	−0.000368	−0.00031	2.93465	2.98365	0.000107	2.15265	0.0102	0.0102	0.293***	0.0106
GDP-PC		0.00670***	0.00673***	0.00742***	0.00623***	0.00852	0.00207	0.000675	0.0022	0.315***	0.326***	0.00854	0.205***
Firm fixed effects		Included	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included
Year effects		Included	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included
Constant		−0.357***	−0.379***	−0.377***	−0.366***	1.056***	1.050***	1.062***	1.043***	0.152***	0.227***	0.266***	0.241***
R^2		0.78	0.812	0.829	0.864	0.831	0.838	0.841	0.851	0.785	0.793	0.802	0.847

No of observations: 1342. Robust *t*-statistics in parentheses

$^{***}p<0.01$, $^{**}p<0.05$, $^{*}p<0.1$

Table 8 Additional analyses: the relationship between CEO's personal traits and FCO's performance (dependent variables: RevR, Lnrevenues, and NPSR)

Variables	Expected sign	Dependent variable		
		RevR	*Lnrevenues*	*NPSR*
CEOF	+	3.614***	1.303***	1.001***
CEO-altruism	+	1.315***	0.427***	0.554***
CEO-age	−	−0.680***	−1.168***	−0.366***
Founder-CEO	+	3.830***	4.643***	2.140***
Founder-CEO*CEOF	+	0.0950**	2.833***	1.038***
Founder-CEO*CEO-altruism	+	2.342***	0.894***	2.175***
Founder-CEO*CEO-age	−	0.273*	1.684	0.315*
Control variables				
CEO-tenure		−0.275***	−0.653**	0.513**
CEO-duality		−1.091***	−1.517***	−1.730***
Board-size		0.386***	1.694***	1.963***
Board-diversity		1.293***	1.284***	0.569**
FCO-size		0.569***	0.649**	0.403***
FCO-age		0.428***	0.442***	0.438***
OP		0.319**	−0.0938	0.0357
Drought		−1.579***	−1.156***	−2.436***
Govt		2.263***	2.244***	0.479***
GDP-growth		−0.016	−0.0163	5.58105
GDP-PC		−0.136	−0.0432	−0.238
Firm fixed effects		Included	Included	Included
Year effects		Included	Included	Included
Constant		25.76***	29.70***	27.41***
R^2		0.772	0.786	0.788

No of observations: 1342. Robust *t*-statistics in parentheses

***$p<0.01$, **$p<0.05$, *$p<0.1$

and volunteers fulfil a religious obligation, their ethical decision of which faith-based charity organization they support is still influenced by identity-based trust, i.e., the trust they have on those individuals who lead the faith-based charity organization. Therefore, specific CEOs' observable personal traits that signal a CEO's commitment and ability to manage a faith-based charity organization selflessly, efficiently, and effectively affect the donors' and volunteers' ethical decision to contribute to a specific organization. At the same time, these CEOs' attributes affect the efficiency and effectiveness in the management of the donated resources. This has important ethical implications as beneficiaries' well-being largely depends on a CEO who is not wary of taking on this important responsibility. By addressing these issues, this study also contributes to answer the call from recent business ethics literature (Brown & Harris, 2022) for new research on the effects of CEOs' personal traits (gender, in particular) in non-profit organizations as shedding light on the positive outcomes of female leadership in this context is a way to mitigate this bias in leadership.

Furthermore, this study is consistent with an emerging view (e.g., Aguilera et al., 2016) that suggests the analysis of corporate governance practices entails more than addressing issues from economic and legal perspectives, and it necessitates a broader attention to societal norms, ethical values, and cultural attributes. It contributes to a more refined understanding of the complex governance relationships between CEOs, resources providers (e.g., donors), and organizational performance, extending it from the corporate context in which it has been generally analysed, where actors are expected to be profit-seeking and opportunistic and governance relationships are highly regulated (e.g., Nawaz, 2019; Pandey et al., 2022), to a setting characterized by expected ethical relationships between the actors involved (e.g., CEOs, donors) and the lack of any relevant governance regulation that constrains their actions. As governance is entirely self-regulated in faith-based charity organizations, the CEO's personal traits associated to a higher ethical commitment and abilities to effectively carry out the faith-based charity organization's purpose play an important role in how this organization performs. Notably, this effect is not uniform but is moderated by its interplay with a CEO-related contextual factor that strengthens managerial discretion (i.e., being a founder). This finding contributes to the corporate governance 'bundles' literature (e.g., Schiehll et al., 2014) that mainly focused on the interplay of various firm-level

