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### Narcissistic leaders: the appearance of success

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**Publication date**  
2011

[Link to publication](#)

#### **Citation for published version (APA):**

Nevicka, B. (2011). *Narcissistic leaders: the appearance of success*. [Thesis, fully internal, Universiteit van Amsterdam].

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## CHAPTER 4

STRIVING TO BE DIFFERENT:

INNOVATIVE BEHAVIOR OF NARCISSISTIC LEADERS IN DYNAMIC  
CONTEXTS

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Narcissism is often presumed to be a negative leadership trait, due to the arrogance and self-centeredness of these leaders, however, the narcissist's personal quest for glory and a desire to be different can motivate such leaders to exhibit innovative behavior in certain contexts. We argue that such a context would be one where the organizational environment is dynamic and subject to change, which generates a need for innovation. We propose and consistently find in two different samples, using multisource data, that leaders' narcissism is positively related to leaders' innovative behavior but only in dynamic contexts. Additionally, Study 4.2 showed that leaders' individuation, i.e. behavior that is aimed at differentiating oneself from others, mediated this relationship. We discuss implications for theory and practice.

This chapter is based on Nevicka, B., De Hoogh, A. H. B., & Van Vianen, A. E. M. (2011). Innovative behavior of narcissistic leaders in dynamic contexts. *Revise and resubmit, Leadership Quarterly*.

Recent interest in the study of narcissism in leaders, a personality characterized by self-absorption and overconfidence in one's abilities (Morf & Rhodewalt, 2001), stems from the seeming prevalence of narcissistic characteristics in many of the world leaders. Some prominent examples include Steve Jobs from Apple (Robins & Paulhus, 2001), Kenneth Lay of Enron (Kramer, 2003), President Nicholas Sarkozy (De Sutter & Immelman, 2008) and also some of the great tyrants of modern history, including Adolf Hitler, Joseph Stalin and Saddam Hussein (Glad, 2002). The leadership role provides narcissists with an alluring stage from which they can show off their superiority and demonstrate their leadership competencies. Yet, narcissism in leaders represents a paradox: although narcissists exude high self-confidence, dominance, extraversion, persuasiveness, independent thinking and persistence, which are all important leadership characteristics, they also possess a host of negative relational traits including arrogance, lack of empathy and egocentrism. Consequently, narcissistic leaders have been dubbed to have both a 'bright' and a 'dark' side to them (Judge, Piccolo, & Kosalka, 2009). For example, narcissistic leaders are likely to see opportunities for changes (Campbell, Hoffman, Campbell, & Marchisio, 2011), espouse bold visions (Galvin, Waldman, & Balthazard, 2010) and are perceived as charismatic by their followers (Deluga, 1997), yet their self-interest focus can lead them to pursue their own goals at long-term cost to others (Campbell, Bush, Brunell, & Shelton, 2005) and they fail to take into account the views of others (Padilla, Hogan, & Kaiser, 2007). When exactly leader narcissism would constitute an asset to organizations is, however, heretofore unknown.

In the current chapter we propose that narcissistic leaders may prove to be a potential asset for organizations through their innovative efforts. This idea stems from lab studies indicating that narcissists are particularly skilled in convincing others of the creativity of their ideas (Goncalo, Flynn, & Kim, 2010), which is an important aspect of innovative behavior. Furthermore, the superficial charm and overconfidence of narcissistic leaders would also make them ideal candidates for promoting and implementing innovative and creative ideas. The importance of innovation for the competitiveness and survival of organizations has been persistently highlighted in the literature (see, e.g., Oldham & Cummings, 1996; Scott & Bruce, 1994), and the leader's efforts in this process

are indispensable to the successful adoption of innovations (Jung, Wu, & Chow, 2008). In this chapter we argue that the potential ‘bright’ side of narcissistic leaders may involve their propensity to be innovative, however, this will only prevail in a specific context.

Recent research findings suggest that a critical determinant of narcissists’ task effort is the opportunity to self-enhance and show that they are superior to others (Wallace & Baumeister, 2002). Thus, we argue that narcissistic leaders are likely to be only motivated to show innovative leader behavior in environments in which being innovative is considered an indicator of success, namely in dynamic contexts. In a dynamic organizational context (characterized by rapid change and instability, cf. De Hoogh, Den Hartog & Koopman, 2005; De Hoogh et al., 2004) organizations must respond to the changing external demands in order to remain financially viable (Amabile, 1988; Mumford, 2000; Scott & Bruce, 1994; West, 2002). Narcissistic leaders would be quick to perceive such an environment as an opportunity to show off their unique skills, and through innovation they would attempt to solicit attention, admiration and show that they are better and different than others.

Therefore, the present research examines environmental dynamism as a moderator of the relationship between leaders’ narcissism and innovative behavior, and the role of leader individuation, i.e. a leader’s attempt to differentiate from others, as a mediator in two field studies. In the first study we link the joint effects of leaders’ narcissism and dynamism of the context to leaders’ innovative behavior. In the second study we focus on leader individuation as a mediator and replicate the findings of the first study in a different sample. The present research thus (a) attempts to uncover a potential ‘bright’ side to narcissistic leaders in terms of identifying the circumstances under which they are likely to exhibit innovative behavior; (b) extends earlier research on narcissism and creativity by focusing on innovative behavior of narcissistic leaders in an organizational context; and (c) extends the leadership literature by identifying dynamism of the context as a theoretically relevant boundary condition for the innovative behavior of narcissistic leaders and the increase or decrease of their individuation as an underlying process.

### Narcissistic Leadership

Narcissism as a term goes as far back as Greek mythology which tells a story of Narcissus, a young man who became so enamored with his own reflection in a pool he eventually perished due to his own self-absorption. Narcissism as a personality style has been described as an affective and cognitive preoccupation with oneself (Westen, 1990).<sup>8</sup> Narcissists have been found to be high on dominance and power (Carroll, 1987; Emmons, 1989), confidence (Campbell, Goodie, & Foster, 2004; Robins & Beer, 2001), risk taking propensity (Campbell et al., 2004), self-esteem (Emmons, 1984), self-efficacy (Watson, Sawrie, & Biderman, 1991), approach motivation (Foster & Trimm, 2008), and extraversion (Miller & Campbell, 2008). These characteristics correspond with prototypical attributes that people associate with leaders, such as extraversion, confidence, dominance, high self-esteem and generalized self-efficacy (Judge, Ilies, Bono, & Gerhardt, 2002; Paunonen, Lönnqvist, Verkasalo, Leikas, & Nissinen, 2006; Smith & Foti, 1998). If an individual is identified by others as matching this leadership prototype they are more likely to be viewed as a leader (Smith & Foti, 1998) and, thus, it is not surprising that narcissists have been found to consistently emerge as leaders in team based settings (e.g., Brunell et al., 2008; Nevicka, De Hoogh, Van Vianen, Beersma, & McIlwain, 2011).

