10 Leadership Narcissism, Ethics, and Strategic Change: Is It Time to Revisit Our Thinking about the Nature of Effective Leadership?

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In the context of ongoing examples of corporate wrongdoing, unethical behavior, and scandals, this chapter explores the causes and consequences of unethical leadership. The exploration focuses on the growing interest in 'bad' leadership, with a particular focus on the role of narcissism. The chapter concludes with suggestions that may prevent the emergence of narcissistic leaders and mitigate their impact on the organization.

Introduction

In the introduction to this chapter in the 1st edition of this book (Higgs, 2013) the context of the global financial crisis of 2008 and related corporate scandals was positioned as the setting for considering ethics and the role of leadership. Since then, there have been many examples of 'wrongdoing', both in the financial sector (e.g. Barclays and libel LIBOR fixing, Standard Chartered and money laundering, mis-selling of PPI, and mis-selling of complex rate swapping products to small businesses), and other sectors (e.g. Toshiba and exaggeration of profits, Volkswagen emissions scandal, Uber and use of illegal technology, and FIFA and corruption). In many of these cases, the responsibility has been seen to rest with the CEO and top leadership, leading to resignations (e.g. CEOs of Barclays, Toshiba, and Uber). These corporate scandals and failures have often been triggered by, or associated with, significant strategic change, such as major acquisitions (Solas, 2016; Higgs, 2009; Furnham, 2010). Furthermore, they have led to a growing interest in the role and impact of 'bad' leadership in organizations, and associated questions relating to both organizational and personal ethics (Solas, 2016; Blair et al., 2015; Schyns & Schilling, 2013).

Against the aforementioned background, we've also seen a growing interest in the rewards of CEOs and senior executives. The highly significant pay levels of this group in comparison to other employees have raised serious questions relating to their justification (CIPD, 2019; McCarthy, 2019; Higgs & Rejchrt, 2014). In the USA, in 2018, levels of CEO compensation were 271 times as large as the average reward of an USA employee (Statista, 2018). In the United Kingdom, whilst the ratio is lower, it remains very high. In 2019 too, CIPD reported that the average CEO reward was 117 times that of the average employee (CIPD, 2019). In this study, the authors found that such discrepancies in reward was seen by 50% of respondents as being bad for society and over 60% identifying a need to address the issue. All too often the CEOs associated with the corporate scandals and failures do not suffer any loss of earnings, with many who are forced to resign receiving

significant 'pay offs' (Statista, 2018; Higgs & Rejchrt, 2014).

There is a lack of evidence that CEO reward is in anyway related to the performance of the organization; indeed, there has been evidence of a negative relationship (CIPD, 2019; Higgs & Rejchrt, 2014). The argument for high levels of reward has moved from performance to one of market competition. However, in a study of UK Footsie 350 companies over a five-year period, Higgs and Rejchrt (2014) demonstrated that over 60% CEO appointments were internal candidates. Furthermore, they found that the compensation packages awarded to these candidates was significantly higher than those awarded to external candidates. Thus, the

competition argument appears somewhat thin and that extremely high levels of executive compensation are more to do with a sense of entitlement rather than a reward for performance. This is somewhat reminiscent of the quote from Kenneth Galbraith who said that:

> *the salary of the chief executive of the large Corporation is not a market award for achievement. It is frequently in the nature of a warm personal gesture by the individual to himself.*
>
> (Galbraith, 1980[p. 45)

Although this was back in 1980, little seems to have changed.

Taken together, the combination of corporate scandals and excessive levels of executive compensation lead to a loss of trust in senior executives (Simonet et al., 2018; Pless et al., 2012), questions around personal and organizational ethics (Solas, 2016; Higgs, 2019) and debate around lack of accountability (Frangieh & Yaacoub, 2017).

The aforementioned developments have led to a growing interest in understanding the causes of failure of CEOs and senior leaders, and the exploration of why apparently well-qualified individuals effectively 'derail' (Naseer et al., 2016; Furnham, 2010) and often engage in unethical behaviors. This question is not only being raised in the academic world, but also in the business world. Higgs (2009) points out that business analysts tend to supplement financial and economic performance data with evaluations of leadership style and governance processes in assessing corporate organizations. Whilst some early work explored the concept of leadership derailment (McCall & Lombardo, 1983), relatively little subsequent work has explored further, or built on their research. As Furnham (2010a, p. 62) comments, 'Little has been written on the taboo subject of the charming, talented, high flying CEOs who should have done brilliantly but instead fail or go off the tracks'.

Furnham goes on to suggest that leadership derailment is not rare; he estimates that the level of this is as high as 50%, taken across a wide range of organizations. Within the debate, the relationship between narcissistic leadership and ethical behavior comes into particular focus within the context of the level and frequency of strategic change. Although this area remains largely unexplored empirically, the work of Chatterjee and Hambrick (2007) demonstrated that organizations led by narcissistic CEOs tended to engage in more high-profile actions (e.g. mergers and acquisitions) and more frequent strategic change than those led by non-narcissistic CEOs. Furthermore, the organizations led by narcissistic CEOs experienced greater volatility in return on assets and shareholder

return than those led by the non- narcissistic CEOs.

Against this background, two questions arise:

1. What are the courses of damaging and/or unethical leader behaviors?
2. How can the consequences of such 'bad' leadership be avoided or mitigated?

