Transformational Leader or Narcissist?

HOW GRANDIOSE NARCISSISTS CAN CREATE AND DESTROY ORGANIZATIONS AND INSTITUTIONS

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SUMMARY

Transformational leaders challenge the status quo, provide a vision of a promising future, and motivate and inspire their followers to join in the pursuit of a better world. But many of these leaders also fit the American Psychiatric Association classification for narcissistic personality disorder. They are grandiose, entitled, self-confident, risk seeking, manipulative, and hostile. This article reviews the literature on narcissism and shows how what we think of as transformational leadership overlaps substantially with grandiose narcissism. As grandiose narcissists can appear as transformational leaders, it is important to distinguish between what leadership scholars have characterized as "transformational" and these "pseudo-transformational" candidates.

KEYWORDS: CEO evaluation, CEO, ethics, leadership styles, organizational transformations, personality

"Let's go invent tomorrow rather than worrying about what happened yesterday."

—Steve Jobs, Founder of Apple

"Imagine if we could create the most just workplace in the world. We would naturally be a magnet for all the great minds out there."

—Travis Kalanik, Founder of Uber

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"I don't want to make an incremental change in some technology in my life. I want to create a whole new technology, and one that is aimed at helping humanity at all levels regardless of geography or ethnicity or age or gender."

—Elizabeth Holmes, Founder of Theranos

"We always wanted to create a business that makes a difference in the world."

—Adam Neuman, Founder of WeWork

"Together we will make America proud again. We will make America safe again. And, yes, together, we will make America great again."

—Donald Trump, 45th President of the United States

What's common among these leaders? First, most would agree that they have been visionaries. Each articulated a vision—for a product, service, technology, or a movement—that attracted fervent followers and, each in their own way, had the potential to change the world. Each articulated a compelling vision for what the world could look like. In the parlance of modern leadership, they were *transformational leaders*: bold, self-confident, risk-taking, charming, strong-willed, and able to attract legions of others to their cause.[1]

What is also common across these five leaders is that they also likely meet the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (the *DSM*-5) criteria for narcissistic personality disorder (Figure 1)—a condition in which people have an inflated sense of their own importance, a view that they are entitled—not subject to the normal rules and norms—and superior to others, a need for admiration, extreme self-confidence, a willingness to exploit others for their own ends, and showing hostility toward those who challenge them. Because of their extraversion, self-promotion, and willingness to take risks, narcissists (and visionaries) often seek out and rise to positions of prominence in organizations.[2] But narcissists are also abusive leaders, quick to derogate others and to create cultures that are lower in integrity and teamwork.[3] Those we often admire as transformational leaders may also be narcissists. What we see initially as visionary, self-confident, strong-willed, charming, and challenging may—in the extreme—be grandiose, entitled, arrogant, exploitative, impulsive, and aggressive. A failure to understand these differences can be dangerous, putting people and institutions at risk. Figure 2 illustrates the interplay between narcissism and transformational leadership.

What is the difference between a transformational leader and a narcissist? Clearly transformational leaders can be critically important in transforming industries and societies. These leaders motivate followers not by the social exchange and mutual benefits that transactional leaders provide but by raising the consciousness of their followers and inspiring them to pursue an energizing and unifying higher cause. The motivation is not self-interest but the pursuit of a collective

FIGURE 1. The Diagnostic and Statistical Manual of Mental Disorders Definition of Narcissistic Personality Disorder—(*DSM* V—301.81).

Narcissistic Personality Disorder

A pervasive pattern of grandiosity, need for admiration, and lack of empathy, beginning in early childhood and characterized by five or more of the following:

1. Has a grandiose sense of self-importance (e.g., exaggerates achievements and talents and expects to be recognized as superior without commensurate achievements).
2. Is preoccupied with fantasies of unlimited success, power, brilliance, beauty, or ideal love.
3. Believes that he or she is "special" and unique and can be understood only by, or should associate with, other special high status people (or institutions).
4. Requires excessive admiration
5. Has a sense of entitlement, unreasonable expectations of favorable treatment or automatic compliance with his or her expectations.
6. Is interpersonally exploitative, takes advantage of others to achieve his or her ends.
7. Lacks empathy: is unwilling to recognize or identify with the feelings or needs of others.
8. Is often envious of others or believes that others are envious of him or her.
9. Shows arrogant or haughty behaviors or attitudes.

