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### Narcissistic leaders: the appearance of success

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## CHAPTER 5

### REALITY AT ODDS WITH PERCEPTIONS: NARCISSISTIC LEADERS AND GROUP PERFORMANCE

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Although they are generally perceived as arrogant and overly dominant, narcissistic individuals are particularly skilled at radiating an image of a prototypically effective leader. As a result, they tend to emerge as leaders in group settings. Despite people's positive perceptions of narcissists as leaders, it was thus far unknown if and how leaders' narcissism is related to the actual performance of those they lead. In the current chapter we used a hidden profile paradigm to provide evidence for a discord between the positive image of narcissists as leaders and the reality in terms of group performance. We proposed and found that although narcissistic leaders are perceived as effective due to their displays of authority, leaders' narcissism actually inhibits information exchange between group members and thereby negatively affects group performance. Our findings thus indicate that perceptions and reality can be at odds, which has important practical and theoretical implications.

This chapter is based on Nevicka, B., Ten Velden, F. S., De Hoogh, A. H. B., & Van Vianen, A. E. M. (2011). Reality at odds with perceptions: Narcissistic leaders and group performance. *Psychological Science*, in press.

Narcissistic individuals are chronic self-enhancers who consider themselves exceptional performers across disparate domains. For example, narcissists tend to overestimate their intelligence (Campbell, Rudich, & Sedikides, 2002), creativity (Goncalo, Flynn, & Kim, 2010), academic abilities (Robins & Beer, 2001) and leadership capabilities (Judge, LePine, & Rich, 2006). Generally, other people do not agree with narcissists' idealized self-image and perceive them as arrogant, egocentric, overly dominant, and even hostile (Paulhus, 1998). However, the context of leadership constitutes a notable exception in which narcissists tend to be judged positively. For example, narcissists receive higher leadership ratings (Judge et al., 2006), emerge as leaders in groups (Brunell et al., 2008; Nevicka, De Hoogh, Van Vianen, Beersma, & McIlwain, 2011), and higher narcissism in U.S. presidents is associated with positive leadership evaluations (Deluga, 1997). It is thus not surprising that many prominent leaders are ascribed with narcissistic characteristics, such as Nicolas Sarkozy (De Sutter & Immelman, 2008), or Steve Jobs (Robins & Paulhus, 2001).

At the root of the congruence between narcissists' self-assessment as superior leaders and others' positive perceptions lies the overlap between narcissistic characteristics and the prototypical attributes associated with effective leaders, such as authority, confidence, dominance and high self-esteem (Judge, Ilies, Bono, & Gerhardt, 2002; Lord & Maher, 1991; Smith & Foti, 1998). What remains unclear in extant research, however, is whether narcissistic leaders also positively affect the performance of those they lead. In the present study we therefore examine the effect of leaders' narcissism on both followers' perceptions and their actual performance as a group.

Prior research either found no effects of narcissistic leadership on performance (Brunell et al., 2008) or showed that organizational performance was merely more volatile due to narcissistic leaders' risky decision making, but no worse or better (Chatterjee & Hambrick, 2007). Unfortunately, neither of these studies examined the effects of narcissistic leaders on group dynamics, communication and information exchange, which are of critical importance to group decision making (Stasser, 1999), group performance (De Dreu, Nijstad, & Van Knippenberg, 2008) and organizational effectiveness (Zaccaro, Rittman, & Marks, 2001).

In order to reach high quality decisions, groups need to exchange and use all problem-relevant information that is available to individual members (Greitemeyer, Schulz-Hardt, Brodbeck, & Frey, 2006). For example, when considering a candidate for a job opening, individual group members might possess unique information that, when discussed and combined, will lead to high quality decisions. The role of leaders during group discussion and decision making is particularly important because the extent to which a leader facilitates idea sharing and extracts relevant information from group members affects the quality of group decisions (De Dreu et al., 2008; Larson, Christensen, Franz, & Abbott, 1998). Indeed, generally, most leaders enhance information sharing by asking questions and repeating information (Larson et al., 1998). However, some leaders can have the opposite effect on group communication. For instance, highly directive leadership can undermine followers' independent and deliberate thinking and inhibit the flow of information (De Dreu et al., 2008).

In a similar vein, we suggest that narcissistic leaders, with their characteristic self-absorption and egocentrism, will be biased to focus on their own information rather than solicit the unique information from others. Research consistently shows that when groups fail to concentrate on unshared information, i.e. information that is not available to all group members, lower quality decisions are made (for a review see Stasser, 1999). As such, narcissistic leaders, despite embodying the leadership prototype, may actually stifle information sharing and have a negative effect on group decision quality.