This chapter sets out to offer some answers to these two questions and to propose areas for future research designed to explore them in more detail. In order to do this, the first section

explores the nature and causes of 'bad' leadership and the emergence of a literature that may be broadly labeled as 'dark leadership'. In doing this, the next two sections explore the extent to which bad leadership has been researched and the consequences of its emergence in an organization. This is followed by a section that explores the extent to which the concept of narcissism, which has become an increasing focus of 'dark leadership' research, may offer a possible explanation of the emergence of bad leadership and result in, among other things, unethical behavior. Having discussed the issues that underpin bad leadership, the chapter closes with thoughts on how the impact of this phenomenon may be mitigated and how to avoid its emergence in an organization.

'Bad' Leadership

To date, the main focus of leadership studies and research has been on 'good' or effective leadership (Simonet et al., 2018; Naseer et al., 2016; Solas, 2016). However, prompted by increasing evidence of corruption, and corporate failure, together with a growing body of research that highlights a wide range of negative organizational and individual outcomes, there has been a growing interest in the darker side of leadership (Simonet et al., 2018; Solas, 2016; Naseer et al., 2016). Although not widely discussed until recently, the existence of 'bad' leadership has been around since the early 1980s (Fatfouta, 2019). It could be argued that the possibility of 'bad' leadership can be seen to have emerged in the early 1980s from the work of the Centre for Creative Leadership in relation to the issue of 'leader derailment/failure' (McCall & Lombardo, 1983). McCall and Lombardo identified that the causes of leadership failure and derailment were the result of a combination of personal flaws and performance shortfalls. In exploring this concept, they identified a range of causal factors which included: skill deficiencies; burn out; being insensitive to others; being cold and aloof; arrogance; betraying trust; and being overly ambitious. They argued that the personal flaws (dysfunctional tendencies) were more important than skill deficiencies as drivers of derailment (McCall & Lombardo, 1983). This view is echoed in the emergence of more recent writing on this topic (Solas, 2016; Naseer et al., 2016; Schyns & Schilling, 2013; Furnham, 2010).

Within this literature, there are a range of descriptions of 'bad' leadership behaviors, and there do appear to be a number of central (albeit overlapping) themes. These are mentioned in the following text.

Abuse of Power

This encompasses the abuse of power to serve personal goals or achieve personal gain; the use of power to reinforce self-image and enhance perceptions of personal performance; and the abuse of power to conceal personal inadequacies (Fatfouta, 2019; Naseer et al., 2016; Schyns & Schilling, 2013; Benson & Hogan, 2008).

Inflicting Damage on Others

This focuses on the negative impact on subordinates and includes bullying; coercion; negative impact on perceptions of subordinate self-efficacy; damage to the psychological well-being of subordinates; and inconsistent or arbitrary treatment of subordinates, as well as a range of other unethical behaviors (Itzkovich et al., 2020; Fatfouta, 2019; Einarsen et al., 2018)

Over-exercise of Control to Satisfy Personal Needs

For example: obsession with detail; perfectionism; and limiting subordinate initiative (Itzkovich et al., 2020; Fatfouta, 2019; Einarsen et al., 2018; Benson & Hogan, 2008).

Rule Breaking to Serve Own Purposes

This is the area of behavior in which leaders engage in corrupt, unethical, and, indeed, illegal behaviors (Bulkan & Higgs, 2019; Fatfouta, 2019; Solas, 2016).

The ability of leaders to engage in 'bad' behavior is seen to arise from their positional power. This is well argued by Kets de Vries (1993) who comments that 'Leadership is the exercise of power, and the quality of leadership – good, ineffective or destructive – depends on an individual's ability to exercise power' (p. 22).

In exploring this, Kets de Vries (1993) suggests that leaders need a sense of individual potency in order to be able to exercise power. Aspects of such a sense of potency include ambition, a need to make a mark, a longing to be conspicuous, and an urge to take initiative and control. All of these he sees as legitimate needs. However, he points out that the slide to excess in pursuing these needs represents the roots of 'bad' leadership and related unethical behaviors.

Whilst there is a growing range of research that demonstrates the nature and consequences of 'bad' leadership, until relatively recently, there has been little work that attempts to understand the antecedents of such ehavior (e.g. Bulkan & Higgs, 2019; Schyns & Schilling, 2013). The work of Kets de Vries (1993) was one early example. Adopting a psychoanalytic approach, he proposed that 'bad' leadership resulted from the leader having an 'unresolved sense of self' combined with 'an unrealistic idea of their potency'. Hogan et al1994) adopted a somewhat different view based on personality theory. From their research, they proposed that personality traits that are present at extreme levels can lead to negative behaviors or personal shortcomings. For example, ambition can have

positive attributes, such as taking initiative, whereas at extremes, it can lead to individuals constantly competing with each other. Similarly, agreeableness can have benefits in terms of individuals being likeable, but at extremes, it can result in inappropriate conflict-avoiding behavior. Building from a distinction between the 'bright side' and 'dark side' of personality (Hogan et al., 1994; Benson & Hogan, 2008), Benson and Campbell (2007) and Benson (2006) demonstrated that 'dark-side' personality dimensions predicted dysfunctional performance of leaders with consequent adverse impact on followers and the organization.

Building on this earlier work, there has been a growth in research that explores personality dimensions associated with 'bad' or 'toxic' leadership. This stream of work identifies three distinct (but overlapping) dimensions: narcissism, psychopathy, and Machiavelianism (Bulkan & Higgs, 2019; Ouimet2018; Solas, 2016). These dimensions taken together are referred to as the 'dark triad' (Oumet, ~~2018;~~2018; Solas, 2016). There has been a steady stream of research into the nature and effects of the 'dark triad', although this has tended to be focused on specific dimensions (Naseer et al., 2016; Solas, 2016). Whilst recently there has been an emergence of work exploring leadership psychopathy (Bulkan & Higgs, 2019), there is a larger body of work in the leadership literature that focuses on narcissism (Solas, 2016).

