© *Academy of Management Review*
2017, Vol. 42, No. 4, 703–725.
https://doi.org/10.5465/amr.2015.0224

MASTER OF PUPPETS: HOW NARCISSISTIC CEOS CONSTRUCT THEIR PROFESSIONAL WORLDS

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We explore how narcissistic CEOs address two powerful and conflicting needs: the need for acclaim and the need to dominate others. We argue that narcissistic CEOs address their need for acclaim by pursuing celebrity in the media and affiliating with high-status board members, and they address their need to dominate others by employing lower-status, younger, and less experienced top management team members who will be more deferential to and dependent on them. They manage each group differently through the use of different rewards, punishments, and influence tactics. We extend prior theory on CEO narcissism by exploring the mediating constructs that can link CEO narcissism and firm performance, offer a greater understanding of corporate governance by exploring how CEO personality traits influence governance structures, and demonstrate how a CEO's personality characteristics can affect the acquisition of social approval assets.

> During his twenty-month stay at Scott, Dunlap generated more self-celebrating publicity than any other business executive in the world, with the possible exception of Microsoft's Bill Gates.
>
> Other top executives at Sunbeam were fearful of Dunlap's "torrential harangue," and their knees trembled and stomachs churned" (excerpts from Byrne, 1999: 30, 154).

Over the last fifty years, CEOs have exerted greater and greater influence over their firms' actions and performance (Quigley & Hambrick, 2015). In line with CEOs' increasing influence, scholars have shown a growing interest in how their personality characteristics shape a variety of organizational outcomes (e.g., Chatterjee & Hambrick, 2007, 2011; Hiller & Hambrick, 2005; Judge, LePine, & Rich, 2006; Resick, Whitman, Weingarden, & Hiller, 2009). One CEO personality trait in particular—narcissism—has received significant attention (e.g., Chatterjee & Hambrick, 2007, 2011; Gerstner, König, Enders, & Hambrick, 2013; Judge et al., 2006; O'Reilly, Doerr, Caldwell, & Chatman, 2014; Peterson, Galvin, & Lange, 2012; Rosenthal & Pittinsky, 2006; Zhu & Chen, 2015a). These studies have focused on CEOs' narcissistic behaviors[1] and their influence on firm strategies, performance, executive compensation, and leadership style.

When considering the relationship between CEO narcissism and these firm-level outcomes, researchers have tended to focus on the direct relationship (e.g., Chatterjee & Hambrick, 2007, 2011; O'Reilly et al., 2014; Zhu & Chen, 2015a), without adequately theorizing about the mediating mechanisms and structures that link them. Some researchers have begun to look at the relationship between narcissism and leadership behaviors and how these leadership behaviors influence performance (Grijalva, Harms, Newman, Gaddis, & Fraley, 2015; Rosenthal & Pittinsky, 2006). However, little attention has been given to how CEO narcissism affects the structure and management of the board and top management team (TMT; for a recent exception, see Zhu & Chen, 2015b) or external stakeholders like the media, which can all affect organizational outcomes, including firm performance (Bednar, 2012;

Both authors contributed equally to this manuscript. Order of authorship is alphabetical. We would like to thank associate editor Don Lange and our three anonymous reviewers for their many helpful comments and suggestions. We also would like to thank Jon Bundy, Don Hambrick, and Vilmos Misangyi for their helpful comments on earlier versions of this manuscript.

[1] Throughout this manuscript we use a number of examples illustrating behaviors typically associated with narcissistic CEOs. Our intention is not to identify specific CEOs as narcissists but, rather, to illustrate narcissistic behaviors. While the CEOs mentioned may or may not be narcissists based on clinical assessments, their behaviors that we describe are consistent with those expected from narcissistic CEOs.

Finkelstein, Hambrick, & Cannella, 2009; Hayward, Rindova, & Pollock, 2004; Hillman & Dalziel, 2003; Westphal, 1999). We argue that these groups of actors may be managed in different ways to achieve different ends and that they mediate the relationship between CEO narcissism and organizational outcomes. In other words, the ways in which narcissistic CEOs construct their professional worlds can affect firm performance.

In developing our theory, we focus on the two powerful and conflicting needs of narcissistic individuals illustrated in our opening quotations and that largely guide narcissistic CEOs' social interactions: (1) the need for acclaim and social approval and (2) the need to dominate and control others. Prior research has observed that narcissistic CEOs have inflated opinions of their own capabilities and want their abilities and triumphs to be recognized by others (Chatterjee & Hambrick, 2011; Morf & Rhodewalt, 2001; Wallace & Baumeister, 2002). Who provides this social approval, however, has not been carefully considered. In addition to meeting narcissistic CEOs' needs for acclaim, social approval can also create intangible assets, such as status and celebrity (Fanelli, Misangyi, & Tosi, 2009; Pfarrer, Pollock, & Rindova, 2010), that provide additional outcomes narcissistic CEOs value, including higher compensation (Belliveau, O'Reilly, & Wade, 1996; Wade, Porac, Pollock, & Graffin, 2006), favorable media coverage (Fanelli et al., 2009), and prestigious board seats at other companies (Malmendier & Tate, 2009).

At the same time, narcissistic CEOs want to dominate those around them and control decision making (Chatterjee & Hambrick, 2007, 2011; Sedikides, Campbell, Reeder, Elliot, & Gregg, 2002; Zhu & Chen, 2015a). For example, CEO narcissism has a positive association with bold visions, but narcissistic CEOs' visions may not be aligned with their followers' needs and aspirations (Galvin, Waldman, & Balthazard, 2010). Narcissists are not nurturing or developmental, lack empathy, and develop superficial relationships they will willingly discard if the person no longer serves their purpose (Bradlee & Emmons, 1992; Farwell & Wohlwend-Lloyd, 1998; Watson, Grisham, Trotter, & Biderman, 1984). These tendencies can make narcissistic CEOs difficult to work with and for and can inhibit the social approval and acclaim they crave, putting these two needs in conflict with each other. We are aware of little research that has considered how narcissistic CEOs manage these competing drives.

To explore this question, we develop theory arguing that narcissistic CEOs meet their conflicting desires for acclaim and domination through the ways they structure and manage their professional worlds. We consider how narcissistic CEOs court journalists to gain celebrity, shape the status composition of their firms' TMTs and boards of directors differently, and manage each group in ways that provide access to acclaim while also enhancing their ability to dominate decision making.

In developing our theory, we make three contributions. First, we offer a greater understanding of corporate governance by exploring how CEO personality traits influence governance structures and how they function. This is important because understanding how directors and TMT members are selected and retained (Acharya & Pollock, 2013; Boivie, Graffin, & Pollock, 2012; Carpenter & Westphal, 2001; Hillman & Dalziel, 2003; Westphal & Stern, 2007) and how they interact with the CEO (Westphal, 1998; Westphal & Khanna, 2003; Zhu & Chen, 2015a) can have significant consequences for firm performance. Theory on CEO motivations beyond simple assumptions about power and self-interest has thus far been limited. Second, we illustrate how theory on the relationship between CEO personality characteristics and firm-level outcomes needs to more carefully consider the mediating constructs that shape their actual influence, and how the motivations engendered by different personality traits translate into executives' behaviors and firms' leadership structures. Third, we contribute to the literature on social approval assets by exploring how status and celebrity are related to and shaped by CEO personality traits. Despite decades of research, we know little about how executives' personality traits shape their social approval assets. We show how CEOs' narcissism can influence their status, and we illustrate how CEOs' narcissistic tendencies lead to their pursuit of celebrity in the media.

NARCISSISM

Research on narcissism has a long and rich history. Narcissism was introduced in psychology by Havelock Ellis (1898) to describe people absorbed in self-admiration. Soon after, Sigmund Freud (1957/1914) argued that narcissistic individuals act out of a desire to strive for an ideal self. Over the years, researchers have examined narcissism through different lenses, from treating it as a clinical disorder (Kohut, 1971) to considering it a cultural trend (Lasch, 1979). In recent times narcissism has become accepted as a personality trait on which all individuals can be arrayed (Vazire & Funder, 2006).[2]

Emmons (1987) identified four constituent factors of narcissism: (1) leadership/authority, (2) superiority/arrogance, (3) self-absorption/self-admiration, and (4) exploitativeness/entitlement. While Emmons's typology of factors works well for elaborating on narcissism in the general population, it has two limitations for our purposes. First, we are focusing on CEOs, who by definition are in leadership positions, so this factor is less relevant in our context. Second, these four factors do not capture what Morf and Rhodewalt (2001: 179) referred to as the "paradox" of narcissism: that narcissists have a grandiose yet vulnerable self-image. The grandiosity of their self-images leads narcissists to view themselves as superior to others, but its vulnerability leads them to nonetheless constantly crave the attention and admiration of those they believe to be inferior and whose opinions should, thus, matter little to them. We argue that superiority/arrogance, self-absorption/self-admiration, and exploitativeness/entitlement combine to create the two overarching drivers of narcissistic CEO's behaviors: the need for acclaim and the need to dominate decision making.