To test our predictions, we used the Hidden Profile paradigm (Stasser & Titus, 1985) because it is particularly applicable in examining the quality of information exchange between group members and its effect on group decision making. Because narcissists seek to show off their superiority (Wallace & Baumeister, 2002), we expect that, once in a leadership role, their displays of authority will match the prototypical image of a leader and cause group members to attribute them with greater leadership effectiveness. Thus, we expect that the leader's authority will mediate the positive effect of the leader's narcissism on perceived effectiveness (Hypothesis 1). More importantly however, we predict that narcissistic leaders will inhibit information sharing between group members, and thereby hinder rather than advance group performance (Hypothesis 2). The present research thus aims to provide first-time evidence of a discord between the

perceptions of narcissists' leadership effectiveness and their actual effectiveness as reflected by group performance.

## Method

### *Participants*

One-hundred-and-fifty students ( $M = 21.93$  years; 47 men), randomly assigned to 50 three-person groups, participated for course credit or payment. Groups consisted of a randomly assigned leader (22 men) and two group members. Adding groups' gender composition or leaders' gender to the analyses revealed no significant main or interaction effects, and yielded identical results. Therefore, this variable is not further discussed.

### *Procedure*

Participants were individually seated behind computers and read that they were about to engage in a group decision making task, and that one group member would be randomly selected as leader. Next, one group member was randomly chosen by the computer to lead the group, and read that while the other two group members could be consulted and offer advice, the leader would be responsible for making the final decision. The other two group members read that one group member was randomly chosen as a leader, and that it was the leader's responsibility to make a decision, but that they could be consulted and offer advice. After reading their instructions, all three group members were placed in a room to work on the group task. After the group made a decision, participants individually completed questionnaires.

### *Group task*

We adapted a hidden profile task from prior research (e.g., Greitemeyer et al., 2006; Scholten, Van Knippenberg, Nijstad, & De Dreu, 2007), which involved two stages. First, participants read descriptions of three candidates for a position of secret agent that each contained 15 items of information. The items were based on a pilot study (see Greitemeyer et al., 2006), in which 18 participants rated the desirability and importance of 65 items for the job of a secret agent. Based on these ratings, 45 attributes that were unambiguously

positive (i.e., desirable and important, e.g., “The candidate can fly an F-16.”), neutral (i.e., neither desirable nor undesirable nor important, e.g., “The candidate’s shoe size is 41”), or negative (i.e., undesirable and important, e.g., “The candidate had anxiety disorder in the past.”) were chosen. Second, participants met in three-person groups to discuss the information and choose the best candidate.

The aim of a hidden profile is to create a best alternative, in this case candidate A. However, information about each of the candidates is distributed among group members in such a manner that they cannot arrive at the correct solution unless they share information (cf. Greitemeyer et al., 2006; Scholten et al., 2007). Thus, group members received only partial information about each candidate, with some information being shared with the other group members and some information being unique to them. We counterbalanced the information given to leaders and group members, such that leaders were rotated between the three different sets of information across groups.

Based on the shared information, a suboptimal decision alternative (candidate B) appeared to be best. However, when shared and unshared information was pooled, an alternative option (candidate A) emerged as a superior decision alternative (nine positive, three neutral and three negative attributes) whereas candidate B was the worst choice (six positive, three neutral and six negative attributes; Table 5.1).

Table 5.1  
*Distribution of Information About Each Candidate Before Group Discussion.*

Information type and valence	Candidate		
	A	B	C
Shared information			
Positive	0	6	3
Neutral	3	0	0
Negative	3	0	3
Unshared information			
Positive	9	0	3
Neutral	0	3	6
Negative	0	6	0
Information available to each individual			
Positive	3	6	4
Neutral	3	1	2
Negative	3	2	3
Information available to the group			
Positive	9	6	6
Neutral	3	3	6
Negative	3	6	3

### *Independent measure*

*Leader's narcissism* was measured using the Narcissistic Personality Inventory (NPI; Raskin & Terry, 1988), which measures non-clinical narcissism using 40 items (e.g., Brunell et al., 2008; Wallace & Baumeister, 2002; e.g., "I want to amount to something in the eyes of the world"; *true/false*;  $M = 18.00$ ,  $SD = 8.06$ ;  $\alpha = .89$ ).

### *Dependent measures*

*Leader's authority.* Group members completed a four-item scale about their leader's display of authority (e.g., "The leader had authority in my group"; 1 = "completely disagree", 7 = "completely agree";  $M = 3.98$ ,  $SD = 0.98$ ;  $\alpha = .86$ ;  $ICC[1] = .31$ ,  $r_{wg} = .78$ ).

*Perceived leadership effectiveness.* Group members rated their leader on four items (De Hoogh, Den Hartog, & Koopman, 2005; e.g., "I think that the leader

was an effective leader”; 1 = “completely disagree”, 7 = “completely agree”;  $M = 4.62$ ,  $SD = 0.80$ ;  $\alpha = .92$ ;  $ICC[1] = .22$ ,  $r_{wg} = .70$ ).