Source: Diagnostic and Statistical Manual of Mental Disorders, *DSM*-5 (Arlington, VA: American Psychiatric Association, 2013).

FIGURE 2. The impact of narcissism and transformational leadership on organizations.

	Narcissism	
	High	**Low**
Transformational Leadership **High**	Negative Effects (Narcissistic Leadership)	Positive Effects (e.g., Level 5 ;leaders— Humility and professional will)
Transformational Leadership **Low**	No Effect (Narcissistic jerks)	No Effect (Normal employees)

goal.[4] Transformational leaders create meaning that enables followers to identify with these leaders and internalize their vision.[5]

The concept of transformational leadership has been central to the study of leadership for the past 40 years—with debates about whether transformational leaders can include those with malign intent, like Hitler, Stalin, or Osama bin Laden—sometimes referred to as pseudo-transformational leaders.[6] The most distinctive characteristics of transformational leaders are that they provide a clear vision of the future (often challenging the status quo), mobilize support through their words and actions (and are often charismatic), and inspire their followers to transcend self-interest to pursue a collective goal.[7] Unlike transactional leaders who maintain the status quo, transformational leaders inspire and motivate their

followers to innovate and change, either for good or for ill. In this sense, narcissists can also be transformational leaders. What is tricky is that transformational leaders can direct their followers to pursue good collective goals, but, because of their persuasiveness and charisma, they also have the capacity to channel followers' efforts toward less savory goals.[8] Like transformational leaders, narcissists can demonstrate the vision and charisma that moves people to action, but their goals (which are often masked) are ultimately self-serving and lacking in integrity.[9]

Positive transformational leaders—such as Jeff Bezos, founder of Amazon, and Reed Hastings, founder of Netflix—have pioneered new industries. Others—such as Lou Gerstner, former CEO of IBM, and Alan Mulally, former CEO of Ford—have saved iconic firms from extinction. Still other transformational leaders have led social movements that have changed society—think of Nelson Mandela, Martin Luther King, or Susan B. Anthony. Each of these leaders left an enduring impact by not only inspiring change, but by leaving their organization or movement in a condition that allowed subsequent leaders to further improve it.

But transformational leaders, especially those who are narcissistic, can also embody a dark side, mobilizing followers to pursue goals that are dangerous. A failure to understand these differences can put organizations at risk. For example, Elizabeth Holmes promised to revolutionize health care. At one point her company, Theranos, had 800 employees, was valued at $9 billion and had attracted sophisticated investors including Tim Draper and Larry Ellison. She was subsequently found to have engaged in a massive deception, resulting in the loss of the $700 million invested in the firm. She has been criminally charged with fraud.[10] Similarly, Adam Neuman founded WeWork with a promise "to create a business that makes a difference in the world" and claimed that his descendants would be running WeWork in 300 years. He aspired to live forever, be leader of the world, and be the world's first trillionaire.[11] Instead, the company lost 90 percent of its value, going from a $47 billion valuation to near bankruptcy, even as he walked away with $1.7 billion.[12] Travis Kalanik, co-founder of Uber, claimed "to believe in creating a workplace where a deep sense of justice underpins everything we do" but ended up creating a company that was characterized by sexual harassment and routinely violated laws. The company is currently under five investigations for criminal behavior.[13]

Steve Jobs is often cited as a prototypical transformational leader, but his biographer, Walter Isaacson, described how Jobs humiliated others, was impulsive, took credit for others' work, lied ("the reality distortion field"), and believed that the rules did not apply to him—even routinely parking in handicapped parking spots.[14] Job's girlfriend, after reading about the Narcissistic Personality Disorder, decided that the criteria applied perfectly to him. A book by 27 psychiatrists and mental health professionals analyzing Donald Trump's behavior concluded that his grandiosity, sense of entitlement, impulsiveness, willingness to exploit others, lack of empathy, hostility, and willingness to ignore embarrassing facts were so extreme that they could be characterized as "malignant narcissism."[15] The *Washington Post* reported that over 1,055 days in office, Trump has

made more than 15,000 false or misleading claims.[16] And, despite filing for bankruptcy six times and being sued more than 4000 times, Trump publicly claimed that "I was successful at everything I ever did."[17]

Understanding how and why narcissists may be seen as transformational leaders is important for the health and governance of organizations. Here, we review the growing literature on narcissistic leadership, illustrate the ways that narcissistic leaders influence organizations, discuss why narcissistic leaders can be so appealing, identify ways to distinguish between genuine transformational leaders and their narcissistic imitators, and offer ideas for avoiding narcissistic leaders.