The Need for Acclaim

According to Goffman (1959), individuals attempt to establish and maintain impressions congruent with the perceptions they want to convey to others. From this perspective, the public self—"the self that is manifested in the presence of others" (Baumeister, 1986: v)—is formed by an interaction between how individuals present themselves to others and the traits and dispositions others attribute to them. The public self, then, is a combination of how individuals intend others to perceive them (which may be different from their private perceptions of themselves) and others' actual perceptions. For example, a nonnarcissistic CEO may have a "heroic" public self but a more "humble" private self that is based on modest family roots or other life experiences. For most individuals their private and public selves are distinct; however, narcissists often adopt privately the image they display publicly. In other words, the narcissist's ideal public self has a "carry-over effect" (Baumeister, 1986: 88) on his or her private self, and the public and private selves become indistinguishable in the narcissist's mind. This is in part why acclaim is so important to narcissists: it validates their private as well as public selves.

As we noted earlier, narcissism is characterized by grandiosity, self-focus, and self-importance (Morf & Rhodewalt, 2001). As a result, narcissists consider themselves superior to others with respect to such qualities as intelligence, extraversion, and openness to experience (Resick et al., 2009); are extremely confident in their capabilities (Campbell, Rudich, & Sedikides, 2002; Gabriel, Critelli, & Ee, 1994); and rate themselves highly on leadership qualities and contextual performance (Judge et al., 2006), irrespective of their actual performance (Raskin, Novacek, & Hogan, 1991). At the same time, narcissists have a very vulnerable self-image (Morf & Rhodewalt, 2001) and want others to recognize and validate these self-perceptions. Thus, while narcissists engage in a great deal of self-admiration, they also have a strong need for external reinforcement, or "narcissistic supply" (Kernberg, 1975: 17). Public acclaim of their leadership and accomplishments provides this narcissistic supply, reinforcing their self-image.

Because narcissists need people who will applaud and cheer for them, they are especially drawn to situations that enhance the likelihood they will receive public adulation (Wallace & Baumeister, 2002). They derive utility from the acclaim that comes from taking bold and spectacular actions, and their expected utility is even greater if respected people are watching (Horton & Sedikides, 2009). Even the promise of public praise incites narcissists to take impulsive and risky actions (Campbell, Goodie, & Foster, 2004). For this reason narcissists perform better during crises, when others are watching them perform, and when their actions are diagnostic or can easily be singled out by others (Wallace & Baumeister, 2002).

[2] Although narcissism can be treated as a continuum, we focus our attention on individuals at the high end of the continuum and distinguish them from less narcissistic CEOs. Thus, we refer to CEOs at the high end of the continuum as "narcissistic CEOs" and CEOs at lower levels of the continuum as "nonnarcissistic CEOs." This approach is consistent with prior research on CEO narcissism, and is consistent as well with how narcissism is treated in psychoanalytical and clinical studies. Psychological studies, such as those we cite in this article, do not identify a specific point at which an individual becomes "a narcissist."

In addition, narcissists also routinely, perhaps excessively, engage in social comparison with others (Bogart, Benotsch, & Pavlovic, 2004), pursuing with fervor the goal of obtaining continuous external affirmation of their relative superiority (Morf & Rhodewalt, 2001). Two factors underlie the intensity with which narcissists dwell on how strong (or weak) they are vis-à-vis others. First, narcissists are sensitive to cues capturing comparisons with others, as well as to self-relevant social information (Krizan & Bushman, 2011). Second, narcissists maintain simple cognitive representations of themselves; since their public and private selves are indistinguishable, success or failure in their dominant identity spills over to other domains in their lives (Emmons, 1987: 15). Rather than treating them as the outcomes of their decisions and behaviors, narcissists construe negative evaluations as personal defects and attribute positive evaluations to their personal qualities (Tracy & Robins, 2004). Narcissists therefore experience excessive pride after positive feedback and considerable distress when feedback is negative (Tracy & Robins, 2004), and, as we will discuss, they are similarly excessive in their subsequent reactions.

The Need to Dominate Decision Making

Narcissistic CEOs' sense of superiority and arrogance also combine with their exploitativeness and entitlement to influence their interactions with others (Emmons, 1987). Narcissists believe they should dominate and control decision making; because they believe their knowledge and experience are superior to others, it follows (at least in their minds) that their decisions should, thus, lead to the best outcomes (Farwell & Wohlwend-Lloyd, 1998; Zhu & Chen, 2015a). At the same time, narcissists have a lower need for intimacy, are less empathetic, and have less gratitude for their coworkers (Farwell & Wohlwend-Lloyd, 1998; Watson et al., 1984), which makes it easier to be comfortable exploiting and dominating others. As such, they do not actively nurture others and often lack communal traits like cooperation and affiliation (Bradlee & Emmons, 1992). For example, a recent *New York Times* article bemoaned the bad behavior of visionary leaders Steve Jobs, Elon Musk, and Jeff Bezos, noting "how little care and appreciation any of them give (or in Mr. Jobs's case, gave) to hard-working and loyal employees, and how unnecessarily cruel and demeaning they could be to the people who helped make their dreams come true" (Schwartz, 2015). Al Dunlap's willingness to fire employees without regard for their past contributions as he restructured Scott Paper, and later Sunbeam, as well as the way he relished the epithet "Chainsaw Al," offers another vivid example (Byrne, 1999).

This does not mean that narcissists are always abusive and domineering. Indeed, narcissists can also use charm and self-presentation techniques as a means of influence (Back, Schmukle, & Egloff, 2010; Dufner, Rauthmann, Czarna, & Denissen, 2013; Vazire, Naumann, Rentfrow, & Gosling, 2008). In addition, others tend to find their extraversion and self-confidence enjoyable, at least at first (Back et al., 2010; Grijalva et al., 2015). For example, in describing how Al Dunlap managed opinion leaders, Byrne noted, "He captivated the media and Wall Street because he sounded refreshingly candid and honest. His witty one-liners, collected and rehearsed and repeated over and over again, nevertheless seemed original and fresh" (1999: 300). However, when their self-images are disputed or threatened, narcissists tend to become angry and aggressive (Bushman & Baumeister, 1998; Rhodewalt & Morf, 1998), which can lead to personal attacks, scapegoating, and other blame-deflecting behaviors (Kernis & Sun, 1994).

We argue that the need for acclaim and the need to dominate decision making can conflict, since those who feel dominated and are treated callously are unlikely to praise narcissistic CEOs and grant them the acclaim the desire, and they can also undermine narcissistic CEOs' efforts to gain acclaim from others. As we will discuss, narcissistic CEOs manage these conflicting pressures by structuring and managing different groups in different ways. Further, because narcissists focus on the pursuit of social approval in the workplace and beyond, constructs grounded in social approval, such as status (Packard, 1959) and celebrity (Gamson, 1994; Hayward et al., 2004; Rein, Kottler, & Stoller, 1987), will be very important to them. Research has shown that narcissistic CEOs affect firm performance (Chatterjee & Hambrick, 2007), but we believe there are several unspecified mediators of this relationship that need elaboration.

In the next section we work from outside the organization in and explain how CEOs' narcissism and their dual needs for acclaim and domination affect their pursuit of celebrity in the media, the composition of their upper echelon (i.e., their boards and TMTs), and how they interact with their top executives and directors. Figure 1 summarizes our theoretical model. We argue that CEO narcissism—driven by the fundamental but potentially conflicting needs for acclaim and to dominate decision making—is linked with firm-level outcomes through several mediators: CEO celebrity, the status composition of boards and TMTs, and the practices narcissistic CEOs use to manage the upper echelon. These mediators, in turn, influence various firm-level outcomes in different ways. We do not formally develop propositions about the relationships between the mediating constructs and firm-level outcomes because our theoretical focus is on the relationship between CEO narcissism and how it influences the ways CEOs structure and manage their professional worlds, and prior research explores these relationships. However, we do discuss these relationships as we develop our propositions, and we consider the complex ways in which the firm-level outcomes relate to firm performance in the discussion section.