Intriguingly, research has indicated that leaders with notable levels of 'dark triad' components tend to be promoted either on the basis of, or in spite of, their bad behaviors (Solas, 2016). The reasoning for such an apparent absurdity is that these traits are mistakenly seen by boards as characteristics of exceptional leadership (Fatfouta, 2019; Ouimet, 2018; Solas, 2016). This perception appears particularly notable with individuals displaying high levels of narcissism (Solas, 2016) and perhaps accounts for the dominance of studies of narcissism in the leadership literature.

The Consequences of 'Bad' Leadership

Whilst some authors suggest that bad leadership ~~behaviours~~behaviors are relatively uncommon (e.g. Argee ~~et al~~., ~~2018)~~ others suggest that it is far more common than previously believed. For example, Schyns and Schilling (2013) note that research in European studies have found prevalence rates of 11% and higher, whilst in US studies, rates of around 14% are encountered. Other studies have shown even higher levels of the prevalence of abuse. For example, Naseer et al. (2016) report studies that indicated levels as high as 75%; whilst in an English survey, it was reported that 40% of participants had experienced bullying at work. In terms of exploring consequences of bad leadership, research has tended to be dominated by a focus on the impact on individuals (Itzkovich et al., 2020; Naseer et al., 2016). Findings from this stream of research tend to confirm and develop the work within the field of abusive supervision (Schyns & Schilling, 2013). At the level of individual consequences, the impact of destructive leadership covers job dissatisfaction; psychological stress; decreased organizational citizenship behavior; reduced task performance; and deviant behavior (Itzkovich et al., 2020; Bulkan & Higgs, 2019; Simonet et al., 2018, Schyns & Schilling, 2013).

Research that evidences ~~t~~organization-level consequences of bad leadership tends to remain relatively scarce. The impact of bad leadership at this level tends to be asserted based on the cumulative consequences of individual-level impact (Fatfouta, 2019; Solas, 2016). In the broader organizational behavior literature, it is argued that the impact of 'bad' leadership tends to be felt in the longer term through the debilitating impact on morale and motivation of subordinates. This point is well captured by Benson and Hogan (2008) who state that, 'It is (toxic) behavior that, over the long-term, destroys the ability of people to work together productively in an organization' (p. 12). To an extent, this further

endorses the view that leaders' impact on the performance of individuals, groups, and the organization through the work climate that they create. However, such assertions are supported by an emerging number of studies that explore the relationships between leader narcissism and organizational outcomes. Fatfouta (2019) reported studies demonstrating a relationship between leaders' narcissism and organizational risk taking, corporate tax sheltering, financial misreporting, over investment, and merger and acquisition expenditure. This emerging research tends to provide support to arguments drawn from exploration of the cases of corporate scandals and failures (Higgs, 2013).

In broad terms, the organizational consequences of 'bad' leadership may be seen as:

- dramatic organizational failings or crises resulting from illegal or corrupt behavior (Fatfouta, 2019; Furnham, 2010; Higgs, 2009; Boddy, 2006);
- damage to the overall corporate culture leading to longer-term performance problems (Bulkan & Higgs, 2019; Naseer et al., 2016; Solas, 2016; Furnham, 2010; Higgs, 2009; Boddy, 2006; Maccoby, 2003);
- damage to internal relationships (Naseer et al., 2016; Schyns & Schilling, 2013; Furnham, 2010; Higgs, 2009; Boddy, 2006);
- Reduction in ethical standards (Blair et al., 2015);Doh & Quigley, 2014; Chatterjee & Hambrick, 2007);
- staff attrition and the associated loss of intellectual and social capital (Bulkan & Higgs, 2019; Simonet et al., 2018; Solas, 2016; Schyns & Schilling, 2013); and
- loss of corporate reputations (Blair et al., 2015; Higgs, 2009).

Although much of the research into the impact of bad leadership has highlighted the negative individual and organizational consequences, some have argued that there can be benefits to an organization – particularly in terms of narcissistic leadership (Itzkovich et al., 2020; Maccoby, 2003). However, there is emerging evidence that the effects of bad leadership have a temporal dimension (Bulkan & Higgs, 2019; Ong et al., 2016; Higgs, 2009). In studies of narcissistic leaders, it has been found that whilst in the short term they may be seen as having a positive impact, in the longer term, the negative impact of their behavior has a damaging effect on both individuals and organizations (Ong et al., 2016). Bulkan and Higgs (2019) found a similar pattern among followers of psychopathic leaders who, after a

period of time, responded to negative behaviors through acts of organizationally directed deviance.

From the foregoing, it would appear that any apparent advantage of the proposed 'productive/bright side' narcissistic leadership is, at best short term, but inevitably leads to longer-term corporate damage with increasing risks of unethical behavior (Maccoby, 2003; Higgs, 2009; Furnham, 2010a) In addition, the research of Chatterjee and Hambrick (2007) does indicate potential performance risks for organizations in terms of the volatility of financial outcomes and the exposure associated with regular strategic change and high-profile acquisitions. The latter can be particularly problematic when faced with

significant macro-economic changes. For example, the high-profile acquisition of ABN/AMRO by the Royal Bank of Scotland was a major factor in the collapse of RBS in the context of a major downturn in the world's financial markets.