Despite narcissists' seeming prevalence in leadership positions, it is difficult to establish whether narcissistic leaders would have a positive or a negative influence in an organizational setting due to the multi-faceted nature of narcissism. Since narcissism is a negatively laden term (Campbell, 2001), several arguments have been put forth with regards to the downside of narcissistic leaders (Rosenthal & Pittinsky, 2006). Their extreme overconfidence, feelings of superiority relative to others, sense of entitlement, egocentrism, arrogance, sensitivity to criticism, lack of empathy, exploitativeness, instrumental use of

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<sup>8</sup> The primary characteristics of narcissism include grandiosity, an exaggerated sense of self-importance, exploitativeness of others, lack of empathy, sense of entitlement, self-centeredness, and a feeling of superiority and vanity (DSM IV; American Psychiatric Association, 1994). The present study focuses on sub-clinical narcissism found in general populations rather than the pathological form of narcissism as is defined in clinical psychology (cf. Buffardi & Campbell, 2008; Judge et al., 2006; Twenge & Campbell, 2003; Wallace & Baumeister, 2002).

others, and their high need for power all suggest that a narcissistic leader would be destructive to any organization (Glad, 2002; House & Howell, 1992; O'Connor, Mumford, Clifton, Gessner, & Connelly, 1995; Rosenthal & Pittinsky, 2006). Moreover, narcissistic leaders' grandiose dreams of power and unlimited success might lead them to undertake risky ventures, without adequately taking into account the advice of others (Padilla et al., 2007), or without considering how their decisions may impact the organization. For example, narcissists were found to benefit themselves with respect to resource consumption at long-term cost to others (Campbell et al., 2005), and they exhibited counterproductive work behavior (Judge, LePine, & Rich, 2006).

However, on the bright side, narcissists are charismatic, energetic, socially confident, and charming (Campbell, Reeder, Sedikides, & Elliot, 2000), they are perceived as popular in early encounters (Back, Schmukle, & Egloff, 2010), they can convince others that their ideas are more creative (Goncalo et al., 2010), and in a leadership context their grand visions, coupled with great charisma, have been said to lure in a throng of devoted followers (Maccoby, 2004). In discussing the bright sides of dark leadership traits, Judge et al. (2009) suggested that narcissistic leaders favor bold and aggressive actions that are likely to draw attention to their vision and leadership. Innovation is one avenue through which narcissistic leaders can obtain visibility and attention that they seek. We therefore argue that one of the assets of narcissistic leaders is their potential to be innovative which may prevail in dynamic organizational environments.

### **Innovative Behavior and Environmental Dynamism**

Innovation is essential for organizations to remain competitive in today's rapidly changing and challenging environments, which are spurred on by globalization, shifting technologies and increasing customer demands (Jung, Chow, & Wu, 2003; Rauch & Frese, 2000). An organization's ability to innovate is seen as a key driver in adapting and responding to these changes (Amabile, 1988; Damanpour, 1991; Kanter, 1988; Mumford, 2000; Woodman, Sawyer, & Griffin, 1993; West, 2002). As a result, innovative behavior of individuals in the organization has been recognized as strategically important to the survival of the

organization (Oldham & Cummings, 1996; Scott & Bruce, 1994; Shalley, 1995; West, Hirst, Richter, & Shipton, 2004).

Leaders in particular play an important role in the innovation process because the leadership position endows these individuals with greater influence, discretion and latitude than other organizational employees in promoting and implementing innovations (Jung et al., 2008; Mumford & Licuanan, 2004). Furthermore, leaders can stimulate greater innovative behavior in their followers through the process of role modeling, whereby the followers come to emulate the innovative efforts of their leader. To that effect prior research found that creative behaviors of leaders contributed to greater individual and group creativity in their followers (Jausi & Dionne, 2003). Thus, in examining the perceived innovative behavior of narcissistic leaders we can begin to uncover their potential ‘bright’ side for organizations.

Innovation has been defined as “the intentional introduction and application within a job, work team or organization of ideas, processes, products or procedures which are new to that job, work team or organization and which are designed to benefit the job, the work team or the organization” (West & Farr, 1990, p. 9). Creativity, i.e. the generation of ideas, constitutes the initial step necessary for innovation to occur and innovation encapsulates the entire process, including the adoption and successful implementation of these ideas (Scott & Bruce, 1994). Thus, for an individual to be considered innovative they must be able to gather support for their ideas and break down resistance within the organization in order to ensure the successful implementation of the innovation (Janssen, Van de Vliert, & West, 2004).

As narcissists are characteristically overconfident, self-assured, extraverted, superficially charming and persist in the face of obstacles, narcissistic leaders would be particularly skilled at persuading others to accept their ideas. However, it is important to take context into account because narcissists are only motivated to exert effort in situations that allow for potential glory (Wallace & Baumeister, 2002). For example, Nevicka et al. (2011) found that narcissists only performed better in a group task when the context provided them with an opportunity to shine, and underperformed when such an opportunity was not present. As narcissistic leaders are preoccupied with exerting their superiority and demonstrating their competencies to the external world (Campbell et al., 2000;

John & Robins, 1994), they would be constantly scanning situations and interpreting them with respect to whether or not they contain prospects for showing off. Therefore, narcissistic leaders will exhibit innovative behavior only in favorable circumstances, i.e. in conditions that ask for change and where the generation, promotion and realization of new ideas is seen as indicative of success. We expect that a dynamic organizational environment will provide narcissistic leaders with precisely this opportunity to self-enhance and show off their innovative skills.

Environmental dynamism refers to the rate of change and the degree of instability of the environment (Dess & Beard, 1984) and as such dynamic organizational environments are frequently characterized by changes in technologies, variations in customer preferences, and fluctuations in product demand or supply of materials (Jansen, Van den Bosch, & Volberda, 2006). When an organizational environment is in a constant state of flux it is important for organizations to respond to these shifting external demands in order to remain competitive, and innovation, thereby, becomes crucial for organizational survival (Jung et al., 2008; West, 2002). Furthermore, when employees recognize their proximate environment as dynamic the need for innovation becomes more widely accepted and also the receptiveness to proposals for changing the status quo (Frambach & Schillewaert, 2002). Thus, innovative behavior in such a context will be considered an important indicator of good performance. We therefore expect that a dynamic environment will motivate narcissistic leaders to exhibit innovative behavior as it is an opportune way to demonstrate their competence and superior skills with great visibility potential. From the narcissistic leader's perspective, being perceived as innovative in such an environment will be analogous to success.

Conversely, stable organizational environments often offer more formalized and defined goals and structures (De Hoogh et al., 2005) and are not likely to motivate narcissistic leaders to exhibit innovative behavior because such contexts are less open to change and therefore contain fewer opportunities for self-enhancement. Furthermore, leaders who question the status quo and continually seek improvements under steady state circumstances may be viewed negatively as they are too unsettling (De Hoogh et al., 2005; Howell & Avolio, 1993), rather than being viewed as successful or superior due to their innovative

efforts. Thus, narcissistic leaders will only be motivated to show innovative behavior in dynamic organizational contexts.