THE PURSUIT OF ACCLAIM

Seeking Celebrity Through Journalists

Given narcissistic CEOs' desires for public adulation and acclaim, it stands to reason that they will pursue and be more likely to become celebrities[3] (Young & Pinsky, 2006). Celebrity refers to high levels of public attention combined with positive emotional responses from stakeholders (Rindova, Pollock, & Hayward, 2006: 51). Further,

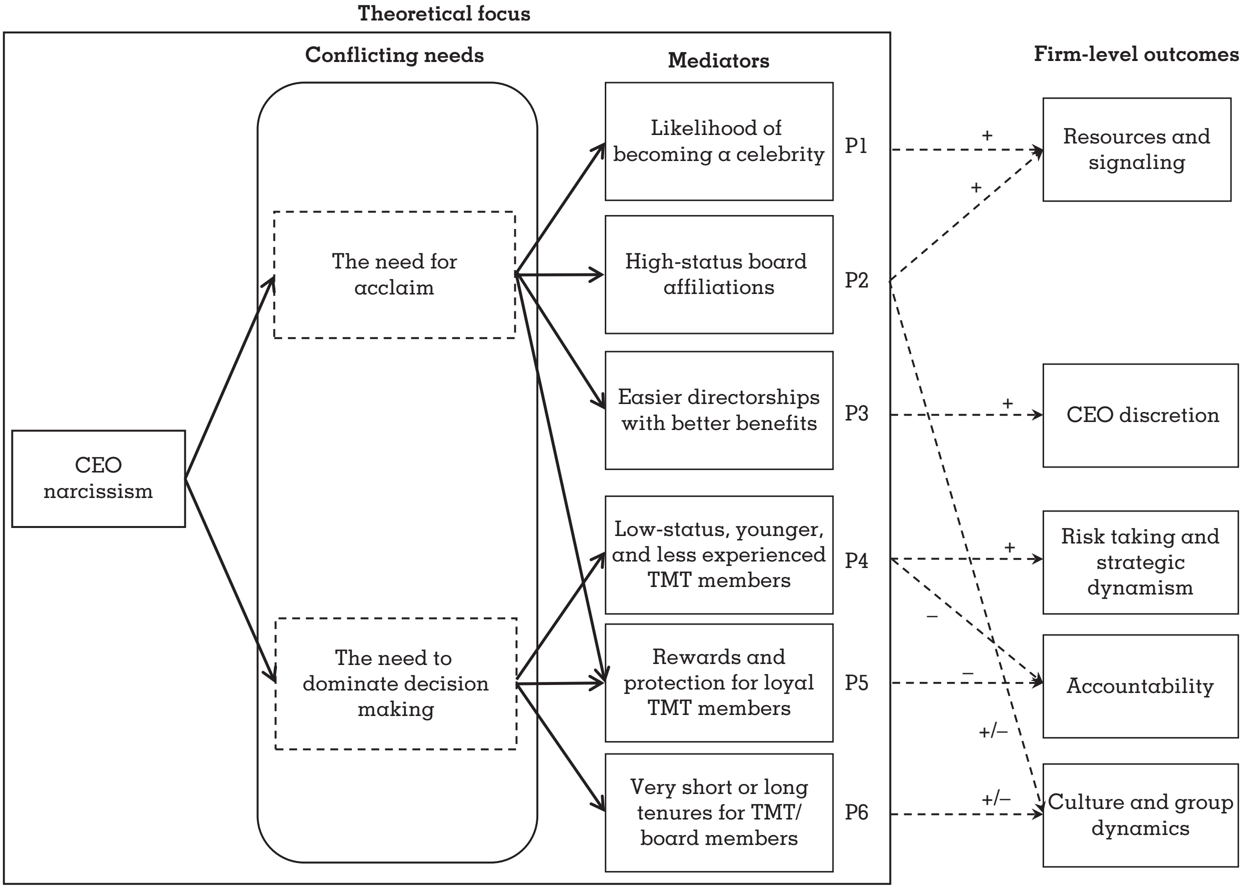
> celebrity arises as the media search for . . . [actors] that serve as vivid examples of important changes in industries and society in general. The media tend to focus on . . . [actors] that take bold or unusual actions and display distinctive identities. Such . . . [actors] lend themselves to the construction of a "dramatized reality" that engages audiences emotionally and increases the appeal of the cultural products the media creates (Rindova et al., 2006: 52).

Prior research has suggested that celebrity provides a positive, uncertainty-reducing signal that can facilitate access to resources (Hayward et al., 2004; Rindova et al., 2006). Positive media coverage can affect CEO dismissal and compensation (Bednar, 2012; Kang & Kim, 2017), external support (Flynn & Staw, 2004), and stock price movements (Pollock & Rindova, 2003; Pollock, Rindova, & Maggitti, 2008). To the extent that having a celebrity CEO is viewed positively, a firm should benefit from more positive coverage. CEO celebrity has been related to firms' strategic actions (Hayward et al., 2004), CEO pay, and firm performance (Malmendier & Tate, 2009; Wade et al., 2006). Whereas celebrity CEOs and their top lieutenants get paid more when firm performance is good (Graffin, Wade, Porac, & McNamee, 2008; Malmendier & Tate, 2009; Wade et al., 2006), they also appear to be paid somewhat less when firm performance is poor (Wade et al., 2006). However, CEO celebrity has generally been associated with poorer firm performance after the CEO becomes a celebrity (Malmendier & Tate, 2009; Wade et al., 2006), which scholars have suggested may be due to the celebrity CEO's greater commitment to continuing the strategies that are credited for giving the individual his or her celebrity (Hayward et al., 2004). Thus, CEO celebrity can be a double-edged sword for firms (Wade et al., 2006).

There are at least three reasons why narcissistic CEOs are more likely than nonnarcissists to become celebrities. First, narcissistic CEOs are prone to taking bold, risky actions that deviate from industry norms in order to garner attention and impress others (Chatterjee & Hambrick, 2007, 2011; Gerstner et al., 2013; Zhu & Chen, 2015b), making them natural protagonists in the media's dramatic narratives. Indeed, narcissists are likely to revel in being portrayed as "rebels" who get things done by violating convention (Rindova et al., 2006). Narcissistic CEOs seek situations where they have high discretion or a greater latitude of action (Hambrick & Finkelstein, 1987) so that they can control decision making and more easily take credit for successes. They prefer high-visibility industries that increase their chances of being noticed by journalists, and they will not hesitate to venture into unknown territory and open up new areas of thought, research, or development. Research has also shown that narcissists are prone to feelings of boredom (Wink & Donahue, 1997) and, thus, will continually seek out new opportunities to gain attention and adulation.

[3] Celebrity can be gained at a variety of levels, based on geography, industry, or field. Further, gaining celebrity at one level can be a stepping-stone to gaining celebrity at a higher level. For our purposes, we are assuming celebrity at the industry or national level within the business community, not necessarily among the public at large.

FIGURE 1
How Narcissistic CEOs Construct Their Professional Worlds



Narcissistic CEOs also tend to be strategic first movers. Their moves might include acquisitions, new product introductions, new technology adoptions, or international forays. Narcissistic CEOs may also be attracted to high-visibility opportunities, such as corporate turnarounds, founding or coming in as successor CEOs at high-flying start-ups, and taking charge of prestigious or highly successful companies. They will discount the risks of taking on these jobs, confident their superior abilities will lead to success (Anderson & Berdahl, 2002; Anderson & Galinsky, 2006; Campbell et al., 2004; Foster, Shenesey, & Goff, 2009). Their self-confidence, extraversion, and willingness to take risks also make them more attractive CEO candidates to the boards recruiting them (Khurana, 2002). All of these factors increase the likelihood that narcissistic CEOs will be associated with "newsworthy" stories (Lippmann, 1922; Schudson, 1978), where they can be cast as the protagonist.

Second, while nonnarcissists may share the credit for firm successes with other executives, narcissists are more likely to take all the credit for successful outcomes (Chatterjee & Hambrick, 2007). As a result, narcissistic CEOs will receive greater public attention and increase the likelihood they are cast as the heroic protagonists in media accounts (Hayward et al., 2004; Rindova et al., 2006).