Narcissism

Narcissism is a relatively stable individual difference characterized by grandiosity, self-confidence, risk-taking, impulsiveness, an inflated view one's abilities, a sense of entitlement, a willingness to use others to achieve one's own self-interests, and hostility when challenged. It can be assessed through a person's behavior and thought of as a spectrum with both very high and very low levels being potentially problematic.[18] For example, if a person has no vision, lacks self-confidence, and abhors risks, that person is unlikely to be an effective leader. In contrast, when a person is overconfident, believes that they are special, and ignores the advice of others, that person can be dangerous—making impulsive decisions, taking excessive risks, and pursuing their own needs at the expense of others. In his book, *The Narcissist Next Door*, Jeffrey Kluger captures this observing that: "A little narcissism can be a good thing in many jobs: a lot of narcissism is a bad thing in almost all jobs."[19]

Although an old construct in psychology, more recent research has identified two primary types of narcissism.[20] One stream, emerging from a more clinical tradition, has focused on what is referred to as vulnerable or covert narcissism, which is characterized by anxiety, a fragile self-concept, high levels of neuroticism, and low self-esteem.[21] This form of narcissism, sometimes referred to as pathological or maladaptive, emphasizes a defensive self-presentation stemming from low self-esteem and a more introverted nature. The underlying theory is that the unrealistic sense of superiority and self-confident presentation masks an underlying insecurity and low self-esteem.

In contrast, recent research has focused on grandiose narcissism—a more assertive and extraverted form characterized by high self-esteem, a sense of personal superiority and entitlement, overconfidence, grandiosity, a willingness to exploit others for self-gain, and hostility and aggression when challenged.[22] Unlike the maladaptive form of narcissism, grandiose narcissists have high self-esteem and believe that they are genuinely better and more competent than others. They are often characterized by high levels of extraversion (sociable and action oriented) and low levels of agreeableness (selfish and low social empathy). Although there is some overlap between the two types of narcissism, the preponderance of evidence suggests that they are distinct constructs. Men have also been shown to

have a higher incidence of narcissism than women.[23] Our focus here is on grandiose narcissism, the type most likely to emerge as leaders in organizations.[24]

Grandiose Narcissism

The past decade has seen an outpouring of research on grandiose narcissism. Figure 3 provides a roadmap summarizing that research. Numerous studies have shown how the defining characteristics of grandiose narcissists predispose them to seek out and obtain leadership positions as a way to demonstrate their superiority. These attributes make them seem leader-like. Once in power, narcissistic leaders pursue their own interests, often taking out-sized risks, manipulating others, and behaving in unethical ways. Even worse, when a narcissistic leader achieves success their self-confidence increases, they feel justified in ignoring the advice of others, and they take even more risks. Success chips away at their hold on reality. In the following section, we illustrate how this occurs.

Grandiosity

Grandiose narcissists can be characterized in several ways. First, they are grandiose, convinced that they are special and better than others—especially more creative, competent, and intelligent. They often believe that their ideas are superior and that, as a result, they—uniquely—can solve intractable problems and, in effect, change the world. For example, Donald Trump, in accepting the Republican nomination in 2016 said: "Nobody knows the system better than me, which is why I alone can fix it." In talking about trade between the U.S. and China on August 21, 2019, he said unambiguously, "I am the chosen one—somebody had to do it so I'm taking on China on trade and, you know what, we are winning."