### **Innovative Capabilities of Narcissistic Leaders**

In addition to the greater motivation of narcissistic leaders to be innovative in dynamic environments, these leaders also possess the necessary innovative capabilities; they are particularly skilled in promoting an innovation and convincing others of its viability. We argue that narcissists can be characterized as idea champions, i.e. as someone who overcomes resistance and inertia with respect to the creative idea, and promotes this novel idea actively and rigorously through informal networks to ensure the success of the innovation (e.g., Howell & Higgins, 1990). Idea champions are willing to take risks (Schon, 1963), display persistence even in the face of failure, and show extraordinary confidence in themselves and their mission (Barron & Harrington, 1981; Howell & Higgins, 1990). Narcissistic leaders would be very apt at undertaking this role of innovation promotion because of their extreme overconfidence (Judge et al., 2006), their charm (Back et al., 2010), their independent thinking, risk taking and their bold visions (Galvin et al., 2010). For instance, narcissistic individuals were found to be very skilled at persuading others in seeing their ideas as very creative and their art of persuasion seemed to stem from the overconfidence and enthusiasm with which they pitched their ideas (Goncalo et al., 2010). Thus, if narcissists need to convince others to accept their idea they should be very capable of accomplishing this, precisely what is required of an idea champion in pushing an innovation through. Furthermore, an idea champion needs to be able to persist despite obstacles and resistance within the organization (Howell & Higgins, 1990), and narcissists have been found to be very persistent despite setbacks (Wallace, Ready, & Weitenhagen, 2009). Thus, an avenue via which narcissistic leaders can exhibit innovative behavior is through their ability to inspire, influence and persuade others to accept their innovation, and hence break down the resistance and inertia to change.

In summary, a dynamic environment provides an opportunity for narcissistic leaders to show off their innovative talents. Such a context will stimulate narcissistic leaders' role as idea champions because it creates urgency for

innovativeness, and thereby allows narcissistic leaders to utilize their persuasiveness. Given the above arguments we hypothesize the following:

Hypothesis 1: Leader's narcissism will be positively related to the leader's innovative behavior when an organization's environment is dynamic.

### **Study 4.1**

#### **Method**

##### ***Participants and procedure***

The participants comprised of 61 team managers (leaders) and their respective subordinates (followers) from 33 different organizations operating in the Netherlands. A combination of pen and paper, as well as Internet questionnaires was utilized to gather the data. The paper questionnaires were first sent to the leader and, based on an arbitrary method of using numerical birth day order, distributed to three followers. The questionnaires were completed anonymously and returned to the researchers in sealed envelopes. The leaders who participated via Internet received a link to the Internet questionnaire via email. The leader completed the questionnaire and provided email addresses of three followers to the researcher. Subsequently, the followers were sent a link to the Internet questionnaire. All participants were guaranteed that their responses would be treated with full confidentiality.

In total 221 leaders were contacted and sent the questionnaires, with 71 leaders (32%) agreeing to participate. After deleting incomplete and unmatched questionnaires, our final sample comprised of 61 leaders (28%) and 159 followers, with 2.6 followers per leader on average. The leaders ( $M = 43.12$  years,  $SD = 7.99$ ; 79% men) had an average tenure of 9.45 years, and 92% held a university degree. The followers ( $M = 36.73$  years,  $SD = 9.51$ ; 56% men) had an average tenure of 6.70 years and 73% held a university degree.

##### ***Measures***

Two different questionnaires were used in this research to gather survey data: one for the leaders and one for the followers, allowing us to have multi-source data to test our predictions. Leader's narcissism was determined by self-

report measures of the leader, whilst environmental dynamism and leader's innovative behavior were derived from the ratings of multiple followers.

*Leader's narcissism* was measured using the Narcissistic Personality Inventory (NPI; Raskin & Hall, 1979) which was completed by the leaders. The NPI consists of 40 forced-choice dichotomous (*true/false*) items and has shown repeated evidence of construct validity and internal consistency as a measure of narcissism in general populations (e.g., Brunell et al., 2008; Raskin, Novacek, & Hogan, 1991; Raskin & Terry, 1988; Wallace & Baumeister, 2002). Some example items include: "I know that I am a good person because everybody keeps telling me so;" and "I want to amount to something in the eyes of the world". As done in prior research, the NPI score was computed as the mean across 40 items, and the scale was shown to have a good reliability (Cronbach's  $\alpha = .85$ ).

*Environmental dynamism.* In order to measure environmental dynamism, the followers completed a three item scale developed by De Hoogh et al. (2005). An example item is: "I perceive my environment as dynamic". Answers were given on a seven point scale ranging from 1 = "Not at all" to 7 = "Very much so". The scale was shown to have a good reliability (Cronbach's  $\alpha = .87$ ).

*Leader's innovative behavior* was measured using Janssen's (2001) nine item scale for individual innovative behavior in the workplace, which was completed by the followers. Small adaptations were made in order to allow followers to assess their leader's display of innovative behavior. Example items include: "My leader creates new ideas for difficult issues" and "My leader searches out new working methods, techniques, or instruments." The items were rated on a five-point scale ranging from 1 = "Never" to 5 = "Always". The scale was shown to have a good reliability (Cronbach's  $\alpha = .90$ ).

*Control variables.* In order to rule out any confounds, we included possible relevant variables as controls. The leader's tenure was included as prior research suggests that tenure may negatively affect innovation as people come to accept the status quo (Hülshager, Anderson, & Salgado, 2009). We also included span of

control because prior research suggests it can influence leadership perceptions made by the followers (Gittell, 2001; Spreitzer, 1996).

*Data aggregation.* To assess the appropriateness of aggregating individual scores to the team level, we calculated within-team agreement ( $r_{wg}$ ; James, Demaree, & Wolf, 1993), intraclass correlations (ICC[1]), and reliabilities of the means (ICC[2]; Bliese, 2000). These tests yielded sufficient support to aggregate our data to the team level of analysis (dynamism: ICC[1]=.42, ICC[2]=.65,  $r_{wg}$  = .79; leader's innovative behavior: ICC[1]=.36, ICC[2]=.60,  $r_{wg}$  = .85, Klein & Kozlowski, 2000). The ICC (1) values were within the normal range found in organizational research (Bliese, 2000; Klein & Kozlowski, 2000) and the ICC (2) were satisfactory given that there was a mean of only 2.6 raters per leader and the ICC(2) index is dependent on the number of raters per group (Bliese, 2000). Furthermore, the high within-group consensus as demonstrated by the  $r_{wg}$  values, suggested that data aggregation was justifiable (Bliese, 2000; Klein & Kozlowski, 2000; Wu, Tsui, & Kinicki, 2010). Thus, the follower-rated variables, namely dynamism and leader's innovative behavior, were aggregated based on the mean.