*Information exchange.* We asked individual group members to indicate, after the group task, whether they knew each of the 45 items. Information was classified as exchanged when all three group members knew the item. Because unshared information was only known to one group member prior to group discussion, our measure adequately captures information exchange between group members (e.g. Scholten et al., 2007). The discussion of unshared information is more crucial to decision quality than shared information (Stasser & Titus, 1985), and therefore we calculated information exchange as the number of unshared items exchanged, divided by the total amount of unshared items ( $M = 0.43$ ,  $SD = 0.24$ ).

Additionally, we assessed group members’ perceptions of information exchange using six items (e.g., “The quality of information exchange in our group was good”; 1 = “completely disagree”, 7 = “completely agree”;  $M = 5.26$ ,  $SD = 0.62$ ;  $\alpha = .74$ ;  $ICC[1] = .21$ ,  $r_{wg} = .88$ ). This measure was positively correlated with the direct measure of information exchange ( $r = .34$ ,  $p = .015$ ).

*Group Performance.* The group’s decision quality was assessed as a dichotomous variable depending on whether the groups made a correct (candidate A; scored as 1) or incorrect choice (candidate B or C; scored as 0).

## Results

### *Perceived leader authority and effectiveness*

Results revealed that leaders’ narcissism positively affected group members’ perception of leaders’ authority, ( $\beta = .54$ ,  $t = 4.48$ ,  $p < .01$ ,  $R^2 = .29$ ), and effectiveness ( $\beta = .39$ ,  $t = 2.94$ ,  $p < .01$ ,  $R^2 = .15$ ). Furthermore, the relationship between leaders’ authority and perceived leadership effectiveness was significant ( $\beta = .61$ ,  $t = 5.34$ ,  $p < .01$ ,  $R^2 = .37$ ), and the 95% confidence interval ranged from 0.52 to 2.36, indicating that the mediated effect was significantly different from zero (1000 bootstrap resamples; Hayes, 2009; Preacher & Hayes, 2004). Thus,

confirming Hypothesis 1, leaders' authority mediated the positive effect of leaders' narcissism on perceived leadership effectiveness (Figure 5.1).

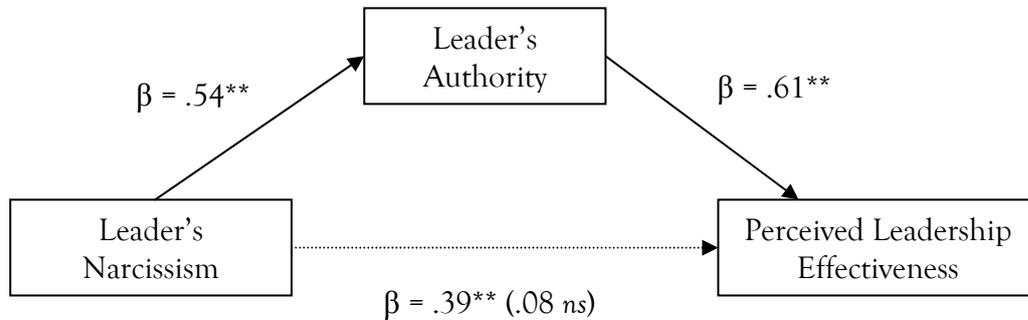


Figure 5.1. Effect of Leader's Narcissism on Perceived Leadership Effectiveness Mediated by the Display of Leader's Authority.

### *Information exchange*

Results revealed a negative effect of leaders' narcissism on the exchange of unshared information ( $\beta = -.32$ ,  $t = -2.30$ ,  $p = .026$ ,  $R^2 = .09$ ) and consistent with this finding, on the self-report measure of information exchange ( $\beta = -.39$ ,  $t = -2.96$ ,  $p < .01$ ,  $R^2 = .15$ ). This further demonstrates that our direct measure of information exchange is consistent with the overall perception of information exchange by group members.

### *Group performance*

We investigated whether the effect of leaders' narcissism on group performance was mediated by information exchange. First, logistic regression analysis revealed a negative effect of leaders' narcissism on group performance ( $B = -3.33$ ,  $SE = 1.63$ ,  $\text{Wald } \chi^2(1, N = 50) = 4.15$ ,  $p = .042$ ). Next, we found a positive effect of information exchange on group performance, ( $B = 6.48$ ,  $SE = 1.95$ ,  $\text{Wald } \chi^2(1, N = 50) = 10.97$ ,  $p < .01$ ). Finally, the 95% confidence interval ranged from 0.20 to 5.96, indicating that the mediated effect was significantly different from zero (1000 bootstrap resamples; Hayes, 2009; Preacher & Hayes, 2004). Thus, confirming Hypothesis 2, leaders' narcissism negatively affected

group performance through reduced exchange of unshared information (Figure 5.2).