Third, because of their strong desire to maintain a favorable public image, narcissists may be more inclined to engage a publicist, will appear in press releases more prominently and more frequently, and will more readily talk to the press—activities associated with a greater probability of becoming a celebrity CEO (Hayward et al., 2004). Further, while narcissists can be callous and unfeeling toward others (Baumeister, Smart, & Boden, 1996; Bushman & Baumeister, 1998), they can also be charming and conciliatory when it serves their purposes (Jonason & Webster, 2012;

Vazire et al., 2008), Thus, while many CEOs receive press coverage, narcissistic CEOs are more likely to actively ingratiate themselves with journalists (Westphal & Deephouse, 2011), take symbolic actions to manage their coverage (Bednar, 2012), and provide journalists with the access and information that allow the media to make them into celebrities (Rindova et al., 2006). However, they are also more likely to punish journalists who portray them unfavorably (Westphal & Deephouse, 2011).

Proposition 1: Relative to less narcissistic CEOs, the need for acclaim will make narcissistic CEOs more likely to take actions that lead the media to make them celebrities.

Gaining Acclaim Through High-Status Affiliations

In a review of the status literature, Sauder, Lynn, and Podolny defined status as "the position in a social hierarchy that results from accumulated acts of deference" (2012: 268). They also noted that status and the patterns of deference it implies are influenced by the status of the actors with whom the focal actor affiliates. Further, status hierarchies exist at many levels, and actors can be "high" status within one hierarchy and "non high status" within another hierarchy.

Acharya and Pollock (2013) distinguished between "local" status hierarchies that are formed within organizations or smaller collectives and "global"[4] status hierarchies that are not tied to one specific organization but, instead, are recognized more broadly within society. They argued that an actor's global status can affect his or her position and behavior in the local status order. Globally high-status individuals have affiliations that are generally recognized as high status. Attending high-status universities, holding executive positions or directorships at high-status companies, and belonging to exclusive clubs are some examples (Acharya & Pollock, 2013; D'Aveni & Kesner, 1993; Finkelstein et al., 2009). These individuals are more likely to seek high-status positions within local status hierarchies, and they are more likely to be actively involved in monitoring, advice giving, and decision making (D'Aveni & Kesner, 1993; Finkelstein et al., 2009; Groysberg, Polzer, & Elfenbein, 2011). Further, because an actor's status is assessed based on the status of its affiliates (Podolny, 2005), a focal actor can enhance its own global status by populating its local status hierarchies with globally high-status actors. Thus, status is a visible indicator of social approval, and it can be a source of acclaim for narcissistic CEOs. However, it also creates a conundrum.

Researchers have corroborated the association between narcissism and dominance (Bradlee & Emmons, 1992; Raskin et al., 1991; Ruiz, Smith, & Rhodewalt, 2001) and suggested that narcissists have an "others-exist-only-for-me" perspective that leads them to prefer participating in social groups they can dominate (Sedikides et al., 2002). Narcissists also strive for power and status. Several studies have shown that individual status and power reinforce each other and that dominant personalities are more likely to achieve higher status within groups (cf. Magee & Galinsky, 2008). Anderson and Kilduff (2009) also found that individuals scoring high on trait dominance attain status in groups by signaling their competence to other group members. They noted that competence-signaling behaviors generated higher peer ratings of competence, irrespective of whether individuals possessed superior task-related abilities or leadership skills.

The conundrum arises because narcissistic CEOs' quests for domination may face resistance if they populate the upper echelon of their organizations with lots of globally high-status actors. While these high-status actors can enhance narcissistic CEOs' global status and acclaim through their affiliation, they may be more difficult to dominate because just like a high-status CEO, they will want to influence decision making (Acharya & Pollock, 2013; Bendersky & Hays, 2012). We argue that narcissistic CEOs handle this dilemma by structuring and managing their TMTs and boards differently so that they can gain the benefits of dominance internally and acclaim

[4] Acharya and Pollock's (2013) use of the term *global* does not mean that an actor has achieved recognition the world over; rather, it distinguishes status hierarchies that are generally recognized from those that exist on a smaller scale. For example, universities such as Harvard, MIT, Yale, and Stanford are generally recognized as high-status institutions; thus, using the terminology employed here, they can be referred to as globally high status. We use the terms *local* and *global* to distinguish between an individual's position in intraorganizational status hierarchies (i.e., on the board) and the individual's position in broader status hierarchies, respectively.

externally. When it comes to daily interactions, narcissistic CEOs will prefer individuals whom they can dominate, and are more likely to employ coercive management tactics. However, when it comes to more episodic interactions that they can stage manage, treat ceremonially, and handle using ingratiation and flattery, they will prefer interacting with individuals who can enhance their status.

Structuring and Managing the Board of Directors

The presence of high-status directors on a firm's board has been associated with a number of positive organizational outcomes because these individuals are treated as valuable signals and can provide access to resources. Prior research has shown that high-status directors are valuable as signals to other stakeholders about a firm's unobservable value (e.g., Certo, 2003; Higgins & Gulati, 2006; Pollock, Chen, Jackson, & Hambrick, 2010); research has also shown that they bring valuable human and social capital, which can be used to the firm's benefit (Chandler, Haunschild, Rhee, & Beckman, 2013; Davis, Yoo, & Baker, 2003; Hillman & Dalziel, 2003). The presence of high-status directors can also enhance a board's culture and social dynamics by making it easier to attract (Chen, Hambrick, & Pollock, 2008) and retain (Boivie et al., 2012) other directors and to create a clear status hierarchy within a board (He & Huang, 2011). Affiliating with high-status directors can also be a source of acclaim and social approval for the CEO. High-status directors are often central in board interlocks (Davis et al., 2003; Useem, 1984), and relationships with them can enhance a narcissistic CEO's status (Chandler et al., 2013).

However, greater proportions of high-status directors can also have negative consequences for firms. Groysberg and colleagues (2011) found evidence that group performance declines when there are too many high-status members, which likely results from conflict within the group as members compete to position themselves atop the local status hierarchy. Acharya and Pollock (2013) argued this dynamic was what drove their finding that the number of high-status directors on a board had an inverted-U–shaped relationship with the likelihood that another high-status director would be recruited to the board. Whether or not a firm obtains the benefits or costs of having more high-status directors on its board likely depends on how it is managed.

Narcissistic CEOs covet status because it brings them the visibility and esteem they crave and confirms their superior self-image. Status is also more loosely coupled with quality than other social approval assets, like reputation (Barron & Rolfe, 2012; Lynn, Podolny, & Tao, 2009). Thus, status is less likely to be damaged by poor performance, and it gives the CEO a greater ability to avoid responsibility for and rationalize away poor performance. This latter characteristic is important to narcissists for maintaining their positive self-image (Chatterjee & Hambrick, 2011).

Further, although CEOs are barred from serving on nominating committees and, thus, do not directly select directors, they can nonetheless influence the selection process more indirectly—for example, by influencing which directors are on the nominating committee (Bruynseels & Cardinaels, 2014; Zhu & Chen, 2015b) or by recommending candidates to the committee (Stern & Westphal, 2010; Westphal & Shani, 2016; Westphal & Stern, 2007). The ability to "land" high-profile directors for their boards also feeds narcissistic CEOs' sense of accomplishment and can result in accolades from analysts, institutional investors, and the press, increasing their social approval among a broader audience. Therefore, the board of directors provides a useful tool narcissistic CEOs can use to burnish their own status and standing in the business community.

There are multiple reasons why high-status directors are likely to join narcissistic CEOs' boards. Research on status homophily has demonstrated that high-status actors like to associate with others of similar status (McPherson & Smith-Lovin, 1987; Stryker & Burke, 2000), so boards that include more high-status directors are likely to be attractive to them. Further, just as affiliating with high-status directors enhances a CEO's status, it also enhances the status of the other directors; thus, high-status directors can affirm and possibly enhance their status by joining boards with more high-status directors. Indeed, as noted above, research on boards of directors has demonstrated that the presence of other high-status directors makes it easier to attract (Chen et al., 2008; Lorsch & MacIver, 1989) and retain (Boivie et al., 2012) additional high-status directors.