Table 9 Additional analyses: the relationship between CEO's personal traits and FCO's performance [dependent variables: ratio of administrative expenses (RAE) and ratio of fundraising expenses (RFE)]

Variables	Expected sign	Dependent variable: RAE	Dependent variable: RFE
CEOF	−	−0.646***	−1.529***
CEO-altruism	−	−0.161***	−0.381***
CEO-age	+	0.160***	0.377***
Founder-CEO	−	−0.0618*	−0.146*
Founder-CEO*CEOF	−	−0.733***	−1.733***
Founder-CEO*CEO-altruism	−	−0.280***	−0.661***
Founder-CEO*CEO-age	+	0.116***	0.274***
Control variables			
CEO-tenure		0.498***	1.177***
CEO-duality		0.204***	0.486***
Board-size		0.154***	0.362***
Board-diversity		−1.183*	−2.798*
FCO-size		0.183***	0.431***
FCO-age		0.427***	1.007***
OP		0.00336	0.00748
Drought		−0.241***	−0.570***
Govt		−0.0342	−0.0844
GDP-growth		0.00231	0.00593
GDP-PC		−0.0709***	−0.167***
Firm fixed effects		Included	Included
Year effects		Included	Included
Constant		−3.679***	−8.709***
R^2		0.873	0.884

No of observations: 1342. Robust *t*-statistics in parentheses

***$p<0.01$, **$p<0.05$, *$p<0.1$

incentive/monitoring mechanisms (e.g., Misangyi & Acharya, 2014) or the moderating role of external contextual factors (e.g., regulation, Melis & Rombi, 2021) in the corporate context.

Last but not least, this study answers the call of Yamak et al. (2014) and develops an upper echelons framework that gives explicit recognition to how the institutional context surrounding the CEOs shapes their personal traits, which, in turn, will be reflected in different organizational performance. The richness of the characteristics of the faith-based charity organizational context and the Pakistani institutional environment enhance our understanding of the relationship between a CEO's personal traits and organizational performance as they allow latitude in managerial discretion, which consent a CEO's personal traits to be reflected in organizational strategy and performance (e.g., Hambrick, 2007) and deeply shape some specific personal traits (gender, age, and altruism, in particular) and their role in the society. Their analysis also contributes to extend the conceptual domain of upper echelons theory, which has traditionally examined the influence of executives' traits in a corporate context (e.g., Hambrick, 2007; Neely Jr et al., 2020), to a relatively uncharted organizational setting, faith-based charity organizations, and helps explore under-investigated CEOs' personal traits and contingency factors. Specifically, the analysis of a CEO's altruism contributes to the growing upper echelons research that emphasized psychological traits, capturing the salience of CEOs' characteristics, such as hubris, narcissism, and sympathy. The evidence that the relationship between a CEO's personal traits and organizational performance is generally strengthened when the CEO is also the founder extends our understanding of the role of contextual factors related to the CEOs themselves in moderating the influence of executive characteristics on organizational outcomes, as prior literature generally focused on differences in member backgrounds or on factors unrelated to the CEO, such as national settings and corporate governance practices in for-profit entities (e.g., Crossland & Hambrick, 2007; Hambrick, 2007; Neely Jr et al., 2020).

Practical Implications

The results of this study have profound implications for individual faith-based charity organizations; their board of directors; and their stakeholders, in particular the communities they serve, as well as the whole society where they operate. We suggest that boards of directors consider, in their decision to appoint (or renew) their CEO, these specific CEOs' personal traits, as an easily observable signal, to assess which CEOs are best suited to secure and manage contributions from donors and volunteers, and effectively carry out their ethical purpose. This is particularly important for those faith-based charity organizations that operate in institutional contexts characterized by a developing economy where these charitable organizations are expected to address the socio-economic voids engendered by uneven distribution of wealth and serve a major role in the society, alleviating poverty, sustaining social welfare, and promoting justice (Göçmen, 2013). Indeed, our results have important social and ethical implications for individual people who are important stakeholders of faith-based charity organizations, whether as volunteers, donors, or beneficiaries. Volunteers and donors, who contribute their work and funds to faith-based charity organizations for religious reasons, may want to consider the CEOs' personal traits (e.g., a CEO's altruism) to examine which faith-based charity organization is more likely to fulfil its ethical purpose more effectively and