## Results

Table 4.1 displays the means, standard deviations, and inter-correlations of the variables included in the study. As can be seen, leader's tenure correlated negatively with leader's innovative behavior, and span of control correlated positively with dynamism. In prior studies that measured narcissism in general populations, narcissism was found to significantly correlate with gender, and thus it was necessary to control for its effect in subsequent analyses (Wallace & Baumeister, 2002). As can be observed in Table 4.1 there was no correlation between gender and narcissism in our sample. Including gender in our analyses did not alter our results, thus, gender was not included as a control variable.

NARCISSISTIC LEADERS

Table 4.1  
Means (M) Standard Deviations (SD), and Correlations Among Variables

	M	SD	1	2	3	4	5
1. Leader's gender <sup>a</sup>	1.20	0.40					
Leader's tenure							
2. (years)	9.45	8.50	-.25*				
3. Span of control	42.73	94.47	-.15	-.01			
4. Leader's narcissism	0.49	0.17	.06	-.23	-.25†		
5. Dynamism	5.33	0.97	-.20	-.05	.29*	.08	
6. Innovative behavior	3.57	0.51	-.10	-.28*	.06	.24†	.38**

Note. N = 61.

<sup>a</sup> male = 1, female = 2.

†  $p = .10$ , \*  $p < .05$ , \*\*  $p < .01$ .

Hypothesis 1 stated that the leader's narcissism would be positively related to leader's innovative behavior in a dynamic environment, and this was tested using hierarchical regression analysis. The independent variables were centered and standardized prior to being entered into the regression model (Aiken & West, 1991). First, the control variables were entered into the model, then in step two leader's narcissism and environmental dynamism, and finally in step three the interaction term was added. Table 4.2 presents the results of this analysis. Environmental dynamism was positively related to leader's innovative behavior ( $\beta = .38, p < .01$ ). Furthermore, in accordance with Hypothesis 1, we found a significant interaction of leader's narcissism and environmental dynamism on leader's innovative behavior ( $\beta = .25, p = .048$ ),  $F(5, 54) = 5.01, p < .01, \Delta R^2 = .05$ . This interaction is depicted in Figure 4.1. Simple slope tests (Aiken & West, 1991) revealed that in a high dynamic environment there was a significant positive relationship of leader's narcissism with leader's innovative behavior ( $\beta = .48, t = 2.47, p = .017$ ). Thus, in a highly dynamic environment, high narcissistic leaders exhibited more innovative behavior than low narcissistic leaders. There was no significant relationship between leader's narcissism and leader's innovative behavior in a low dynamic environment ( $\beta = -.05, t = 0.31, ns$ ). Therefore, Hypothesis 1 was supported.

Table 4.2  
*Results of Moderated Regression Analysis for Leader’s Narcissism and Environmental Dynamism  
 Explaining Leader’s Innovative Behavior*

Variables	$\beta$	$R^2$	$\Delta R^2$
Step 1			
Leader tenure	-.28*		
Span of control	.05	.08	.08
Step 2			
Leader tenure	-.22		
Span of control	.02		
Leader’s narcissism	.17		
Dynamism	.39**	.27**	.19**
Step 3			
Leader tenure	-.26*		
Span of control	.08		
Leader’s narcissism	.22		
Dynamism	.38**		
Leader’s narcissism × Dynamism	.25*	.32**	.05*

Note.  $N = 61$ .

\*  $p < .05$ , \*\*  $p < .01$ .

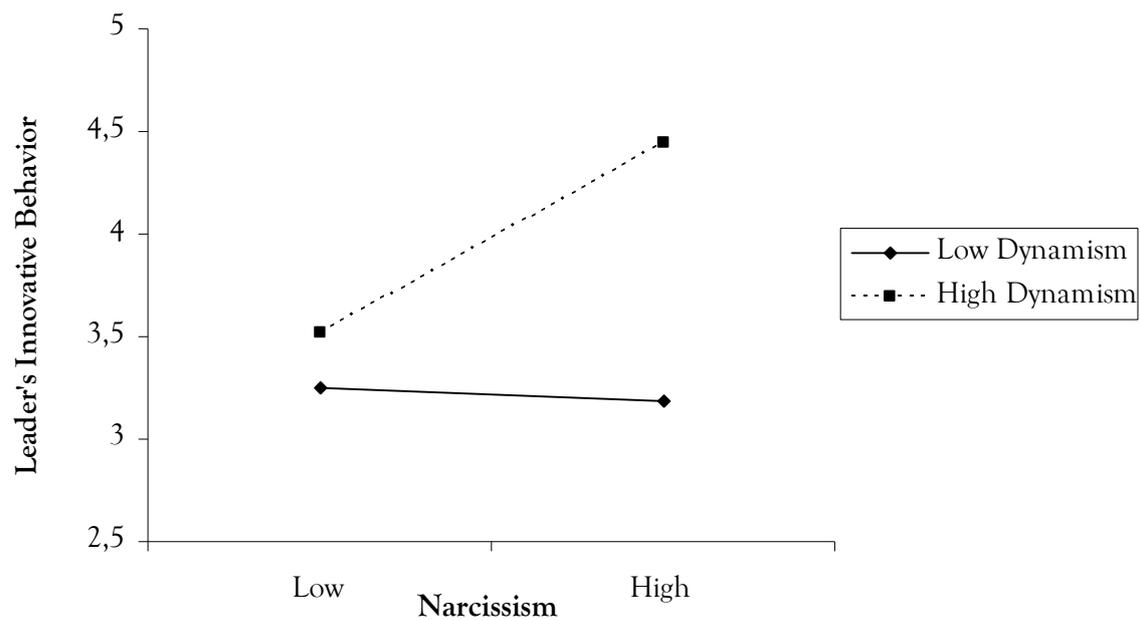


Figure 4.1. The Moderating Effect of Environmental Dynamism on Leader's Narcissism and Leader's Innovative Behavior.<sup>9</sup>

## Discussion and Introduction to Study 4.2

Our findings in Study 4.1 confirmed Hypothesis 1 and showed that the leader's narcissism was positively related to leader's innovative behavior, but only in a dynamic environment, suggesting that such a context does elicit narcissists' innovative behaviors. In Study 4.2, we first aimed to replicate this finding using a different sample. Second, we investigated the process which underlies greater perceived innovativeness of narcissistic leaders in a dynamic environment, namely their attempts at differentiating themselves from others, a concept known as individuation (Whitney, Sagrestano, & Maslach, 1994).

### *Individuation as a link to innovative behavior*

Behaving in a distinctive and unique way is a universal psychological phenomenon (Brewer, 1991), which is fundamental in developing one's identity, and is evident in the perception and interpretation of information of every individual. For example, self-distinguishing information is better memorized

<sup>9</sup> High and low narcissism was calculated as either 1 SD above or below the mean.