> *Proposition 2: Relative to less narcissistic CEOs, the need for acclaim will make narcissistic CEOs more likely to include larger proportions of high-status directors on their boards.*

Serving on boards takes a significant amount of time (Felton & Watson, 2002); thus, a major factor in directors' decisions to join and leave boards is their workload or busyness (Boivie et al., 2012; Harris & Shimizu, 2004; Lorsch & MacIver, 1989). For most directors (other than retired executives), board service is not their principal occupation. Most have full-time jobs (Boivie et al., 2012), and some may serve on multiple boards (Ferris, Jagannathan, & Pritchard, 2003).[5] Hence, the less demanding the board appointment is, all else being equal, the more likely the director is to accept and stay in the position (Boivie et al., 2012; Lorsch & MacIver, 1989). Further, directors who engage in low levels of monitoring and control behaviors are more likely to gain additional board appointments (Westphal & Stern, 2007). Finally, because narcissistic CEOs are likely to carefully control the information flow to directors and decouple the board from actual decision making, directorships on their boards are likely to require less work than directorships on other boards.

Boards with larger proportions of high-status directors can present management challenges for narcissistic CEOs. However, unlike TMT members, whom they interact with on a daily basis, CEOs interact with directors episodically. The episodic nature of director interactions and the multiple demands on their attention may affect the directors' level of commitment to the board (Boivie et al., 2012) and may also make it easier to manage these relationships by employing what we call "soft" influence techniques. As noted earlier, narcissistic CEOs can be charming and agreeable when it serves their purposes (Bogart et al., 2004; Jonason & Webster, 2012). Dominating decision making does not necessarily require coercion (Cialdini & Goldstein, 2004; Pfeffer, 1992); rather, it can be accomplished through techniques such as ingratiation, flattery, advice seeking, favor doing, and forming friendship ties (Westphal, 1998, 1999; Westphal & Khanna, 2003; Westphal & Stern, 2007; Westphal & Zajac, 1998). These soft influence techniques make the directors feel appreciated and a part of the decision-making process, even as they also make them less likely to challenge the CEO and decouple the directors from actually influencing firm strategy (Westphal, 1998). Directors may also be more loyal to and support the narcissistic CEO if they feel obligated to him or her for their board position, even if the CEO was not directly involved in their nomination (Belliveau et al., 1996; Main, O'Reilly, & Wade, 1995). The narcissistic CEO is willing to bestow easier directorships in exchange for less oversight and greater discretion.

Consistent with these arguments, *Mad Money* host Jim Cramer noted, in his exposé on Philip Purcell's removal as the CEO of Morgan Stanley in 2005, that

> it is well known on Wall Street that Purcell never managed down, just up, catering to the board in a way that made many people—including yours truly—think that he would have to commit a homicide to lose the support of these mostly handpicked backers. . . . They knew only what he told them, and he told them that all was well and the people who were departing were just sore white-shoe losers—and not of the tough-guy, Notre Dame ilk that spawned Purcell (2005).

Proposition 3: Relative to less narcissistic CEOs, the need for acclaim and, thus, the presence of more high-status directors will make narcissistic CEOs more likely to use soft influence techniques to manage their boards and to require less work from their board members.

EXERCISING DOMINATION

Structuring TMTs

Because narcissistic CEOs are likely to make enemies and because their interest is in control, not feedback, they will need a loyal cadre of lieutenants to protect and defend them and to facilitate the implementation of their directives. They will also want individuals who provide them with plenty of flattery and who will ensure that the information the narcissistic CEOs want to know about makes it through to them. This is less of an issue in small firm environments such as startups, where narcissistic CEOs have great discretion and can exert direct control over all facets of the organization. However, in large firms composed of numerous divisions, units, and layers of management and thousands or tens of thousands

[5] This is not to say that directors who hold multiple board seats do not add value. Their connections and experience on other boards can be extremely valuable in certain circumstances (e.g., Harris & Shimizu, 2004). However, this is a separate issue from whether they choose to join or leave a board (Boivie et al., 2012).

of employees, such direct control becomes impossible. Even narcissistic CEOs have their cognitive and political limitations. A loyal cadre of lieutenants thus becomes even more critical in this environment, since narcissistic CEOs are more likely to use them to seal themselves off from lower-level employees with whom they have little interest in interacting. The characteristics of desirable TMT members, therefore, differ from those of desirable directors.

Whereas the benefits of globally high-status directors outweigh the costs for narcissistic CEOs, high-status TMT members create problems for them. Globally high-status executives are more prominent than low-status executives, they share their opinions more, their perspectives are sought more often, their contributions receive more attention, they will want to claim the credit for their contributions and achievements, and they are more able to get other group members to concur with their ideas (Bendersky & Hays, 2012; Berger, Cohen, & Zelditch, 1972; Groysberg et al., 2011; Magee & Galinsky, 2008). Thus, narcissistic CEOs are likely to face more questions from high-status TMT members, forcing them to explain the reasons for their strategic decisions. While these behaviors likely provide valuable checks on CEOs and enhance overall strategic decision making, narcissistic CEOs will view them more negatively. They will see them as intrusions and challenges to their acumen that only serve to slow down implementation of their ideas, challenge their fragile sense of self-esteem, and force them to share the limelight (Resick et al., 2009).

While narcissistic CEOs can use defensive mechanisms such as denial, rationalization, and external justifications or blame to parry undesirable intrusions from high-status TMT members (Greenwald, 1980; Sedikides & Gregg, 2001), we suggest that, as a first line of defense, narcissistic CEOs will instead organize their TMTs in ways that reduce the likelihood such challenges occur. As in other dimensions of their professional lives, the dynamics in this context are structured to support the narcissists' self-enhancement through acclaim and domination. Narcissistic CEOs prefer subordinates who admire—or fear—them and can tolerate their less savory behaviors, such as their self-interest, lack of empathy, credit taking, and even interpersonal abuse (Raskin et al., 1991). To maintain the steady supply of admiration they crave, narcissistic CEOs will surround themselves with malleable individuals who are dependent on them for their influence within the organization (Pfeffer, 1992); have low self-concept clarity; and are willing to subordinate their discretion to the CEO (Howell & Shamir, 2005), allow the CEO to take all the credit for positive outcomes (Chatterjee & Hambrick, 2007), and/or will personally identify with the narcissistic CEO rather than the organization (Galvin, Lange, & Ashforth, 2015).

As such, we expect narcissistic CEOs will be more likely to recruit TMT members who possess lesser status credentials than themselves and will, thus, be more likely to defer to them (He & Huang, 2011). This does not mean these individuals are less capable, since status is at best weakly tied to performance (Lynn et al., 2009; Washington & Zajac, 2005). Rather, it means that they do not have the same social standing as the CEO and so will be more deferential to him or her. Further, we expect narcissistic CEOs will be more likely to promote to key positions individuals who are younger or lack the experience generally expected for the role. Again, this does not mean that these executives will be less capable of performing their jobs—far from it. Narcissistic CEOs are often extremely demanding, and their lack of empathy and regard for others means they will not hesitate to get rid of someone who does not perform to their satisfaction (Baumeister et al., 1996; Morf & Rhodewalt, 1993; Rhodewalt & Morf, 1998). These individuals are attractive to narcissistic CEOs because they have not had the opportunity to build the requisite networks that moving up the corporate ladder at a more appropriate rate would provide, and their early promotion will create enemies among the executives who were passed over (Pfeffer, 1992). They will therefore be more obligated to narcissistic CEOs for their positions, and their fortunes will be tied more closely to the CEOs' continued dominance (Pfeffer, 1992). Younger executives are also likely to be more receptive to strategic change (Tihanyi, Ellstrand, Daily, & Dalton, 2000; Wiersema & Bantel, 1992).

To the extent the executives perform as expected, these promotions may also feed narcissistic CEOs' sense of superiority because this would confirm to them that they have an acute eye for talent and are using it to recognize the "diamonds in the rough" that others ignore. Steve Jobs's behavior over his career provides a classic example. Starting with his cofounder, Steve Wozniak, Jobs became well-known for identifying talented individuals and pushing them to achieve great things, but also for turning his back on them and moving on to other people when they engaged in behaviors that displeased him (Isaacson, 2013).

Proposition 4: Relative to less narcissistic CEOs, the need for domination makes narcissistic CEOs likely to have more lower-status, younger, and less experienced executives on their TMTs.