Because of their belief in their own superiority, grandiose narcissists also feel that they should be recognized as superior, seeing themselves as superior on agentic, "superhero-like traits such as intelligence, dominance, and emotional stability."[25] Donald Trump even asserted his superiority in humility, stating on 60 Minutes in July, 2017, that: "I'm much more humble than you would ever understand." Importantly, the research clearly shows that these feelings are not matched by objective levels of intelligence or competence.[26] For example, in a series of studies of decision making, leader grandiosity was associated with greater risk-taking but not better performance.[27] Other studies have shown that grandiose narcissists rate themselves as better leaders and more effective than their peers—but more objective ratings of performance by superiors or peers fail to validate these self-perceptions. Indeed, grandiose narcissists are often rated as less competent than their non-narcissistic counterparts.[28]

Excessively Self-Confident and Risk Seeking

Narcissists are also highly self-confident and often seen as overconfident.[29] And, because they believe that they are smarter than others and that their

FIGURE 3. The organizations effects of narcissistic leaders.
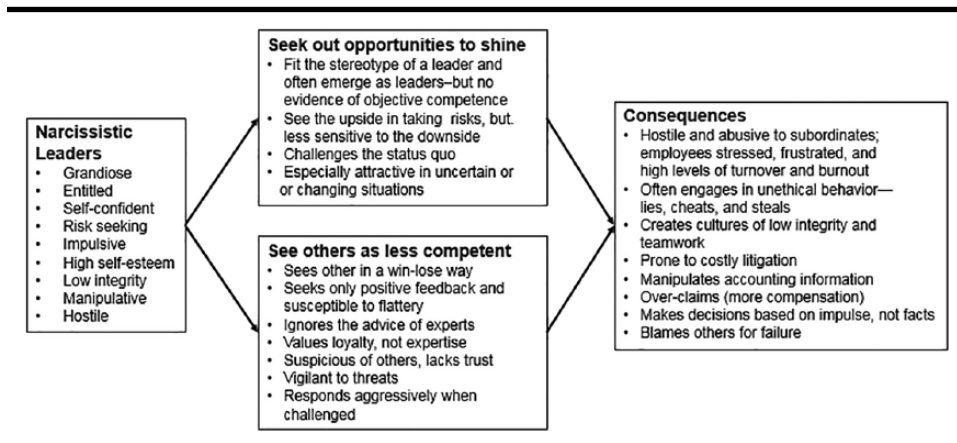
judgments are more likely to be uniquely insightful and correct, they are often seen by others as more effective, especially upon first impression or when others cannot observe their actual performance.[30] For example, in a series of studies, subjects were shown pictures of people who varied in their degrees of narcissism. Observers saw those higher in narcissism as having higher self-esteem and as more likable.[31] Interestingly, over time as people come to know them, grandiose narcissists become less likable and seen as less competent.[32] This ability to make positive first impressions provides an essential insight into the mystery behind why narcissists are able to access high-status positions. Impressing evaluators in job interviews by promoting their accomplishments in confident, charming, and charismatic ways enables narcissists to have a key gateway, and explains why narcissists are disproportionally represented in the highest level roles such as CEO and even as President of the United States.[33]

Grandiose narcissists' negative attributes and impact typically only emerge over time.[34] Not only do views of narcissists become more negative over time, but their excessive self-confidence makes them unwilling to take advice and listen to others, instead relying on their own judgment.[35] For example, narcissists' over-confidence leads them to bet more and to lose more than those who were less narcissistic.[36] Narcissists have also been found to not listen to experts, seeing themselves as more competent. Their overconfidence, as well as their view that no one will be as attentive as they require in promoting their interests, also makes them mistrustful of others. Steve Jobs had a treatable form of pancreatic cancer but ignored the advice of his doctors, preferring instead to self-diagnose until it was too late. Donald Trump routinely dismisses the advice of legal, diplomatic, and military experts. Their self-confidence also leads narcissists to have less trust in others, further diminishing their willingness to listen to words of caution.[37]

Furthermore, because of their excessive self-confidence and sense of enti-tlement, grandiose narcissists are also *risk-seeking*. They believe that they are

uniquely right and look for opportunities to demonstrate their superiority. They are more sensitive to the potential upside of a bet while ignoring the downside; that is, they see the opportunity for glory as outweighing any potential of a loss.[38] In a study of stock market investing, narcissists picked more volatile stocks than did non-narcissists—and lost more.[39] Their overconfidence in their own judgment and their belief that they are not subject to the same rules and norms means that they often bet on long shots. For example, when the odds of losing increase, non-narcissists predictably are less likely to take a bet while narcissists increase the probability of taking the same bet.[40] Other studies have shown that narcissists invest in more risky ventures and lose more.[41] This propensity to take risks coupled with their self-confidence and unwillingness to listen to experts also makes them more impulsive, taking risks without careful due diligence, and imperiling the organizations they lead.[42]