Table 10 Additional analyses

Variables	Expected sign	Dependent variable					
		RER		FundR		NPS	
		GMM	*2SLS*	*GMM*	*2SLS*	*GMM*	*2SLS*
CEOF	+	3.830***	2.286***	3.143***	0.876***	0.0225***	0.0607***
CEO-altruism	+	0.0173**	0.0937***	0.344***	0.652***	0.0254***	0.0154***
CEO-age	–	−0.00888*	−0.00382*	−2.247**	−0.406**	−0.0187***	−0.0696***
Founder-CEO	+	0.0244***	0.0108*	2.322**	1.459***	0.0507***	0.101***
Founder-CEO*CEOF	+	2.286***	1.937***	0.0191***	0.00274**	0.0128***	0.0305**
Founder-CEO*CEO-altruism	+	0.0932*	0.135**	7.648**	0.0384**	0.0265***	0.00805*
Founder-CEO*CEO-age	–	0.00833	0.0108	0.0513	0.0791	0.0736*	0.0858
Control variables							
CEO-tenure		−0.0500***	−0.00833*	−0.706**	−0.166**	−0.0220***	−0.0437***
CEO-duality		−0.0595***	−0.0932***	−1.599***	−0.168***	−0.00384*	−0.0147***
Board-size		0.238***	0.135***	1.538***	2.443***	0.000372	0.0174**
Board-diversity		0.00933**	0.00680*	1.246	0.931***	0.0137***	0.0161***
FCO-size		0.0421***	0.0448***	0.219**	0.0860***	0.00788	−0.00161
FCO-age		0.00571*	0.00998*	1.798***	−0.1331	−0.0161	−0.00341
OP		−1.61105	0.00350	0.984	−0.5834	−0.0461***	−0.0226***
Drought		0.00305	−0.0448***	−0.0846	−0.0106	0.185*	−0.0498**
Govt		0.0157***	0.0318***	0.231***	0.0990**	−0.000417	−0.000320
GDP-growth		0.000146	−0.000477	−9.401***	−0.2535	0.00355**	0.00271
GDP-PC		0.00755**	0.0100***	0.0248	0.0515	0.227**	0.0166**
Firm fixed effects		Included	Included	Included	Included	Included	Included
Year effects		Included	Included	Included	Included	Included	Included
Constant		0.468***	0.117	0.564***	0.641***	0.469***	0.339***
R^2		0.614	0.832	0.714	0.762	0.736	0.793
F-stat		101.83***		129.78***		124.25***	
Wald test (*p*-value)		0		0		0	
Arellano-bond test for AR(1) *p*-value		0.003		0.006		0.005	
Arellano-bond test for AR(2) *p*-value		0.137		0.126		0.132	
Hansen test (*p*-value)		0.427		0.501		0.508	
No of observations		1342	1173	1342	1173	1342	1173

The relationship between CEO's personal traits and FCO's performance (dependent variable: RER, FundR, and NPS)

Robust *t*-statistics in parentheses

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$

selflessly. Beneficiaries, who are a key stakeholder but are not involved in the organizational decision-making functions, are vulnerable and generally without viable 'exit' or 'voice' options. Hence, they are concerned as their well-being largely depends on the CEO who is not wary of taking on this important responsibility. The findings of this study also have implications for the stereotypical role of women in Pakistani society. By shedding light on the positive outcomes of female CEOs, our study echoes previous calls for leadership development for women (e.g., Roomi et al., 2018), for succession planning to target moving women into senior positions, and for culture change initiatives to promote more inclusive work environments for women.

Potential Limitations and Future Research

Despite these contributions and implications, this study has some potential limitations which, in turn, might provide avenues for future research. First, although the choice of focusing on a single country fosters internal validity and exploits the characteristics of the Pakistani institutional setting (e.g., a strong Muslim religious background and a developing economy where faith-based charity organizations play a major role in the society), it might potentially limit the extent to which the results of this study are applicable. Future research could investigate to what extent our results are generalizable to other institutional settings with very different characteristics in terms of social, economic, and religious background. Second, although the standard diagnostic procedures did not raise any important concern that our results are biased due to endogeneity, our study, as with the body of upper echelon theory (e.g., Neely Jr et al., 2020) and corporate governance empirical literatures (e.g., Van Essen et al., 2013), may not perfectly account for all potentially endogenous relations. Third, given its archival-based nature, this study could not provide an in-depth direct examination of the CEOs' cognitive and relational processes and their link to organizational performance. Future studies could conduct an in-depth direct investigation of this relationship via an explorative qualitative analysis and/or an experimental design on individuals and organizational traits. While these considerations impose some limitations on the interpretation of our results, they also offer interesting opportunities for future research in the still considerably under-investigated area of CEOs' personal traits and organizational performance in non-profit organizations.

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