Managing TMTs

Although narcissists crave public acclaim, they also like to be praised in private; acclaim from the TMT can help meet both ends. Given that narcissistic CEOs lack empathy, dominate their subordinates, exhibit mood swings, and are otherwise unnurturing (Farwell & Wohlwend-Lloyd, 1998; Watson et al., 1984), it may be perplexing why their TMTs would contribute to the CEOs' narcissistic supply (Kernberg, 1975). We argue narcissistic CEOs accomplish this feat through the skillful use of rewards and punishments that not only create obligation and acquiescence but also lead employees to identify with the narcissistic CEO personally, rather than with the firm (Ashforth, Schinoff, & Rogers, 2016; Galvin et al., 2015).

Organizations are coalitions of people with competing interests, and these competing interests create conflict (March, 1962). In the end, however, decisions follow the desires and choices of a few powerful people (Eisenhardt & Bourgeois, 1988; March, 1962). Firm performance can therefore be affected by the extent to which decision making is centralized at the top. In contexts where first moves and fast responses are essential for survival and growth (Chen & Hambrick, 1995; Eisenhardt & Bourgeois, 1988), centralization enhances the speed of decision making (Wally & Baum, 1994). One way narcissistic CEOs centralize authority is by incentivizing loyalists who are committed to their policies and decisions. Loyalists, in turn, may seek self-enhancement through strong personal identification with the narcissistic CEO's bold vision (Ashforth et al., 2016; Maccoby, 2000) and deliver superior firm performance (Siders, George, & Dharwadkar, 2001).

Narcissistic CEOs reward those who reinforce their narcissism and punish those who do not. They tend to favor and reward subordinates who contribute to their self-admiration and decrease their accountability for poor performance by flattering them and withholding critical review—that is, are "yes" men and women—and by engaging in ingratiation and flattery—for example, expressing agreement on strategic issues or complimenting them on personal accomplishments (Westphal & Stern, 2007). These individuals may be rewarded with pay raises, coveted positions within the firm—particularly those that give them "special" access to the CEO—or other nonpecuniary rewards, such as rare public acknowledgments of their contributions or flexible work schedules (Sankowsky, 1995; Stern & Westphal, 2010). These rewards create a sense of obligation to the narcissistic CEO and also increase the likelihood the recipients will defend him or her if attacked (Pfeffer, 1992).

Some executives may be less willing to lavish the narcissistic CEO with praise, but they may nonetheless let the CEO "buy" their silence and continued presence. However, this generally does not work for very long, since "extrinsic" motivators like pay tend to be ineffective when the actions demanded conflict with an individual's values and identity (Boivie et al., 2012; Deci & Ryan, 2000). For example, when Philip Purcell faced mass defections among his senior ranks, he persuaded the board to approve a $200 million fund to secure the remaining senior investment bankers' loyalty (Thomas, 2005). The cost of keeping people eventually ended up being a major factor in the board's decision to finally let him go. According to one insider quoted by Jim Cramer, "The buying people back, the big money they had to pay to keep people who were walking around the corner without it, weighed on the firm's results more than anything. . . . That, plus the fact that many of the top people who did leave made a point of telling the board that they barely knew or had no contact whatsoever with Purcell" (2005).

Because it is psychologically uncomfortable to acknowledge that they are ingratiating themselves with a narcissistic CEO for the rewards they receive, TMT members may make the extrinsic intrinsic (Deci & Ryan, 2000; Gagné & Deci, 2005) and develop rationalized myths (Meyer & Rowan, 1977) based on the narcissistic CEO's heroic public image that reduce their cognitive dissonance and justify their and the CEO's behaviors as consistent with their values and self-images. Galvin and colleagues (2015) argued that narcissistic CEOs create a form of "narcissistic organizational identification," where the narcissists see their identity as core to the definition of the organization, a view that is reinforced by stakeholders. Howell and Shamir also argued that followers with low self-concept clarity are more likely to develop a "personalized" (2005: 100) relationship with a leader based on identifying with the leader him/herself rather than with the leader's message. We argue that TMT members who subjugate themselves to narcissistic CEOs may also adopt this perspective and may therefore identify with the CEO more than the organization (Ashforth et al., 2016).

TMT members may come to identify with narcissistic CEOs because narcissists are more likely to take audacious actions that make them celebrities to the public (Gerstner et al., 2013; Zhu & Chen, 2015a). They not only admire the narcissistic CEO's actions and vision (Fanelli et al., 2009) and the pubic acclaim he or she receives (Hayward et al., 2004); they also internalize the media's narratives about the CEO's abilities and importance (Hayward et al., 2004) and use them to "excuse" the narcissistic CEO's less savory behaviors and intense self-focus (Murray & Holmes, 1993; Murray, Holmes, & Griffin, 1996), as well as the CEO's strategic risk taking. For example, senior executives at Apple routinely excused Steve Jobs's abusive treatment of employees who displeased him, and other evidence of his self-absorption, as side effects of his genius (Isaacson, 2013). Another example of this phenomenon is Elon Musk, cofounder of Paypal and founder of Tesla and SpaceX: "Numerous people . . . decried the work hours, Musk's blunt style and his sometimes ludicrous expectations. Yet almost every person—even those who had been fired—still worshiped Musk and talked about him in terms usually reserved for superheroes or deities" (Vance, 2015: 223). Narcissistic CEOs, in turn, use TMT conformity as social proof that they are right (Cialdini et al., 1976) and that their self-perceptions and media portrayals are justified. In sum, narcissistic CEOs want praise and unquestioning obedience from their subordinates, and they reward those who provide it.

While centralized decision making and TMT compliance can be beneficial, firm performance can also suffer if it compromises CEO accountability. Interviews with convicted chief executives (cf. Ferrell & Ferrell, 2011) and accounts of financial misreporting (Eichenwald & Henriques, 2002) or corporate wrongdoing (Gasparino & Smith, 2002) routinely provide evidence of collective corruption (Brief, Buttram, & Dukerich, 2001). Although the CEO can be personally responsible for the malfeasance, excessive risk taking or intentional financial misreporting can also be routinized, rationalized, and eventually made permissible by other top executives (Ashforth & Anand, 2003).

Regardless of the actual cause, large increases and decreases in firm performance tend to be attributed to CEOs (Meindl & Ehrlich, 1987; Meindl, Ehrlich, & Dukerich, 1985), and recent research has found that stakeholders are particularly likely to attribute high firm performance to the CEO if it is recent (Hayward et al., 2004; Koh, 2011) and poor firm performance to the CEO if the CEO has been recognized as a "star" (Wade et al., 2006). It is in the wake of poor firm performance that the narcissistic CEO's need for loyal TMT members becomes even greater. Because narcissists are in love with their idealized images, they search for external reassurance and social approval (Chatterjee & Hambrick, 2011). Narcissistic CEOs are prone to internalizing accolades when others attribute good leadership qualities to them. But when others attribute poor firm performance to their bad leadership, support from loyal followers can help narcissistic CEOs minimize, or even alter, the effects of poor public perceptions by facilitating their ability to rationalize them away. The loyalists help stave off criticism by publicly defending the CEO, making external attributions for unfavorable outcomes or otherwise offering alternative accounts that absolve the CEO of blame (Zuckerman, 1979).

However, TMT members' loyalty must be earned. Loyalty can be obtained via the means discussed previously, but protecting TMT members from blame for poor firm performance may induce even more loyalty than providing them with pecuniary rewards. Paternalistic leadership styles that combine authoritarianism and benevolence have been shown to generate conformity and reciprocity from loyal subordinates (Gelfand, Erez, & Aycan, 2007; Pellegrini & Scandura, 2008). If the narcissistic CEO has amassed a team of loyal lieutenants, he or she might not want to deflect the blame onto them after poor firm performance. Rather, the CEO will look for external attributions that shift the blame to environmental events beyond his or her loyalists' control (Bettman & Weitz, 1983; Hayward et al., 2004; Salancik & Meindl, 1984; Staw, McKechnie, & Puffer, 1983) or deflect the blame onto those who have shown less loyalty and whom the CEO is willing to scapegoat (Chan, Huang, Snape, & Lam, 2013; Soylu, 2011). While all CEOs try to protect loyalists to some degree, blame external factors, and scapegoat executives who have been disloyal (Boeker, 1992), we argue that, as with so many other things, narcissistic CEOs are more likely to take these behaviors to extremes.