Entitled

As narcissists believe that they are better and more competent than others, they often feel that they deserve special treatment and that the rules do not apply to them. They are motivated by their own need for self-enhancement, which leads them to self-promote and violate social conventions.[43] They will even declare their superiority over others, typically by overclaiming credit for others' accomplishments, often at the cost of those relationships.[44] In one study, narcissists continued to overclaim (claiming they knew more than others) even when they knew the claims were false, a trait seen in Elizabeth Holmes, Donald Trump, and Steve Jobs.[45] For example, narcissistic CEOs received more salary, bonus, and stock options than did less narcissistic CEOs. These narcissistic CEOs also had larger discrepancies between their compensation and the compensation of their top executive team.[46]

Manipulative and Low Integrity

Narcissists are *manipulative* and lack *integrity*. They have lower levels of empathy than do non-narcissists and are less prone to feeling guilt.[47] This means that in their efforts to garner recognition, they are willing to "act in their own best interest, putting the needs and interests of others at risk."[48] Narcissists also have been found to have lower levels of integrity and behave less ethically.[49] They are significantly more likely to lie, cheat, and steal for their own benefit.[50] People who were more narcissistic were also more likely to engage in white-collar crime.[51] In organizations, grandiose narcissists have been found to be more likely to engage in litigation and fraud.[52] As leaders, narcissists are more likely to create organizational cultures that magnifying the negative consequences of their own personal behavior.[53]

Hostility and Aggression

As grandiose narcissists believe that they are special and superior to other people, they often feel that they are not receiving the admiration and credit they deserve. They are hypervigilant about threats to their ego so that any lack of

admiration or criticism provokes them. These feelings are commonly expressed through *hostility* and *aggression*.[54] They routinely blame others for their mistakes.[55] For example, when narcissists feel that they are not being sufficiently admired, they are less likely to apologize, more likely to lash out, and retaliate against those who are critical, hold grudges, feel distrustful of others, and, may even resort to violence.[56] For instance, in a review of 20 studies with objective measures of aggression and violence, grandiose narcissists were as much as 11 times more likely to engage in violent acts as were non-narcissists.[57] Narcissism has also been found to be related to aggressive driving, sexual harassment, and sexually coercive behavior.[58]

Consequences of Grandiose Narcissists for Organizations

Given this profile of grandiose narcissists, what are the likely consequences when such people assume leadership roles in organizations? As illustrated in Figure 3, several disturbing trends are likely. First, as they are overconfident and socially prominent, grandiose narcissists seek out leadership positions to demonstrate their superiority and garner others' admiration. "Leadership positions are a natural venue for achieving (their) needs for self-enhancement and superiority."[59] "Narcissists are certain that the world would be a much better place if they ruled it."[60] A wealth of research supports these observations and shows that grandiose narcissists actively seek out leadership positions and emerge as leaders. Their apparent confidence, extraversion, and willingness to challenge others fit the stereotype of a prototypical leader, even if their performance is objectively no better.[61] Furthermore, they often overclaim credit for their contributions, and, given the difficulty of identifying credit in group and organizational settings, deriving accurate assessments of narcissists' actual contributions can be difficult.

Not only do grandiose narcissists seek out leadership roles, they are adept at self-promotion.[62] Owing to this, they often achieve higher ranks and earn more.[63] And, as they lack feelings of guilt and have a lower need for intimacy, they are more willing to manipulate others, making them effective at organizational politics. As they want control and are susceptible to flattery, they tend to recruit and promote others who may be less experienced or competent but who will be loyal, often valuing loyalty over expertise. "Narcissistic CEOs reward those who reinforce their narcissism and punish those who do not."[64] Perhaps more importantly, research also shows that subordinates working for narcissistic leaders are more frustrated and stressed, as well as are less satisfied and less committed to their employing organization. A series of studies showed that grandiose narcissists were less generous and less willing to help others than did non-narcissists.[65] Worse yet, employees working for narcissistic leaders are more likely to withhold information, engage in shirking, absenteeism, and even sabotage.[66] There are estimates that these counter-productive behaviors may cost firms more than $20 billion annually.[67]