(Leyens, Yzerbyt, & Rogier, 1997), individuals tend to identify more strongly with distinctive groups (Brewer & Pickett, 1999), and in-groups are rated by members as being more heterogeneous than by non-members (Brewer, 1993). Individuals differ in the extent to which they are willing to publicly differentiate themselves from others in a social setting (Maslach, Stapp, & Santee, 1985; Maslach, Santee, & Wade, 1987), with some people actively seeking to be seen as different and unique, whereas others avoid the spotlight altogether (Whitney et al., 1994). Individuation requires individuals to have high self-esteem and confidence if they are to express original ideas, controversial statements and divulge personal information to make themselves different from others (Whitney et al., 1994).

Narcissists perceive that they are different and unique in contrast to other people, which stems from their grandiose sense of self-importance (Morf & Rhodewalt, 2001). Essentially this is where their sense of entitlement comes from, the feeling that they should receive more resources, and are deserving of special treatment (Campbell et al., 2004; Exline, Baumeister, Bushman, Campbell, & Finkel, 2004). Thus, narcissistic individuals have a proclivity to differentiate themselves from others, and to show themselves as unique and special. Much of their behavior is aimed at preserving this sense of uniqueness (Emmons, 1984). For instance, narcissists have a higher self-focused attention (Emmons, 1989), a higher need for power and social influence (Kets de Vries, 2004), which has been linked to individuation (Whitney et al., 2004), they perceive their performance better than peers and observers do (John & Robins, 1994), they perceive themselves more strongly than others as being different (Morf & Rhodewalt, 2001), are sensitive to wearing the latest fashion and expensive brand labels (Vazire, Naumann, Rentfrow, & Gosling, 2008), they enjoy visibility in the spotlight (Young & Pinsky, 2006), are boastful and eager to talk about themselves (Buss & Chiodo, 1991), gain esteem from public glory (Wallace & Baumeister, 2002), and self-promote extensively on social networking websites (Buffardi & Campbell, 2008).

However, narcissistic leaders' individuation behavior is likely to be contingent upon context (Whitney et al., 1994). An organizational environment that is characterized by dynamism, uncertainty and change is more likely to promote individuation because there is a greater need for individuals to voice their ideas in order to be responsive to environmental changes (Howell &

Higgins, 1990; West, 2002). Thus, such an environment would amplify and be more enabling of individuation. This would be especially likely to occur for narcissistic leaders. That is to say, narcissists' natural tendency towards individuation will, according to Trait Activation Theory (cf. Tett & Burnett, 2003), be activated in dynamic environments. Whereas dynamic environments provide an excellent opportunity to exhibit one's uniqueness and superiority, such differentiation behaviors are triggered less and rather seem out of place or excessive (Rosenthal & Pittinsky, 2006) in stable environments. Thus, narcissistic leaders will show individuation especially in dynamic organizational contexts. Therefore, we predict the following:

Hypothesis 2: The leader's narcissism will have a positive relationship with leader's individuation, especially when an organization's environment is dynamic.

Individuation may be important for a leader to be perceived as innovative as it is associated with higher creativity, and a willingness to express dissenting opinions (Maslach et al., 1987). Similarly, individualistic groups tend to be more creative than collectivist groups because of greater emphasis on uniqueness rather than cohesiveness and conformity with group norms (Goncalo & Staw, 2006). Individuation is directed at becoming distinguished from the group and hence will motivate individuals to raise a new idea, disagree with the prevalent point of view, and break the existing paradigm (Whitney et al., 1994). This is consistent with research on innovation which found that minority dissent stimulated creativity and divergent thought in a team setting (De Dreu & West, 2001). Moreover, individuation behavior attracts more attention and therefore such individuals have a potential to yield greater influence and social impact (Whitney et al., 1994), which is particularly important in promoting an innovation and ensuring its successful implementation. Thus, we predict the following hypothesis:

Hypothesis 3: Leader's individuation will be positively related to the leader's innovative behavior.

We expect that narcissistic leaders exhibit greater innovative behavior in a highly dynamic environment due to their individuation. A dynamic environment offers narcissistic leaders with an opportunity to exhibit themselves as unique, special and different. This is accomplished through innovative behaviors, to show others that they are special and superior. Visible and tangible innovative

behaviors would especially meet the need of narcissistic leaders to be distinctive and offer them the possibility to be different, gain visibility, attention and status (Maccoby, 2004). This would be particularly so if the innovation becomes implemented as their glory can be immortalized. Therefore, we expect that innovative behavior of narcissistic leaders in a dynamic environment is mediated by their individuation (see Figure 4.2 for a visual representation of the model).

Hypothesis 4: The leader's individuation will mediate the moderating effect of environmental dynamism on the relationship between the leader's narcissism and leader's innovative behavior.

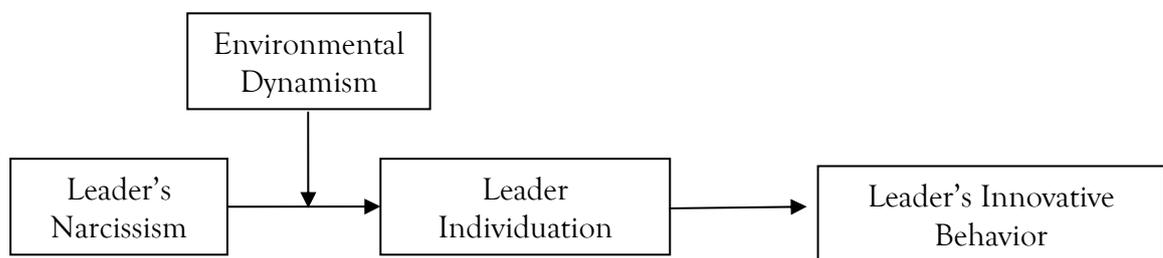


Figure 4.2. The Theoretical Model

## Method

### *Participants and procedure*

The participants comprised of shop managers (leaders) and their assistant managers (followers) of a large retail organization. The market segments these stores catered for were very diverse in terms of the proximate environment in which they operated, for example being located in urban versus rural areas, developing areas versus established neighborhoods, and with customers from disparate socio-economic backgrounds. The participants first received a general announcement introducing the study via newsletters from the head office. Afterwards, emails were sent with an individual invitation. The organizational intranet offered a specific feature which made it possible to send unique messages to specific users. Two reminders were sent by email and leaders were also contacted by telephone and approached informally to enhance participation. The participants were assured of confidentiality regarding their responses. Data was

collected using an online survey tool, to which the participants obtained access through an individualized login code.

In total 305 leaders were contacted and sent the questionnaires, with 172 leaders (56%) agreeing to participate. After deleting incomplete and unmatched questionnaires, our final sample comprised of 100 leaders (33%) and 252 followers, with 2.5 followers per leader on average. The leaders ( $M = 42.41$  years,  $SD = 9.08$ ; 83% men) had an average tenure of 9.04 years, and 50% held a university or college degree. The followers ( $M = 31.84$  years,  $SD = 10.93$ ; 60% men) had an average tenure of 4.9 years and 31% held a university or college degree.