Proposition 5: Relative to less narcissistic CEOs, the needs for acclaim and domination make narcissistic CEOs (a) more likely to give outsized rewards to loyal TMT members who provide the CEOs with narcissistic supply and (b) more likely to protect loyal TMT members who facilitate the narcissistic CEOs' lack of accountability by defending them after poor firm performance.

TMT and Director Tenure

Thus far, we have focused on how TMT members and directors provide social proof that aids the narcissistic CEO's pursuit of acclaim. However, they can also scuttle the narcissistic CEO's quest for recognition. Not all managers and board members are willing to play the role of loyalist. Some may try to share the credit for good performance and/or highlight the CEO's leadership failures after poor firm performance.

In the past, researchers have theorized that people select themselves into and out of work settings (Holland, 1985; Mobley, 1982; Wanous, 1980). Applying Schneider's (1987) attraction-selection-attrition (ASA) framework to our context, this suggests that executives will be differentially attracted to settings as a function of their personality (attraction), CEOs will recruit different kinds of people based on the characteristics they desire (selection), and executives will leave jobs when they find that they do not fit in a particular environment (attrition). After a few iterations of the ASA process, narcissistic CEOs will forge a team of top executives and board members that meets their needs. This process can have implications for board and TMT culture and functioning. Not everyone will be able to ingratiate themselves with the narcissistic CEO; thus, efforts to curry favor with the CEO and competition to be in his or her good graces can erode relational trust within the TMT and harm firm performance (Carmeli, Tishler, & Edmondson, 2011). The TMT and board members may also publicly endorse the decisions of the CEO but privately disapprove of them (Westphal & Bednar, 2005). Moreover, an enduring culture of ingratiation at the top will limit directors' independence (Westphal & Shani, 2016; Westphal & Stern, 2007) and could affect firm performance (Klein, 2002).

While narcissistic CEOs will actively protect those who are deferential and loyal and want to keep them around (at least while they continue to find them useful), they will punish and attempt to get rid of those who are more likely to challenge them or damage their carefully crafted public images and personal identities (Bushman & Baumeister, 1998). Narcissistic CEOs will not hesitate to scapegoat disloyal executives and directors for poor firm performance, forcing their resignations or, in the case of executives, firing them outright (Pfeffer, 1981). Absent such a precipitating event, narcissistic CEOs may use less direct methods and force voluntary departures by creating inhospitable conditions. For example, a CEO might demote disloyal executives or give them undesirable, "dead-end" assignments; use social distancing techniques to isolate insubordinate directors (Westphal & Khanna, 2003); or render outside directors ineffective by restricting their access to information about the firm (Duchin, Matsusaka, & Ozbas, 2010).

Even after the Sarbanes-Oxley reforms of 2002, there are multiple ways CEOs can decouple directors from strategic decision making and symbolically manage the board (Westphal & Graebner, 2010). As an example of such behaviors, when some outside directors became suspicious about all the executive departures at Morgan Stanley, Purcell said he would facilitate director interviews with employees if they were held in an office adjoining his own and the door was left open (Cramer, 2005). If the tide has turned too far against a narcissistic CEO, he or she might even take the more extreme action of leaving the firm for another, less hostile environment (Boeker, 1992), bringing along loyal executives and directors to form a protective "Praetorian Guard" at the new company.

Narcissistic CEOs' harsh treatment of their TMT and directors can also cause others who are not the target of the narcissistic CEOs' ire to leave voluntarily. As a result, departure rates of top managers and board members—especially those who are likely to be less deferential—will increase. While dealing with narcissistic CEOs seems like it would be exhausting, for those TMT members who identify with the CEO (Galvin et al., 2015; Howell & Shamir, 2005), or for those directors who share the CEO's narcissism (Zhu & Chen, 2015b), continued interaction with the CEO may also be exhilarating. If we combine the tendencies of narcissistic CEOs to reward and retain loyalists while punishing and driving out those who exert independence with the extent to which TMT members and directors find interacting with a narcissistic CEO exhausting or exhilarating, we expect that a sorting of TMT members and directors will occur and that TMT and board members will either have very short or very long tenures with the narcissistic CEO's firm.

> *Proposition 6: Relative to less narcissistic CEOs, the need for domination leads narcissistic CEOs' TMT and board members to have either very short or very long tenures with the organization.*

DISCUSSION

Numerous studies have demonstrated that CEOs' backgrounds, preferences, and orientations influence organizational outcomes (cf. Carpenter, Geletkanycz, & Sanders, 2004; Finkelstein et al., 2009). One area of investigation has been how executives' individual characteristics and personality traits influence organizational strategy (Gupta & Govindarajan, 1984), structure (Miller & Droge, 1986), staffing (Peterson, Smith, Martorana, & Owens, 2003), and stakeholders (Flynn & Staw, 2004; Khurana, 2002). Research has shown how narcissistic CEOs affect strategic decision making (Zhu & Chen, 2015a), new technology adoption (Gerstner et al., 2013), and firm performance (Chatterjee & Hambrick, 2007), but it has stopped short of explaining how CEOs' narcissism influences key TMT and board characteristics that can, in turn, influence these organizational outcomes. We extend our current understanding of narcissistic CEOs by exploring the effects of their quests for acclaim and domination on upper echelon structures and management.

The literature on personality takes two distinct approaches. The dominant paradigm has been to take a reductionist view that assumes divergent consequences emanate from individual differences or, in our case, the personality characteristics of the CEO. While this approach has had a distinguished history and has motivated a wealth of empirical explorations, its predictive power has come by way of processes that have remained unspecified and untested mediators in the hypotheses.

The second perspective—the social constructionist view (Gergen, 1999)—contends that the self is a social construct and that personalities must be assessed within a specific context, instead of looking for general features (Gergen, Hepburn, & Fisher, 1986). While it is beyond the scope of this article to reconcile the ontological and epistemological differences between these two perspectives (Jost & Kruglanski, 2002), we pave the way for a more comprehensive understanding of narcissism in the executive suite by focusing on how narcissistic CEOs play an active role in creating their contexts, and by elaborating on the mediating processes that occur. These processes are aided by the media, the TMT, the board of directors, and other stakeholders through a gamut of status quo justifications (Jost, Banaji, & Nosek, 2004), such as positive idealizations (Murray et al., 1996), finding virtues in faults (Murray & Holmes, 1993), expecting delayed benefits (Graffin et al., 2008), and other forms of compliance (Rusbult & Martz, 1995). In doing so we highlight the importance of social approval assets such as status and celebrity to narcissistic CEOs and their role in how narcissistic CEOs shape their professional worlds.

We also contribute to research on the role of status in corporate governance more generally. Whereas most of the research in this area has tended to focus on structural or sociopolitical determinants of boards' status composition, as well as its effects on other outcomes (Acharya & Pollock, 2013; Boivie et al., 2012; Carpenter & Westphal, 2001; Hillman & Dalziel, 2003; Westphal & Stern, 2007), we are aware of little research that has considered how CEOs' personality characteristics influence the status composition of these governance structures. Further, we are not aware of any theory or research exploring how CEO personality characteristics influence the way CEOs manage their TMTs and boards. We explain how narcissistic CEOs deal with the conundrum of wanting to increase their acclaim and own social standing through high-status affiliations while also limiting challenges from others by structuring their TMTs and boards differently, and how they manage through both overt and covert means of dominance and influence.

Limitations and Future Research Directions

Our theory has limitations and boundary conditions that suggest additional research possibilities. While our theory explains how CEOs acquire status and celebrity as they maintain loyalty and exert domination, our focus is primarily on North American contexts. We did not consider the possibility that narcissistic CEOs' social aspirations may be different in different cultural contexts, or the extent to which narcissism is tolerated or punished in other cultures. From a social constructionist view, ambitious CEOs are likely to pursue the social ideals of the cultures in which they operate, and narcissism is more likely to be valorized or punished accordingly. For example, in individualistic cultures, narcissism may be observed more frequently because status is conferred based on the person's achievement, success, and self-reliance (Torelli, Leslie, Stoner, & Puente, 2014). In collectivistic cultures, CEOs may value humility (Ou et al., 2014; Owens & Hekman, 2012) because generous, kind, and friendly people are granted high status (Torelli et al., 2014), and even narcissistic CEOs may be expected to counterbalance their narcissism with humility. They may also be more effective when they do so (Owens, Wallace, & Waldman, 2015).