When connecting narcissistic leadership to firm performance, the research has been inconclusive. In one study of technology CEOs, there was no association between CEO narcissism and firm performance. In other studies, consistent with

grandiosity and risk seeking, it was the case that firms with narcissistic CEOs had greater volatility in their earnings and that these companies tended to make more acquisitions.[68] Still other studies also found higher volatility of earnings with firms with narcissistic CEOs.[69] Interestingly, firms headed by narcissistic CEOs both engage in more acquisitions and are likely to overpay for them. These firms are also more likely to pursue new technologies and to pursue internationalization as a strategy—all consistent with a leader who is confident and risk-seeking—but not necessarily value creating.[70] Firms led by narcissistic CEOs engage more actively in corporate social responsibility efforts instrumentally as a way to enhance their reputation.[71] Two studies illustrate how narcissistic CEOs' risk-seeking behavior can lead to increased returns when the market is going up, but suffer larger losses when the market turns down.[72] They overinvest in good times and underinvest in the bad.[73] Just as a gambler can go on a winning streak, narcissistic CEOs can appear brilliant for a while—but suffer in the end.

A series of studies performed by finance and accounting researchers provide a more fine-grained look at the downside of narcissistic CEOs. These studies show that more narcissistic CEOs are more optimistic in earnings calls, are more likely to engage in the manipulation of earnings, increase their firm's audit risks, and engage in fraud.[74] Narcissistic CEOs have also been shown to pressure their chief financial officers (CFOs) to engage in financial misreporting and end up in costly litigation.[75] These actions often lead to serious lapses in ethical conduct and put their firms at risk, as seen in the current situations at Theranos, Uber, and WeWork as well as in previous situations at firms such as Tyco, Enron, and WorldCom.

Narcissistic leaders exist in the public sector as well as the private. Several studies have been undertaken exploring the role of narcissism among U.S. Presidents. By careful coding of biographies and Presidential speeches, researchers have found that narcissism is associated with increased perceptions of charisma, higher levels of psychopathy, and more effective legislation but also more ethical breaches and a higher probability of impeachment.[76] More recent studies of our current president, Donald J. Trump, have confirmed that he is very high on narcissism and that many voters saw him as charismatic and voted for him because of this.[77] In a study of narcissism among celebrities, reality TV stars were found to be the most narcissistic.[78]

Why Do People Follow Narcissists?

Given the evidence for the potential destructive nature of narcissistic leaders, why would anyone choose to follow them? Several factors make them attractive. First, from a distance, narcissists are often difficult to identify. They appear to be casual observers as prototypical leaders—bold, confident, competent, and offering a promise of a better future. They are often charming, humorous, and can initially appear humble. In his biography, Isaacson reports that Steve Jobs was particularly adroit at feigning modesty. Narcissists can also be

effective at managing upward, flattering their superiors, taking credit for the accomplishments of their juniors, and blaming their failures on others—and feeling no guilt while doing this. Research has shown that while narcissists may lack empathy, they are often emotionally insightful, understanding others' needs and emotions and using these to their advantage.[79] At least in the short term, they can successfully mimic true empathy. Again, Isaacson describes Jobs as able to seduce people at will. It is only over time that there true disposition is revealed—and by then it is often too late.

When are Narcissists Most Likely to Emerge as Leaders?

Owing to their self-confidence and willingness to go against the grain, narcissists can be particularly attractive in uncertain situations—entrepreneurial ventures, periods of disruption, crisis, or economic upheaval. When a given strategy no longer seems to be working and people are anxious, a self-confident, bold self-proclaimed savior can seem attractive.[80] This willingness to challenge accepted practice is an integral part of the definition of a transformational leader, so narcissists often initially present as transformational. Their boldness and self-confidence can be reassuring among an anxious group of followers. In support of this, research has shown that under conditions of uncertainty people are drawn to narcissistic leaders even when they recognize their liabilities.[81] A self-assured and decisive leader with a new vision can provide a sense of psychological safety. These effects are enhanced when narcissistic leaders use symbolism and simple words to emphasize a collective future and threats from out-groups.[82]

But what about the so-called "bright side" of narcissistic leaders? Are there circumstances in which a narcissistic leader might have positive effects? First, recall that narcissism is a spectrum with all individuals having some degree of it. Some heightened level of narcissism can encourage an individual to be bold, challenge the status quo, and persist in the face of failure. Entrepreneurs, for example, have been shown to have heightened levels of narcissism that help them persevere—but at very high levels, it also impedes their learning.[83] Overall, the evidence suggests that the association between narcissism and performance is an inverted "U"; that is, some narcissism can be a good thing, but it is at very high levels where it can become problematic.[84]