Narcissism and Leadership

In the discourse around 'bad' leadership, in spite of strong evidence of its negative impact, the possibility that certain forms of this type of leadership may have positive benefits is widely discussed (Fatfouta, 2019; Rosenthal & Pittinsky, 2006). The positive and negative debate has tended to focus most notably on narcissistic leadership (Fatfouta, 2019; Higgs, 2009; Rosenthal & Pittinsky, 2006). Indeed, it has been argued that narcissistic leadership has been the most widely explored element of the 'dark triad' within the leadership literature (Fatfouta, 2019; Ong et al., 2016; Higgs, 2009). Perhaps, one reason for this is that the relative dominance of the 'heroic' theories of leadership has led to a focus on the characteristics of the senior most leaders in an organization (notably the CEOs). Indeed, researchers in the field of strategic management have asserted that top executives tend to invest a great deal of themselves in their business decisions and organizations (Chatterjee & Hambrick, 2007; Finkelstein & Hambrick, 1996). This stream of research has been generally referred to as 'Upper Echelon Theory' and has tended to focus on the CEOs of organizations or top management teams.

Within the 'heroic' school of leadership many of the assertions have been made on the basis of case study and anecdotal data drawn from either biographies of CEOs or reviews of publicly available data. Within this vein, the need to understand the causes of failure of CEOs to deliver sustainable performance or even corporate failure and unethical corporate behavior has led to the interest in the concept of narcissistic leadership (Benson & Hogan, 2008; Maccoby, 2003). In this debate, there are assertions that senior/top-level narcissistic leadership has an adverse impact on the internal climate of an organization as well as performance outcomes in the longer term (Fatfouta, 2019; Nevicka et al., 2011; Higgs, 2009).

Whilst narcissism is a term widely and pejoratively employed in general usage, its relationship to leadership has only been explored in the last two decades (Fatfouta, 2019; Chatterjee & Hambrick, 2007; Rosenthal & Pittinsky, 2006). However, its roots within psychology go back to the late 1800s (Ellis, 1898) and indeed had a major impact on Freud's later thinking (Freud, 1957) in which he described the manifestations of narcissism

as being:

- self-admiration;
- self-aggrandisement; and
- a tendency to see others as an extension of the self.

This psychoanalytic view of narcissism tended to be notable in the early theorizing and discussions of narcissism and leadership (Kets De Vries, ~~1993~~). In much of the psychological literature, narcissism had tended to be seen as being akin to a clinical psychological disorder (Raskin & Terry, 1988[;Emmons, 1987). However, the work of Raskin and Hall 1979 and Raskin and Terry 1988) provided support for

the view that narcissism was indeed a personality construct rather than a clinical disorder. Working from this perspective, Emmons (1987) identified a number of distinct elements of the narcissistic trait that are all important to our understanding of the concept. These are:

- exploitativeness/entitlement, which they described as being 'I demand the respect due to me';
- leadership/authority; 'I like to be the centre of attention';
- superiority/arrogance; 'I am better than others'; and
- self-absorption/self-admiration; 'I am preoccupied with how extraordinary I am'.

A series of studies, building on the concept of narcissism as a trait, provided evidence to indicate that narcissism is positively related to self-esteem; biased self-enhancement; mood swings (particularly following criticism); high levels of anger and aggression in response to negative feedback; perception of little room for self-improvement; high levels of over-confidence in own abilities; and tendencies to high levels of self-assessment (Fatfouta, 2019; Ouimet, 2010). Whilst these studies tended to reinforce the lay negative view of narcissism as a trait, other work indicated that it was the excesses of the trait that led to potentially negative consequences (Bulkan & Higgs, 2019; Benson & Hogan, 2008).

More recent explorations of narcissism have indicated a broader and somewhat paradoxical collection of traits (Fatfouta, 2019; Ong et al., 2016). These include hostility, amorality, hypersensitivity, irrationality, deceitfulness, aggression, and paranoia (Fatfouta, 2019; Ouimet, 2010; Rosenthal & Pittinsky, 2006). The paradox identified is that many of these traits exist along with a sense of inferiority, self- doubt, and a fragile self-esteem (Bulkan & Higgs, 2019; Fatfouta, 2019).

Within this debate, there is an overlap between the concept of narcissistic leadership and corporate psychopathology (Bulkan & Higgs, 2019; Ouimet, 2010; Boddy, 2006). Indeed, some of the components tend to overlap clearly (lack of empathy, manipulative behavior, arrogance, egocentricity, self-enhancement, and need for recognition). However, as Furnham (2010) points out, there is a difference in that narcissistic leaders can produce some short- term organizational benefits whereas corporate psychopaths rarely do.

In reflecting on this distinction, the question arises as to how such individuals rise to significant leadership positions within an organization. When attempting to answer

this question, it is evident that both narcissists and corporate psychopaths share a number of characteristics that are superficially attractive within organizations that view leadership within an 'heroic' perspective. These include:

- charm (Ong et al., 2016; Ouimet, 2010; Furnham, 2010; Boddy, 2006);
- extroversion (Fatfouta, 2019; Ong et al., 2016; Ouimet, 2010; Furnham, 2010);
- and self-confidence (Fatfouta, 2019; Ong et al., 2016).