Another limitation of our theorizing is that our focus is on a single CEO personality trait—narcissism. We focused on narcissism because it is a dominant trait that has been studied in a similar fashion in strategy (e.g., Chatterjee & Hambrick, 2007, 2011; Zhu & Chen, 2015a,b) and leadership (e.g., Galvin et al., 2015; Judge et al., 2006; O'Reilly et al., 2014) research, and its basic relationships with the outcomes we consider have not been considered previously. However, recent commentaries (e.g., Zaccaro, 2007) have rightly suggested that individuals possess multiple traits that can affect leadership behaviors, and that these traits do not function in isolation. For example, Owens and colleagues (2015) found that leader narcissism interacts with leader humility to positively affect perceptions of leader effectiveness, follower engagement, and subjective and objective follower performance. Recent research has also shown that the core self-motives of narcissists—grandiosity, entitlement, and exploitativeness—can coexist with communal traits of helpfulness, interpersonal warmth, and trustworthiness (Gebauer, Sedikides, Verplanken, & Maio, 2012). Future theory and research should explore how CEO narcissism combines with other personality traits to affect governance structures, the pursuit of celebrity and status, and performance.

A third boundary condition of our theorizing is that we do not explicitly explore the linkages between our mediating constructs and firm performance. Our arguments are based on the assumption that it is difficult to identify direct causal linkages between CEO narcissism and firm performance. Thus, consistent with prior research (Chatterjee & Hambrick, 2011; Zhu & Chen, 2015a), our goal is to elaborate on the mediating structures and processes that are influenced by CEO narcissism and that, in turn, can influence firm performance. We have focused on the media, the board of directors, and the TMT as our mediators because prior research has demonstrated that they all have significant consequences for firm performance (Bednar, 2012; Finkelstein et al., 2009; Hayward et al., 2004; Hillman & Dalziel, 2003), they can all be influenced by the CEO, and little theory exists explaining what form this influence would take in the hands of a narcissistic CEO. Whether the ultimate effects on firm performance are good or bad, however, is a more complex question.

Consider the contradictory assessments of CEO self-regard in the literature. On the one hand, arrogance can be a virtue (Ko & Huang, 2007), overconfident traders are better off (Benos, 1998), and narcissism in CEOs can be "extraordinarily useful—even necessary" (Maccoby, 2000: 70), since narcissists are more likely to take the risks and actions to create new firms and industries, pioneer new products and technologies, or turn around faltering organizations. Their optimism and lack of concern for others can be virtues in these contexts, leading them to take actions that less narcissistic CEOs would be unwilling to pursue. Receiving media coverage that parrots the high performance expectations narcissistic CEOs are likely to propound can become a self-fulfilling prophecy if it leads others to take actions that increase the firm's likelihood of success (Gerstner et al., 2013). Having TMT members who go above and beyond to gain the rewards—or avoid the punishments—of a narcissistic CEO can also lead to higher performance (Maccoby, 2003), and having a board composed of high-status directors can yield valuable signaling and resource acquisition benefits (Certo, 2003; Hillman & Dalziel, 2003; Pollock et al., 2010).

On the other hand, narcissistic CEOs' impulsivity and self-enhancement tendencies (Vazire & Funder, 2006) could lead them to overestimate their skill levels and misread contextual cues, and the greater influence they would have over the company's actions because of their celebrity, centralization of decision making, and the widespread lack of accountability in the firm could damage its performance. Narcissists' inability to delay gratification can lead to quick decisions, especially after strong feedback, and narcissists' unbridled belief in and optimism about their own capabilities can also lead to questionable (Lovallo & Kahneman, 2003) and reckless (Hayward & Hambrick, 1997) decisions. Narcissistic CEOs can also inhibit organizational learning by dominating decision making, rather than allowing the organization to develop structures and routines that encode knowledge and experience and that will exist beyond their tenure as CEOs. Narcissistic CEOs' treatment of employees could also lead to the loss of key personnel, or make executives less likely to challenge them when they make rash or poor decisions. Even having too many high-status directors can decrease performance if it creates competition among directors to position themselves within the board's local status hierarchy (Acharya & Pollock, 2013; Groysberg et al., 2011).

One way to address this complexity is for future research and theory to explore not *if* but *under what conditions* CEO narcissism delivers positive or negative firm performance. Narcissistic CEOs can deliver better performance if they can put together a team that helps them temper their interpretation and understanding of external cues. If directors and TMT members can assuage a narcissistic CEO's tendency to overreact, the CEO might be willing to revise his or her perceptions of self-efficacy and prudently reduce risk taking. The consequences of combining narcissistic tendencies and deliberate design of the board and TMT, such as ensuring the CEO has a sidekick who acts as an anchor (Maccoby, 2000: 75), are likely to result in better firm performance.

Testing Our Theory Empirically

CEO narcissism poses measurement challenges because of the nature of the construct and the profile of the respondents. Validated self-report instruments, such as the Narcissistic Personality Inventory (Raskin & Terry, 1988), are available, but the length of the instruments (the shortest one has sixteen items; Ames, Rose, & Anderson, 2006) limits their utility. Executives' typical low response rates to surveys may be accentuated by respondents' reluctance to answer questions they regard as too personal or intrusive. However, Westphal (1998, 1999) demonstrated how longer scales can usually be shortened while maintaining acceptable reliability, making them more useful for studying executive and director populations, and he successfully did so while asking about sensitive topics. Researchers have also created and validated unobtrusive CEO narcissism measures of varying complexity (Chatterjee & Hambrick, 2011; Gerstner et al., 2013; O'Reilly et al., 2014; Patel & Cooper, 2014; Schrand & Zechman, 2012; Zhu & Chen, 2015a) that can be combined with archival measures of status and/or survey data to test our theoretical propositions, particularly in the context of large, publicly traded companies.

Another promising approach is content analyzing archival texts, such as CEOs' published biographies (Peterson et al., 2003), self-descriptive narratives (Anderson, 2006), and public speeches or conference calls with analysts. Because narcissistic CEOs are likely to produce a number of narrative artifacts that can be content analyzed, such approaches can be useful tools for measurement.

Traditional, inductive research techniques (Charmaz, 2006; Eisenhardt, 1989) can also be employed. Research based on inductive methods may better capture finer-grained distinctions in narcissistic personalities—vulnerable versus grandiose, reactive versus self-deceptive, overt versus covert—provided these subtypes influence narcissists' interpersonal relations and social behaviors (Dickinson & Pincus, 2003). For small firms, publicly available unobtrusive indicators or other forms of codable content may not exist. A practical tool in such cases is social reports from multiple executives who worked directly with the focal CEO (Judge, Locke, Durham, & Kluger, 1998; Mount, Barrick, & Strauss, 1994).

Practical Implications

Our theory has several implications for management practice. Regulatory watchdogs, institutional investors, and the business media routinely call for greater board independence from the executives who run publicly traded corporations. Yet more than a decade after Sarbanes-Oxley, ties between independent directors and CEOs continue to hamper corporate governance and board effectiveness (Francis & Lublin, 2016). Our article highlights the ways CEO-director relationships become entangled in a quid pro quo that ultimately defeats the purpose of corporate governance reforms. Our theory also illustrates the role leader characteristics play in socially constructing a firm's upper echelons, which, in turn, affect firm performance, both for good and for bad. Tighter regulations may not be effective in reigning in their excesses. Rather, it requires greater alignment between the personal qualities of a CEO and his or her incentives (Wowak & Hambrick, 2010), along with mindful composition of the TMT that takes into account the individual differences of the CEO and his or her lieutenants (Maccoby, 2003: 210). If boards know their CEOs better, and if CEOs are aware of their own tendencies, they might be able to make better recruitment decisions and structure the CEOs' professional worlds more effectively.

CONCLUSION

The growing influence of CEOs on firm structure and functioning (Quigley & Hambrick, 2015) has led to an increasing interest in how CEOs' personality characteristics influence the decisions they make. In this article we have focused on CEOs' narcissism and how it influences the professional worlds they create for themselves. In doing so we have linked the literature on CEO narcissism, corporate governance, status, and celebrity to understand how narcissistic CEOs' needs for public acclaim and dominance affect the structure and functioning of organizations. We hope the theory we have developed deepens our understanding of CEO influence and stimulates additional research on the relationships between CEO personality characteristics and social approval assets, as well as their influence on organizational outcomes.

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