Distinguishing Transformational from Pseudo-Transformational Leaders

There are circumstances when transformational leaders are needed: When firms are failing, when they need to adopt new strategies and business models, when new technologies are making previous sources of competitive advantage irrelevant. Under these circumstances, a transformational leader who can drive large-scale change is needed—"peacetime generals" are not enough and a "wartime general" is needed.[85] Studies by military historians have illustrated the

importance of this distinction, including some of the failures of the U.S. military in Vietnam.[86] The notable failures of private sector firms such as Kodak and Blockbuster have been attributed to failed leaders—those unable to compete in a world that had changed.[87] So how can Boards of Directors and others charged with selecting and developing leaders differentiate between a true transformational leader (like Gerstner at IBM or Mulally at Ford) and the more dangerous ones (like Holmes at Theranos or Skilling at Enron)?

The challenge they face is that the standard process for selecting leaders, especially those brought in from the outside, relies heavily on interviews—and interviews are notoriously ineffective at uncovering true personalities.[88] A person's true dispositions are only revealed over time. Narcissists can be immensely charming. In fact, interviews play to the strengths of the narcissist who often excels at first impressions. "The big thing for narcissists is that they interview very well. Search committees just can't get enough of these guys."[89] One historical analysis of Winston Churchill describes how Britain failed to realize Hitler's true nature. In 1936, Arnold Toynbee, the great British historian, reported after meeting with Hitler that he was "convinced of (his) sincerity in desiring peace in Europe and close friendship with England."[90] Neville Chamberlain, after meeting Hitler, subsequently said that he was "a man who could be relied on when he had given his word."[91] Similarly, Masayoshi Son invested in WeWork 15 minutes after meeting with CEO Adam Neuman—and has lost $4.7 billion to date.[92]

How Organizations Can Mitigate the Negative Impact of Narcissistic Leaders

Given the myriad negative effects of narcissistic leaders, how can organizations—boards and managers—mitigate their impact? We discuss three general domains in which the challenges of grandiose narcissism can be addressed: attracting genuine transformational leaders rather than grandiose narcissists; differentiating between transformational leaders and grandiose narcissists in the selection process; and managing grandiose narcissists, including managing them out when needed.

Attracting Transformational Leaders Rather Than Grandiose Narcissists

One key approach to attracting transformational leaders is to cultivate an organization with a culture that values teamwork and integrity more than individual achievement and success at any cost. These cultures are defined by norms emphasizing and rewarding an individual's contribution to the collective good rather than celebrating the accomplishment of a single person. Grandiose narcissists seek out opportunities to shine as individuals, not situations where the individual is only a part of a larger group.[93] Absent a clear individual performance goal and the chance to demonstrate their superiority, narcissists will be less motivated to participate in these settings and less likely to be rewarded by other employees.[94] These firms, sometimes referred to as having a "fixed"

mindset, emphasize the recruiting and promotion of "stars" and are a natural venue for narcissists. In contrast, firms with a culture that promotes a collective or "growth mindset," where the emphasis is on the contribution and development of all employees, is likely to be less attractive to narcissists.[95]

Differentiating Between Transformational Leaders and Pseudo-Transformational Leaders (Grandiose Narcissists) in the Selection Process

One of the best ways of dealing with grandiose narcissists is to avoid hiring them in the first place. How might decision makers distinguish between visionary leaders and grandiose narcissists in the selection process? One key differentiator is the candidate's track record on developing others and sharing credit for success. Visionary leaders understand the importance of gaining long-term commitment and trust from followers, while narcissists are more instrumental in their relationships with colleagues. Thus, soliciting input during the selection process from a focal candidate's full network—not just from the individuals she identifies—is essential. And, network members should be explicitly asked, under conditions of confidentiality so they will be more candid, to provide specific evidence that the prospective leader has invested in their or others' development and has accelerated others' success.

