The Signal of Satisfaction: Do Boards Incentivize or Fire Overconfident CEOs Based on Customer Satisfaction?

Simon Schulten
University of Cologne
Boas Bamberger
University of Cologne

Cite as:
Schulten Simon, Bamberger Boas (2026), The Signal of Satisfaction: Do Boards Incentivize or Fire Overconfident CEOs Based on Customer Satisfaction?. *Proceedings of the European Marketing Academy*, 55th, (134142)

Paper from the 55th Annual EMAC Conference, Bath, United Kingdom, June 2-5, 2026

The Signal of Satisfaction: Do Boards Incentivize or Fire Overconfident CEOs Based on Customer Satisfaction?

Abstract

Corporate boards govern CEOs through incentive and firing decisions, yet customer satisfaction rarely factors into either. We study how the availability of independent customer satisfaction information alters these decisions. Exploiting staggered firm inclusion in the American Customer Satisfaction Index as a natural experiment, we show that making customer satisfaction contractible significantly changes board governance. For non-overconfident CEOs, inclusion reduces bonuses and increases dismissal risk. For overconfident CEOs, bonuses rise and dismissal risk falls, indicating boards reward them for taking ownership of newly observable customer metrics. These results provide the first causal evidence that third-party customer satisfaction rankings reshape incentive contracts and that managerial overconfidence critically moderates boards' responses.

Track: Marketing Strategy & Theory