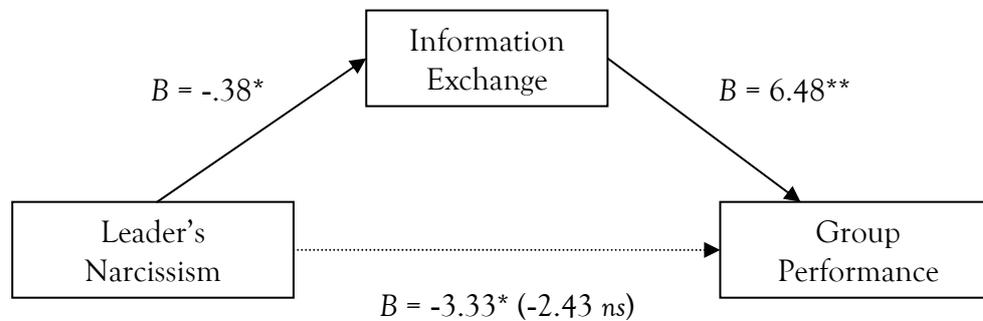


Figure 5.2. Effect of Leader's Narcissism on Group Performance Mediated by the Exchange of Unshared Information.

## Discussion

Narcissists' extreme displays of confidence, dominance, and authority match a prototypical leader profile, which leads others to choose them as leaders in group settings (Brunell et al., 2008; Nevicka et al., 2011). The current study shows first time evidence that people's positive perceptions of narcissists as leaders are not an accurate reflection of their actual leadership effectiveness, as indicated by objective group performance. Although group members perceived leaders with higher narcissism as more effective because of their greater displays of authority, narcissistic leaders actually inhibited the exchange of unshared information within the group and thus diminished group performance by arriving at suboptimal decisions.

Prior research has hinted at a potentially negative effect of narcissistic individuals on group and organizational performance. For example, narcissists allocated more resources to themselves at the long-term costs to others (Campbell, Bush, Brunell, & Shelton, 2005). However, research thus far failed to provide a clear link between leaders' narcissism and group or organizational performance. In the current study we aimed to breach this gap, and extend

research on group dynamics and decision making by addressing a focal component of group performance: quality of group decision making. Generally, leaders have been found to enhance information sharing by asking questions and repeating information more than other group members (Larson et al., 1998). However, the current research shows that narcissistic leaders have the opposite effect, which is contrary to others' positive perceptions of their effectiveness.

We expect that our finding that narcissistic leaders impair group performance can be generalized beyond hidden profile tasks. For example, because narcissists are generally low on empathy (Watson, Grisham, Trotter, & Biderman, 1984), we expect narcissistic leaders to also inhibit group performance in tasks that require social sensitivity from the leader (cf. Woolley, Chabris, Pentland, Hashmi, & Malone, 2010). Alternatively, because narcissists perform better under pressure (Wallace & Baumeister, 2002), it is possible that narcissistic leaders facilitate group performance during conditions of high urgency or time pressure.

The present work extends prior research on competency perceptions based on explicit cues and personality traits (e.g., Anderson & Kilduff, 2009). We show that an individual's level of narcissism leads others to make attributions of competence in the domain of leadership that are in stark contrast to the leader's actual effectiveness. These findings fit the idea that through their extreme overconfidence, narcissists radiate an image of authority and competence, and persuade others to adopt this image. Indeed, past work showed that others perceived narcissists as highly creative, even though their ideas were objectively not any more creative than those of others (Goncalo et al., 2010).

We argued that people's implicit schemas or categorizations about what constitutes an effective leader cause them to perceive narcissistic leaders as effective. Because of limited cognitive capacity, making inferences about leadership potential by matching a person to a predefined leader prototype simplifies information processing (Lord & Maher, 1991). However, our findings show that such simplifications lead to inaccurate inferences regarding an individual's capabilities, which can be disastrous for organizations. This is particularly relevant during, for example, selection interviews, a context in which narcissists would likely incite erroneous impressions of competence due to their positive self-presentation.

In the present study, group members were unfamiliar with each other. It is possible that over time, group members' positive impressions of narcissistic leaders decrease. Indeed, previous research showed that while positive at first, people's impressions of narcissists decline over time (Paulhus, 1998). Future research could explore whether our findings generalize to situations in which group members work together for a prolonged period of time.

To conclude, we have shown that narcissists are very skilled at conveying positive perceptions of leadership effectiveness. However, this is not aligned with reality and narcissistic leaders in fact hinder the processes essential for reaching high quality decisions, and as such diminish group performance.