It is also suggested that these apparently desirable attributes assume particular significance in times of major organizational turbulence and change (Naseer et al., 2016; Solas,

2016; Furnham, 2010). Furthermore, it is suggested that these externally (apparently) attractive traits are frequently seen by followers as defining leadership (Campbell & Campbell, 2009). Indeed, in describing the narcissistic personality, Freud (1931,p218) highlights just this point, commenting that 'People of this type impress others as being "personalities"; it is on them that their fellow men are especially likely to learn; they readily assume the role of leader'.

Whilst some focus on the 'dark side' resulting from the negative impacts of over-dominance of the narcissistic trait (Fatfouta, 2019; Bulkan & Higgs, 2019; Benson & Hogan, 2008), others assert that this work tends to ignore the positive benefits to organizations of narcissism in senior leaders (Ong et al., 2016; Maccoby, 2003). In exploring these potential benefits, a number of authors have developed the concept of 'productive' and 'destructive' narcissism (Fatfouta, 2019; Maccoby, 2003). This framing leads to a view that 'productive' narcissism is both necessary and beneficial to an organization. In particular, Maccoby (2003) asserts that organizations have a need for narcissistic leaders as they provide a strong sense of vision and have the courage to lead organizations in new directions. In a similar vein, Ong et al. (2016) assert that vision is an integral aspect of who such leaders are. In this way, Maccoby asserts a strong link between narcissistic and charismatic leadership. In extolling the value of productive narcissists, Maccoby (2003) proposes that their lead is accepted because the potential benefits to the organization are enormous. In pursuing this view of 'productive' narcissism, there is a core assumption that leaders tend to be aware of their own behavioral tendencies and consciously work to control them (Maccoby, 2003). Some argue that these leaders tend to be creative and, through this self-awareness, can often laugh at their own tendencies (Maccoby, 2003; Kets de Vries & Miller, 1997). Others also support this 'bright-side' and 'dark-side' view (Itzkovic et al., 2020; Furnham, 2010).

However, the visionary significance of (productive) narcissistic behaviors is challenged by some as representing a limited and incomplete view of the visionary role of leaders (Fatfouta, 2019; Chatterjee & Hambrick, 2007). These same authors point to the fact that realization of vision requires persistence and unwavering pursuit of goals over time – characteristics that tend to be missing from narcissistic leaders. In a similar vein, Kets de Vries (1993) points out that whilst, particularly in a crisis, a degree of narcissism in a leader can be necessary for success and the creation of cohesion in a faltering organization, the impact on, and related energy in, the organization is only temporary.

The ‘brigh-side’ view of narcissism is increasingly seen as being subject to temporal considerations (Itzkovic et al., 2020; Ong et al., 2016). In the early stages of leadership, narcissists tend to be seen as having clear and exciting visions for the organization. However, over time followers find that these dissipate in reality, and the negative impact of the narcissistic traits assume a higher salience (Itzkovic et al., 2020; Ong et al., 2016).

Whilst the benefits of productive narcissism are argued for by some, even the strongest advocate of such a view (Maccoby, 2003) accept that their arguments relate purely to mid-term, rather than sustainable, organizational outcomes. Indeed, they acknowledge that the internal impact of such leadership is most likely to be negative. As Maccoby comments, ‘Even

at their best, narcissistic leaders are bound to leave damaged systems and relationships in their wake' (2003, p. 12) because they damage the ~~t~~organizational climate. Thus, it could be seen that, in the medium to long term, narcissistic leaders fail to create the climate necessary for achieving sustainable performance. All too often, the reverse is true (Naseer et al., 2016; Solas, 2016).

Research into 'Bad' Leadership

In much of the debate around narcissistic leadership, there is a considerable volume of assertion argument and discussion of specific cases, but empirical research in an organizational context has tended to be more limited (Fatfouta, 2019). Given that much of the writing on narcissistic leadership focuses on the very top leaders, there does appear to be a paucity of empirical studies that explore the phenomenon within the CEO population (Chatterjee & Hambrick, 2007). The few that do exist tend to be more case-based or use demographic variables as indicators of personality traits.

In research that explores senior-level narcissistic leadership in an organizational context, the 'upper echelon' literature (Finkelstein & Hambrick, 1996) provides some indication of the potential ways in which narcissism may be translated into strategic actions. In particular, it is argued that narcissistic CEOs will (1) tend to engage in strategic dynamism, that is to say they will initiate more changes more rapidly than their non-strategic counterparts; (2) engage in acts of grandiosity; and (3) undertake bold actions that will attract attention (e.g. engage in significant and frequent merger and acquisition activity). If the 'productive' narcissistic school is to be believed (Maccoby, 2003), suchbehaviors would be more likely to lead to positive organizational outcomes than encountered in those led by 'non-narcissistic' CEOs. One of the very few empirical research works designed to explore these issues at CEO level was that conducted by Chatterjee and Hambrick (2007) in their study of CEOs in 111 companies in the US computer hardware and software sector. They used unobtrusive measures of CEO narcissism (e.g. prominence of photographs in annual reports, prominence of mentions of CEO in press releases, use by CEO of personal pronouns in interviews, and relationship between CEO cash and non-cash compensation in comparison to that of the second-highest-paid executive) gathered from documents covering a 12-year period.

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In addition, they gathered organizational performance data for these companies for the same period. The CEO data was used to compute a 'Naricssism Index'. In analyzing the data, they found that:

- there was a positive relationship between CEO narcissism and strategic dynamism, grandiosity, and the number and size of acquisitions;
- narcissistic CEOs tended to undertake bold moves that attracted attention and resulted in both big wins and big losses;
- there was a positive relationship between CEO narcissism and both extreme and fluctuation organizational performance; and

- the overall performance of the firms led by narcissistic CEOs was neither better nor worse than that of those led by 'non-narcissistic' CEOs.