### *Measures*

Similarly as in Study 4.1, two different questionnaires were used in this research to gather survey data: one for the leaders (i.e. shop managers) and one for the followers (i.e. assistant managers). Consequently, leader's narcissism was determined by self-report measures of the leader, whereas leader individuation, leader's innovative behavior and environmental dynamism were constructed by aggregating the ratings of multiple followers.

*Leader's narcissism* was assessed using the same measure as in Study 4.1, namely the Narcissistic Personality Inventory (NPI; Raskin & Hall, 1979). This was again completed by the leaders themselves. The scale proved to have a good reliability (Cronbach's  $\alpha = .84$ ).

*Environmental dynamism* was measured in the same manner as in Study 4.1, using a three item dynamism scale (De Hoogh et al., 2005) which was completed by the followers. The scale was shown to have a good reliability (Cronbach's  $\alpha = .82$ ).

*Leader Individuation.* In order to assess the leader's public differentiation of themselves from others, the followers completed an adapted individuation scale developed by Maslach et al. (1985). This measure has been shown to have good reliability and validity and has been used in prior research (Maslach et al., 1987; Whitney et al., 1994). Example items include: "My shop manager would be likely

to perform on a stage in front of a large audience" or "My shop manager would be likely to publicly challenge a speaker whose opinion clashes with their own". The scale consisted of four items, and was measured on a five-point scale, ranging from 1 = "Not willing to" to 5 = "Very willing to". The scale was shown to have a good reliability (Cronbach's  $\alpha = .75$ ).

*Leader's innovative behavior* was measured using Janssen's (2001) nine item scale for individual innovative behavior in the workplace. As we also wanted to capture innovation in terms of improving extant products and processes, we added four items from a scale developed by Jansen, Vera and Crossan (2009). An example item is: "My manager regularly improves existing procedures, products or services". Thus, the complete scale consisted of thirteen items in total. Small adaptations were made to the items so that they could be applied to the shop manager level. Answers were given on a 5-point scale ranging from 1 = "Never" to 5 = "Always". The scale showed to have good reliability (Cronbach's  $\alpha = .92$ ).<sup>10</sup>

*Control variables.* We controlled for possible alternative explanations by including the same control variables as in Study 4.1, namely the leader's tenure and span of control.

*Data aggregation.* To assess the appropriateness of aggregating individual scores to the team level, we calculated within-team agreement ( $r_{wg}$ ; James et al., 1993), intraclass correlations (ICC[1]), and reliabilities of the means (ICC[2]; Bliese, 2000). These tests yielded sufficient support to aggregate our data to the team level of analysis (dynamism: ICC[1]=.20, ICC[2]=.41,  $r_{wg} = .80$ ; leader's innovative behavior: ICC[1]=.36, ICC[2]=.60,  $r_{wg} = .84$ ; leader individuation: ICC[1]=.25, ICC[2]=.47,  $r_{wg} = .75$ , Klein & Kozlowski, 2000). The ICC (1) values

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<sup>10</sup> Confirmatory factor analysis on leader's individuation and innovative behavior items showed support for a two-factor structure, with the individuation, and innovative behavior items loading onto separate factors. This two-factor structure fitted the data significantly better than the one-factor model (including all scale items),  $\chi^2$  two-factor model (116,  $N = 269$ ) = 402.17,  $p < .001$ , NNFI = 0.95, CFI = 0.96, SRMR = 0.062, versus  $\chi^2$  one-factor model (117,  $N = 269$ ) = 542.41,  $p < .001$ , NNFI = 0.93, CFI = 0.94, SRMR = 0.073;  $\chi^2$  diff = 140.24,  $p < .001$  (cf. Hu & Bentler, 1999).

were within the normal range found in organizational research (Bliese, 2000; Klein & Kozlowski, 2000) and the ICC (2) were satisfactory given that there was a mean of only 2.7 raters per leader and the ICC(2) index is dependent on the number of raters per group (Bliese, 2000). Furthermore, the high within-group consensus as demonstrated by the  $r_{wg}$  values, suggested that data aggregation was justifiable (Bliese, 2000; Klein & Kozlowski, 2000; Wu et al., 2010). Thus, the follower rated variables, namely dynamism leader individuation and leader's innovative behavior, were aggregated based on the mean.

### Results

Table 4.3 displays the means, standard deviations, and correlations of the variables included in the study. As can be seen, span of control correlated positively with environmental dynamism and with leader's tenure. Leader's tenure correlated negatively with gender. Similarly as in Study 4.1, there was no correlation between gender and narcissism in our sample. Thus, gender was not included as a control variable.

Table 4.3  
Means (M) Standard Deviations (SD), and Correlations Among Variables

	M	SD	1	2	3	4	5	6
1. Leader's gender <sup>a</sup>	1.17	0.38						
2. Leader's tenure (years)	9.04	8.35	-.22*					
3. Span of control	136.6	53.29	-.12	.51**				
4. Leader's narcissism	0.55	0.16	-.04	-.03	.02			
5. Environmental dynamism	5.46	0.71	-.12	.09	.26**	.12		
6. Leader individuation	3.90	0.62	.03	.03	.09	.20*	.32**	
7. Innovative behavior	3.55	0.55	-.06	.02	.12	.17	.48**	.56**

Note. N = 100.

<sup>a</sup> male = 1, female = 2.

\*  $p < .05$ , \*\* $p < .01$ .

Hypothesis 1 stated that the leader's narcissism would be positively related to leader's innovative behavior in a dynamic environment, and this was tested using hierarchical regression analysis, similarly as in Study 4.1, in order to replicate this relationship. Table 4.4 presents the results of these analyses. Environmental dynamism was positively related to leader's innovative behavior ( $\beta = .48, p < .01$ ). In line with expectations, the results showed the expected significant interaction of leader's narcissism and environmental dynamism on leader's innovative behavior ( $\beta = .19, p = .036$ ),  $F(5, 92) = 7.08, p < .01, \Delta R^2 = .04$ . This interaction is depicted in Figure 4.3. Simple slope analysis revealed that in a high dynamic environment there was a significant positive relationship with leader's narcissism and leader's innovative behavior ( $\beta = .32, t = 2.44, p = .017$ ). Thus, in a highly dynamic environment, high narcissistic leaders were found to exhibit more innovative behavior than low narcissistic leaders. There was no significant effect of leader's narcissism on leader's innovative behavior in a low dynamic environment ( $\beta = -.05, t = 0.45, ns$ ). Therefore, Hypothesis 1 was again confirmed, this time with a vastly different sample.