This study provided little support for the view of Maccoby (2003) that productive narcissistic leadership is of value to organizations. It did, however, provide a degree of support for several aspects of narcissism discussed earlier but did not tend to provide much in the way of evidence to support the 'dark-side' debate. However, their measures were indirect and non- psychometric, which limits the strength of the findings. Furthermore, as with much of the debate around narcissism, the leader impact was only assessed in terms of organizational outcomes. The internal impact on climate, individuals, commitment of others, attrition, future capability, etc. was not considered directly. Yet these aspects of an organization are critical to sustained and long-term performance (Higgs & Dulewicz, 2016; Ong et al., 2016) and indeed are likely to be impacted negatively by both productive and destructive narcissistic leadership. In fact, within an organization the negative impacts of social interaction (e.g. 'bad' leadership) have a much more significant impact than positive organizational outcomes (Naseer et al., 2016; Ong et al., 2016; Solas, 2016; Einarsen et al.,2007).

Subsequent research among senior leaders has demonstrated a range of adverse effects of narcissism on organizational health and performance. These include organizational risk taking, corporate tax sheltering, financial misreporting, weaker financial performance, and objective observation of unethical behaviors (Fatfouta, 2019; Simonet et al., 2018; Blair et al., 2015).

In exploring the impact of narcissistic leadership more broadly, empirical studies examined the effects of narcissistic leadership at lower levels within organizations and found a range of negative impacts on individuals. These include: psychological distress, job dissatisfaction, and work family conflict (Fatfouta, 2019; Bulkan & Higgs, 2019; Schyns & Schilling, 2013). In addition to, and indeed related to, these negative impacts on individuals, studies have indicated range of negative effects on organizations, including increased employee turnover, loss of organizational citizenship behavior, reduced commitment, and increased deviant behaviors (Fatfouta, 2019; Bulkan & Higgs, 2019; Ong et al., 2016; Einarsen et al.,2007).

Actions to Avoid the Impact and Emergence of 'Bad' Leadership

In the literature relating to 'bad' leadership and destructive narcissistic leadership, there has been a greater focus on exploring its nature than on discussing the issues relating to identifying factors that indicate that leaders may be likely to move to the 'dark side'; and suggesting interventions which may prevent such 'derailment' (Itzkovich et al., 2020; Ouimet, 2010; Furnham, 2010). In avoiding such 'derailment' and the negative impacts of destructive leadership, suggestions either appear to be unrealistic (given the nature of narcissism) or could indeed entail encouraging or manipulating followers to reinforce or collude with the narcissist's self-obsession. For example, Maccoby (2003) proposed that the problems of the destructive elements of

narcissistic leadership may be avoided or minimized by: (1) finding a 'trusted' colleague to keep them anchored to reality. Kets de Vries (1993) uses the medieval role of the court jester as an analogy to illustrate this point; (2) persuading the leader to undertake therapy; and (3) working in a way that results in people in the organization aligning themselves with the leader's goals and beginning to think in the way that he/she does.

The first two of these suggestions may be relevant to the 'productive' narcissist who has a degree of self-awareness (Fatfouta, 2019; Kets de Vries & Miller, 1997). However, the efficacy of such an approach with an existing senior leader who is already in the 'destructive' mode is highly questionable. The third suggestion proposes a degree of collusion, which would be likely to reinforce the narcissistic disorder (American Psychiatric Association APA, 2000) and may indeed increase the likelihood of organizational damage and potentially unethical behavior (Itzkovich et al., 2020; Ouimet, 2010; Kets de Vries, 1993). The high-profile implosions of some organizations (e.g. Lehman Brothers, etc.) provide extreme examples of this.

Perhaps one way of thinking about addressing the issues associated with 'bad' leadership is to consider approaching them on both a short-term and longer-term basis.

Short-term Actions

The challenge of dealing with CEOs and senior directors currently in-post who may be in danger of derailing, or guarding against the possible emergence of this, requires action at the corporate governance level. The board of the organization (and in particular the non-executive directors) need to implement actions to address these risks in order to fulfil their duty to protect the interests of stakeholders. Some of the actions they can take include:

1. ensuring the appointment of an evidentially stable and non-narcissistic 'number two' to limit the possible damage that a narcissistic CEO can inflict on the organizational culture or climate (Furnham, 2010). In doing this, they need to ensure that the person appointed to such a position has the ear and support of the board;
2. ensuring that the board hold the chief executive accountable for all of his/her decisions and actions (Ouimet, 2010; Boddy, 2006);
3. ensuring that the compensation of the CEO is strictly contingent on

performance in the medium to long term (Higgs & Rejchrt, 2014; Nevika et al., 2011; Furnham, 2010);

4. designing the role of the CEO in such a way that the extent of personal discretion is reasonably constrained (Ouimet, 2010). However, this does present the board with the challenge of achieving a balance between over-regulation and unfettered freedom that will serve the needs of the business (Furnham, 2010a);
5. ensuring that a robust, but fair, internal 'whistle-blowing' policy is both in place and audited regularly to establish that it is being implemented appropriately. In this way, the narcissist's ability to stifle any negative feedback may be limited (Fatfouta, 2019; Furnham 2010);

6. establishing an annual appraisal process (using a 360-degree framework) for the review of all executive members of the board (including the CEO). This process should be managed by the chair of the board and operated on a 'zero tolerance' basis (i.e. noexcuses will be accepted for any member of the executive in terms of not participating in such a review). In this way, the board (and in particular the non- executive directors) will be in a position to identify potential problems in its senior leadership team (Higgs & Rejchrt, 2014; Taylor et al., 2008). Indeed a number of boards within large (often global) organizations in the United Kingdom have already implemented such a process and the non-executives feel that they have a far better understanding of the nature and quality of the organization's senior leadership team;
7. ensuring that the board are fulfilling their governance duties by conducting an annual review of the overall performance of the board (Higgs & Rejchrt, 2014; Taylor et al., 2008); and
8. ensuring that the organization has an explicit code of ethics and that its implementation is monitored regularly (Blair et al., 2015).