NARCISSISTIC LEADERS

Table 4.4  
*Results of Moderated Regression Analysis for Leader's Narcissism and Environmental Dynamism  
 Explaining Leader's Innovative Behavior and Leader Individuation*

Variables	Leader's innovative behavior			Leader individuation		
	$\beta$	$R^2$	$\Delta R^2$	$\beta$	$R^2$	$\Delta R^2$
Step 1						
Leader tenure	-.05			-.03		
Span of control	.14	.02	.02	.11	.01	.01
Step 2						
Leader tenure	-.02			.00		
Span of control	.00			.02		
Leader's narcissism	.12			.17†		
Dynamism	.47**	.24**	.22**	.28**	.13**	.12**
Step 3						
Leader tenure	-.01			.01		
Span of control	.00			.02		
Leader's narcissism	.13			.19*		
Dynamism	.48**			.30**		
Leader's narcissism × Dynamism	.19*	.28**	.04*	.21*	.17**	.03*

Note.  $N = 100$ .

†  $p = .10$ , \*  $p < .05$ , \*\*  $p < .01$ .

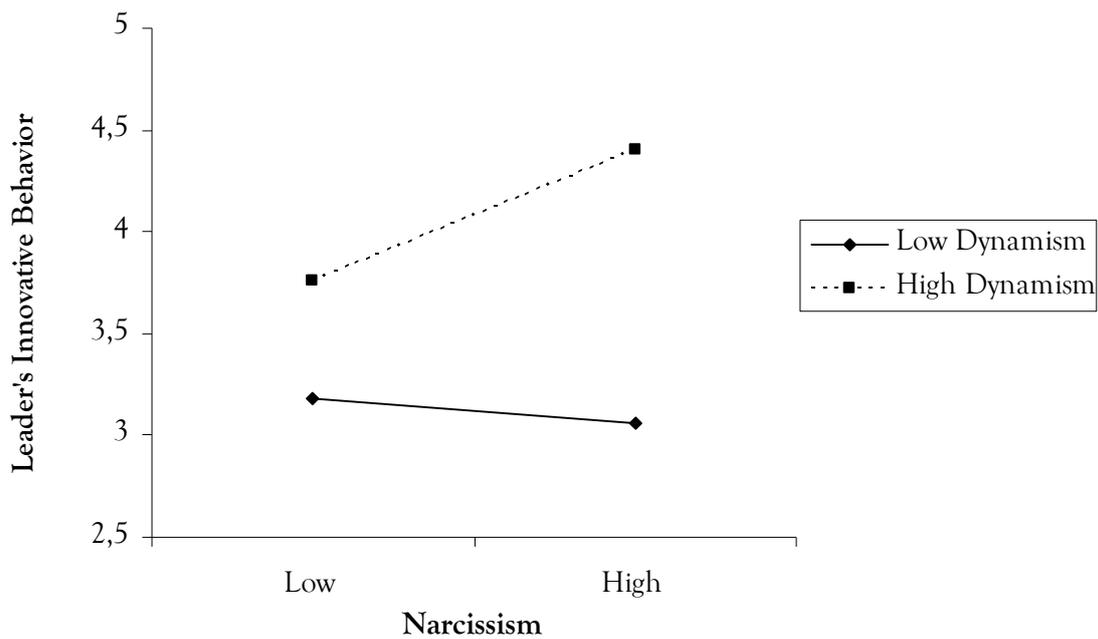


Figure 4.3. The Moderating Effect of Environmental Dynamism on Leader's Narcissism and Leader's Innovative Behavior<sup>11</sup>

In order to test the mediated moderation model pertaining to Hypothesis 4 we first conducted a hierarchical regression analysis to establish the presence of an interaction of the predictor variables on leader individuation (Hypothesis 2). The variables were entered into the model in the same manner as in the prior regression analysis, and the results are presented in Table 4.4. Leader narcissism and environmental dynamism were positively related to leader individuation ( $\beta = .19, p = .049$ ;  $\beta = .30, p < .01$ ). As expected, the results showed a significant interaction of leader's narcissism and environmental dynamism on leader individuation ( $\beta = .21, p = .033$ ),  $F(5, 92) = 3.71, p < .01, \Delta R^2 = .04$ . This interaction is depicted in Figure 4.4. Simple slope analysis showed that in a high dynamic environment there was a significant positive relationship of leader's narcissism with leader individuation ( $\beta = .40, t = 2.80, p < .01$ ). In other words, in a highly dynamic environment high narcissistic leaders were found to individuate more than low narcissistic leaders, which confirms Hypothesis 2. There was no

<sup>11</sup> High and low narcissism was calculated as either 1 SD above or below the mean.

significant relationship between leader's narcissism and leader individuation in a low dynamic environment ( $\beta = -.01, t = 0.08, ns$ ).

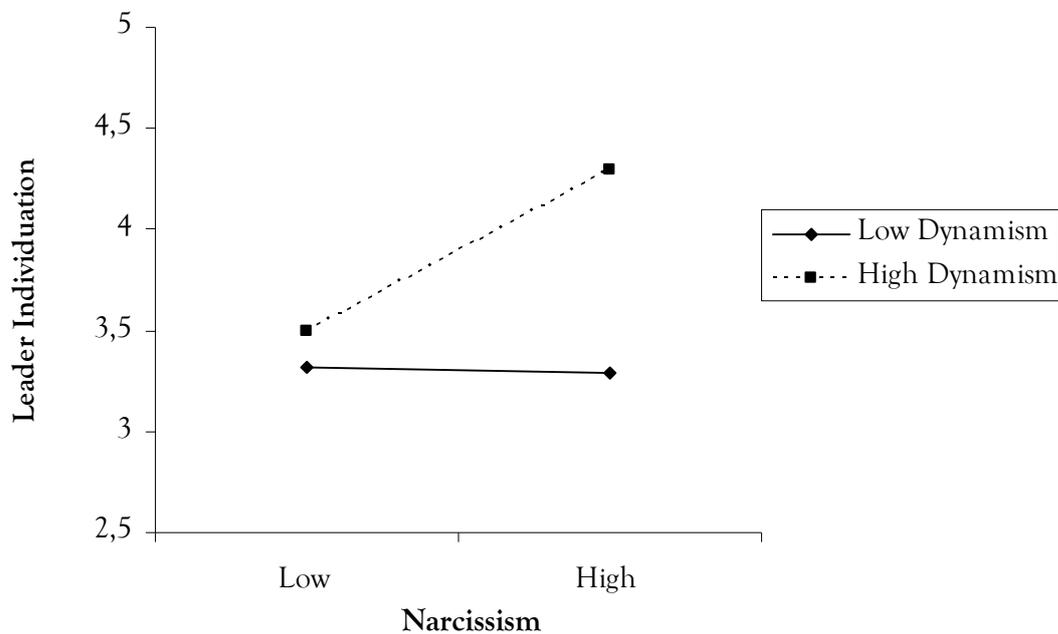


Figure 4.4. The Moderating Effect of Environmental Dynamism on Leader's Narcissism and Leader Individuation<sup>12</sup>

To analyze whether leader individuation would mediate the interaction of leader's narcissism and environmental dynamism on leader's innovative behavior (Hypothesis 4), we conducted mediated moderation analyses (Preacher, Rucker, & Hayes, 2007). Our analysis first revealed a significant effect of leader individuation on leader's innovative behavior, ( $\beta = .56, t = 6.63, p < .01$ ), thus confirming Hypothesis 3. The 95% confidence interval obtained from this analysis ranged from 0.005 to 0.091, indicating that the mediated effect was significantly different from zero at  $Z = 1.93, p = .05$  (1000 bootstrap resamples). Thus, leader individuation mediated the relationship between the interaction we found earlier and leader's innovative behavior, such that high narcissistic leaders show greater individuation in a highly dynamic environment and this is associated with more innovative behavior. This confirms Hypothesis 4.

<sup>12</sup> High and low narcissism was calculated as either 1 SD above or below the mean.

### General Discussion

The seeming prevalence of narcissistic personalities in prominent leadership positions (Deluga 1997; Rosenthal & Pittinsky, 2006) posits a paradox as to whether their presence is beneficial or detrimental to organizations because narcissistic leaders possess both a ‘bright’ and a ‘dark’ side. Building on prior work which found that narcissists were perceived to be more creative (Goncalo et al., 2010), the current chapter aimed to uncover a potential ‘bright’ side to narcissistic leaders by focusing on their innovative behavior in an organizational context. Our studies consistently showed that, in a dynamic environment, narcissistic leaders exhibited innovative behavior. We further showed that this relationship was mediated by greater individuation of narcissistic leaders (Study 4.2). Narcissistic leaders also exhibited more differentiation behavior in general, which fits with their high need for uniqueness and being special (Morf & Rhodewalt, 2001). However, this behavior was accentuated in a dynamic environment. Taken together, the results of these two studies provide first time evidence of the relationship between narcissistic leadership and innovative behavior, within the boundary condition of high environmental dynamism.

The greater innovative behavior of narcissistic leaders is consistent with prior research which found that narcissistic individuals were perceived to be more creative by the person to whom they were pitching their idea (Goncalo et al., 2010). This suggests that the strength of narcissistic leaders stems from their ability to persuade others of the viability of their ideas. As innovation comprises of not only idea generation but also idea adoption and implementation (Scott & Bruce, 1994), this is a very important skill for an idea champion if they are to have their innovation implemented and accepted by others.

#### *Theoretical and Practical Implications*

From a theoretical and applied perspective, the research reported in this chapter makes several important contributions. First of all, our research contributes to the leadership literature by identifying environmental dynamism as a theoretically important facilitating context for the innovative behaviors of narcissistic leaders. Our findings fit with the interactionist model of leadership, which suggests that situations are construed as psychological interpretations of

reality and as such leaders assess specific contexts based on their cognitive proclivities (Schneider, 1983). This theory aims to merge the trait factors of leaders with situational factors to explain how their combination affects leadership effectiveness (Sternberg & Vroom, 2002). Narcissistic leaders are sensitive to contexts which contain opportunities for self-enhancement so as to show themselves as superior in contrast to others. The combination of environmental dynamism, which creates a need for innovation, and the narcissistic traits, causes these leaders to exhibit innovative behavior.

Furthermore, we extend the leadership literature by identifying an underlying process for the relationship between narcissistic leadership and perceived innovativeness, namely leaders' individuation. Our findings indicate that narcissistic leaders exhibit more individuation in general, however this behavior is much more pronounced in a dynamic environment and it is associated with greater perceived leader innovative behavior. Finally, our findings shed light on the positive side of narcissistic leaders, and help to reconcile the apparent paradox of narcissistic leadership. Thus, despite their negative characteristics such as lack of empathy, exploitativeness, arrogance and self-centeredness, narcissistic leaders can benefit organizations in certain contexts through their innovative endeavors.

This research has several practical implications for organizations, especially as innovation is crucial for organizational competitiveness and survival. Organizations cannot affect the personality of narcissistic leaders; however they can identify the most facilitating contexts for innovation. Thus, our implications concern mainly selection and placement of narcissistic leaders in specific organizational roles. Narcissistic leaders would experience a better fit with an organization that has a dynamic and changing environment, which they need to react to through innovativeness. Such an environment would provide narcissistic leaders with greater motivation to show innovative behavior due to the possibilities of experiencing admiration and glory, especially if innovativeness is perceived as an indicator of success. Thus, organizations could include innovation as one of their key performance indicators in order to enhance the innovative behaviors of narcissistic leaders. Narcissistic leaders would also be very suitable for Research and Development departments in organizations and in persuading others of the viability of their innovations. However, their main

strength appears to lie in persuasiveness and as such narcissistic leaders can also be utilized as idea champions so as to break down the initial inertia and resistance to proposed organizational changes and to make sure the innovation becomes implemented. Finally, if narcissistic leaders are perceived to exhibit innovative behavior, the perceptions themselves may be sufficient to motivate the followers to emulate this behavior and through role modeling it can enhance the innovation efforts in the organization.

### *Limitations and Suggestions for Future Research*

A main strength of the present research is the replication of findings across two very different samples, with respect to expected relationship between narcissistic leadership and innovative behavior in a dynamic context. This consistent pattern of findings is noteworthy given the acknowledged difficulty in detecting moderation within field settings (McClelland & Judd, 1993). Furthermore, there is a strong generalizability of our studies as the two samples were drawn from different organizations and yet we show consistent findings. Although the present research enhances our understanding of the potential bright side of narcissistic leadership, namely the display of innovative behavior, it does have some potential limitations that should be taken into consideration when interpreting the results. Firstly, as with any cross-sectional questionnaire data collection, there is a possibility for common method bias to occur, however, by using multiple sources to collect our data, namely the leaders and followers, this potential bias was reduced (see e.g., Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). Furthermore, common method variance is unlikely to result in mediated moderation statistical interactions, which were the main focus of this research (Aiken & West, 1991).

Given the cross-sectional nature of our data, it is also difficult to determine the direction of causality, however, our theory provides a strong indication as to the presence of the proposed relationships. Innovative behavior of the leader was rated by the followers, which is a valid manner of assessing behavior in the innovation literature (cf. Janssen, 2001). Nonetheless, future research should also utilize more objective measures of innovativeness in order to determine whether narcissistic leaders are actually innovative. Another interesting avenue for future research could be to also examine further underlying processes

of narcissistic leaders' innovative behavior, for example their risk-taking behavior or persistence.

### *Conclusion*

The current research is the first to address the potential bright side of narcissistic leadership, despite their negative characteristics such as egocentrism and arrogance. In two studies we consistently showed that narcissistic leaders exhibited innovative behavior in a dynamic organizational environment and this was associated with their greater individuation. Thus, when narcissistic leaders perceive the context as one in which they can exhibit their superior skills and abilities, i.e. when innovative behavior is diagnostic of success such as in a dynamic context, they are likely to attempt to individuate more and through this they may exhibit greater innovative behavior. It is in this context that we can glimpse the bright side of narcissistic leaders and harness their innovative strengths.