Longer-term Action

In considering a longer-term approach to the management of the risks of the emergence of narcissistic (or even psychopathic) leaders, a more systemic approach to reducing the emergence (and to an extent, relative prevalence) of 'destructive' narcissistic senior-level leadership is required. This entails reviewing the nature, processes, and criteria employed in the selection of leaders and, indeed, potential leaders (Fatfouta, 2019; Benson & Hogan, 2008). Fatfouta (2019), Furnham (2010), and Higgs (2009) suggest that a range of policies and practices relating to the identification, selection, and development of leaders and potential future leaders should be developed and managed to avoid the 'derailing' dangers. Some of these actions include:

1. recruitment and selection criteria and processes. Furnham (2010) in particular suggests more rigorous scrutiny of candidates' 'biographies' to look for signs of potential derailment and a more forensic approach to pursuing references;
2. careful 'on-boarding' of new hires who are likely to enter the talent pool;
3. structured career planning and development;

4. regular (and mandatory) use of 360-degree feedback processes for all who are considered to be in the leadership talent pool;
5. ensuring that anyone in the leadership talent pool stays in roles they are assigned to until they have provided evidence of their ability to complete the assignment and deliver results; and
6. the provision of coaching to those at higher levels in the talent pool with no 'opt-out' alternative.

Whilst the aforementioned actions may be of value in minimizing the risks of the

emergence of future 'bad' leaders, Higgs (2009) emphasizes the need for these to be based on a significant movement away from the dominant 'heroic' model of leadership still influencing practice in many :organizations. The underlying model should move to a more 'relational' model (Sweeney et al., 2019; Higgs & Dulewicz, 2016; Blakey & Higgs, 2014) with a greater focus on developing a strong sense of self-awareness (Higgs & Dulewicz, 2016).

Indeed, it is not only the dangers of the emergence of 'bad' leaders that requires such a shift. The changing business environment, with an increasing focus on growth, volatility, and complexity, is seen by many as also requiring a significant change in thinking about leadership (Itzkovic et al., 2020; Sweeney et al., 2019; Higgs & Dulewicz, 2016; Pearce, 2004). Even within the solo-focused 'heroic' literature, there have been three emerging trends that begin to recognize the complexity of the leadership phenomenon. The first of these has been the move from a predominantly rational trait model to a more emotionally based transformational one (Itzkovich et al., 2020; Higgs & Dulewicz, 2016; Hiller et al., 2006). The transformational model, which emphasizes emotional exchange, has indeed become the dominant model in the field (Itzkovich et al., 2020; Higgs & Dulewicz, 2016; Naseer et al., 2017) The second trend has been a shift in focus from the top leaders in organizations ('far' leaders) to the more immediate leadership relationships ('near' leaders) experienced by individuals within any organization (e.g. Sweeney et al., 2019; Shamir, 1999; Alimo- Metcalfe, 1995). The final trend has been to move away from studying purely the role of behavior of leaders to considering the behavior of followers and the study of 'followership' (Gronn,;2002; Yukl, 1999).

The increasing complexity of the work environment means that individual leaders are unable to possess all of the necessary expertise to perform all of the required leadership functions effectively (Yukl, 1999; Gronn, 2002; Pearce, 2004). Furthermore, the continued emergence of corporate scandals has eroded trust in organizations and increased demand for more ethical behavior (Frangieh & Yaacoub, 2017) To an extent, there is evidence that narcissism in leaders is one of the causes of unethical behaviors (Blair et al., 2015). It has been argued that the exclusive focus on the creation of shareholder value has led to a climate in which narcissism can flourish, and which ignores the impact of both leaders and organizations on a broader stakeholder group (e.g. Pless & Maak, 2011) Building on this argument, the concept of responsible leadership, which brings together the interests of a broader grouping of stakeholders, has emerged (Frangieh &

Yaacoub, 2017; Doh & Quigley, 2014; Pless et al., 2012; Plessd & Maak, ~~2011~~). Responsible leadership has been defined as:

> *A values based and principles driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose through which they raised the higher levels of motivation and commitment for achieving sustainable value creation and responsible change.*
>
> (Pless & Maak, 2009 p. 539)

Models of responsible leadership tend to combine elements of empowering leadership with

ethics, corporate sustainability, and corporate social responsibility (Doh & Quigley, 2014). Whilst responsible leadership provides an attractive alternative to the more leader centric and shareholder focused theories, there is limited empirical evidence that demonstrates its impact (Frangieh & Yaacoub, 2017; Doh & Quigley, 2014; Pless et al., 2012). Furthermore, it has been found to be a difficult concept to develop and embed in an organization without a significant cultural shift occurring (Blakey & Higgs, 2014). However, Doh and Quigley (2014) note that in terms of internal stakeholders there is a significant body of evidence demonstrating the value of empowering leadership in enhancing the motivation, commitment, creativity, and performance of employees.

Against this background there is seen to be a need to move away from the dominance of viewing leadership roles and individual leadership as synonymous constructs (By̆ et al., 2016). Avolio et al., 2009) to considering leadership as a more fluid construct (Hiller et al., 2006). This thinking has led to the emergence of a model that is more appropriate to an increasingly complex environment that explores the concept of collective or shared leadership (Sweeney, 2019; Hiller et al., 2006).

The recognition of the value and relevance of such models and their integration into an organization's leadership selection and development frameworks would mitigate against the emergence of potential leaders with the strong narcissistic tendencies that can result in damaging and unethical behavior. This is not to suggest that the use of one single, dominant model of leadership should be replaced by an alternative.

Rather we should think in terms of replacing simplistic models with frameworks for thinking about leadership. In exploring this idea, Avolio et al. (2009) suggest that leadership is a complex phenomenon that has to include considerations of contextual issues and challenges. However, it is important to consider whether or not situational models may need to include some core shared components (Higgs & Dulewicz, 2016). Avolio et al. (2009) and Walumbwa et al. (2007) suggest that there is a need to ensure that leadership is executed in an authentic manner within any framework. Indeed, the concept of authenticity and authentic leadership has been argued to be essential to success in many situations, but importantly and notably in the context of change implementation (Rowland & Higgs, 2008). There appears to be an emerging view that the components of authentic leadership include self -awareness; self-regulation; relational transparency; and a clear moral compass (Avolio et al., 2009; Walumbwa et al., 2007). Certainly, the components of this framework relate clearly to earlier research that points to the importance of self-awareness as a core component of effective leadership

(Fletcher, 1997; Gill, 2001) and the linkages between emotional intelligence and leadership (Goleman, 1996; Higgs & Dulewicz, 2016).

In more recent studies, Rowland and Higgs (2008) have demonstrated the critical nature of authenticity (and in particular self-awareness) as an element necessary for the effective leadership of change. Furthermore, this frame places an ethical component at the heart of leadership.

The adoption of leadership frameworks, such as those outlined earlier, as the basis for leadership selection and development would result in avoiding the creation of a fertile ground for the emergence of narcissistic or 'bad' leaders.

Conclusion

The continuation of major corporate collapses and failure has focused attention on the impact of the behaviors of CEOs and other senior leaders on their organizations and raised questions about the nature and causes of such 'bad' and often unethical leadership.

Against this background, whilst within the leadership literature, the predominant paradigm has focused on 'good' leadership, there has been an emerging area of discussion of 'bad' or 'dark side' leadership The discussion around the issue of 'bad' leadership has tended (more recently) to focus on the concept of narcissism, which has been clearly recognized as (and been shown to be) an individual trait (Fatfouta, 2019; Simonet et al., 2018; Blair et al., 2015). Whilst there are assertions that there are both productive and destructive forms of narcissism (Fatfouta, 2019; Furnham, 2010; Maccoby, 2003), there is some disagreement about this (Fatfouta, 2019; Solas, 2016; Ouimet, 2010). There is a clear view that, in the longer term, narcissistic leadership is damaging to an organization internally (in terms of culture, morale, ethical behavior, relationships, etc.) which ultimately leads to longer-term deterioration in organizational performance (Ong et al., 2016; Rosenthal & Pittinsky, 2006; Kets de Vries, 1993), corporate failure (Fatfouta, 2019; Furnham, 2010;), and unethical behavior (Blair et al., 2015; Furnham, 2010; Higgs, 2009). The question relating to the extent to which narcissism may be a dominant cause of 'bad' leadership is not clearly answered by the current literature. Certainly, in terms of short-term organizational outcomes, there is little evidence of a negative performance effect resulting from productive narcissism. However, there is some evidence of a negative impact on the internal climate and thus could well have an adverse impact on longer-term performance outcomes (Fatfouta, 2019; Ouimet, 2010). This does not suggest that narcissism is the sole cause of 'bad' leadership, and there is evidently a range of other antecedents that need to be considered. For example, organizational culture has been found to have a significant impact on outcomes (Solas, 2016; Nevedia et al., 2011). as has the inadequacy of leadership skills (Higgs & Dulewicz, 2016). However, when 'bad' leadership emerges within an organization, it can lead to unethical behavior that damages both organizations and individuals within these organizations.

Whilst there has been a growth in discussion of the 'darker' aspects of leadership and the concept of narcissism, there is a limited, but growing, volume of empirical research (Naseer et al., 2016; Schyns & Schilling, 2013; Chatterjee & Hambrick, 2007). One study which explores narcissistic CEOs found that, whilst they engaged in more grandiose

and dramatic actions (e.g. acquisitions and strategic dynamism) and their organizations experienced dramatic performance fluctuations, in the longer term, their organizations performed neither better nor worse than comparator organizations led by non-narcissistic CEOs in the longer term (Chatterjee & Hambrick, 2007). This tends to further refute the argument that narcissistic leadership at senior level is a necessity for success or that it is fundamentally damaging to short- to medium-term performance. However, it is very clear that the debate around the topic of 'dark side' and narcissistic leadership needs to be underpinned by more empirical research. In order to deepen our understanding of the nature and impact of narcissistic

leadership, it is important that such research explores the internal impact of such leadership as well as organizational outcomes. In addition, it might also explore leadership beyond the very top of the organization to understand the way in which the narcissistic tendencies develop and emerge throughout a leadership career. This will help to develop effective assessment processes designed to spot narcissistic tendencies early and ameliorate their impact through development interventions.

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