Since a narcissist's nature is revealed across situations and over time, and their true behavior is revealed most nakedly to those who work for and with them, the candid judgments of these sources is key. These can be gathered through comprehensive and careful interviews of previous peers and subordinates. Structured behavioral interviews that focus on behaviors that reveal a candidate's grandiosity, entitlement, risk taking, integrity, and hostility can be diagnostic. People who have worked for a narcissist have deep insight into these characteristics. Probing questions about how they behaved as team members, how willing were they to empower others, did they take credit for others' accomplishments, did they refer to "I" and "me" or "they" and "we," how willing were they to use others for their own ends, and how did they handle ethically ambiguous situations can reveal their true nature. Although an individual can hide some qualities for a short period of time, the essence of a trait like narcissism is that it will be revealed over time, especially in stressful circumstances or critical incidents. While interviewers, casual observers, and even superiors can be fooled, close peers and subordinates see the truth so their assessments are pivotal in identifying a leader's true character.

Interviews should also include a discussion of past experience. Questions that ask about past accomplishments should include careful coding for whether a candidate takes credit for success or shares the spotlight with others. Thus, it is useful to recognize that "objective" indicators of past performance, while important, can also be misleading. Knowing that a person has succeeded does not shed light on how they achieved this. Narcissists take credit for others' accomplishments and are adept at managing impressions. Furthermore, interviews should include discussions of any negative feedback ascertained from the relevant networks to see

how the candidate responds. Narcissists are far more likely to argue or become angry when confronted with negative feedback. Questions that ask the candidate to describe former employers and job situations can also be telling, with narcissists more likely to subtly or blatantly disparage former employers.

Managing Grandiose Narcissists, Including Managing Them Out

If narcissists still succeed in passing all the filters recommended above, a number of practices can be put in place to mitigate their negative influence in organizations. One key practice for managing narcissists is evaluating them and basing some significant portion of their compensation and reputation on 360-degree performance reviews. Input should be regularly solicited from a wide range of subordinates and peers to ensure that narcissistic leaders feel accountable to others, are compelled to consider and cooperate with them, are discouraged from overclaiming credit, and invest in others' development. Importantly, leaders' compensation and promotion opportunities should be explicitly linked to their cross-evaluated performance reviews. Boards of directors should closely monitor compensation gaps between the (potentially narcissistic) CEO and her senior executives to ensure that the gap is not demotivating to those executives and does not grow larger over time. And, boards and organizational leaders should also regularly conduct culture assessments, soliciting input from all levels of organizations. Organizations that show low or declining levels of collaboration and integrity norms, set in motion by a narcissistic leader,[96] may be particularly vulnerable to low morale, lawsuits, risky investments, and fraud.

With regard to the work produced by grandiose narcissists, organizations need to be able to harness the potentially visionary ideas generated by these leaders, but all ideas should be carefully fact checked. Major proposals should be substantiated and checked for their feasibility and legality, and collaboration among leaders should be required. Just as boards are required to regularly and independently solicit input from key officers of organizations such as internal auditors, they should also solicit independent input from other sources to verify the leader's ideas and strategies.

Conclusion

Although Michael Maccoby began his seminal book on narcissistic leaders by noting that narcissistic leaders "can be extraordinarily useful, even necessary," he concluded on a more somber note, observing that in spite of their potential benefits: "Much of the damage done to organizations has resulted from the arrogant, unethical behavior of corporate leaders."[97] Until we begin to distinguish between narcissistic leaders who see companies as a means to their own ends and transformational leaders who see themselves as a means to the company's end, we will continue to reward destructive leaders.

This article has reviewed more than 150 studies of narcissism, 75% of which have been published since 2010 and 50% appearing since 2015, indicating

that narcissistic leaders are a significant, and perhaps even a growing organizational challenge. These studies have offered important new insights into how grandiose narcissists affect organizations and institutions. As outlined in Figure 3, this research reveals the alarming dangers arising within organizations run by narcissists. Dealing with a narcissistic colleague can be unpleasant, but we can choose to avoid them. However, when narcissists assume leadership roles and positions of power, the damage they impose on organizations is magnified.

Since grandiose narcissists are difficult to detect and have some of the same qualities as transformational leaders, the critical issue is uncovering or avoiding those that are malignant narcissists—the pseudo-transformational leaders. This is an important but nontrivial task. Transformational leaders—whether they are CEOs, social movement leaders, entrepreneurs, or presidents—have to have a healthy amount of self-confidence and a willingness to challenge the status quo and take risks. Without leaders exemplifying these attributes, very little would change. But, some leaders who have attained high status positions possess unhealthy amounts of these characteristics and, too often, not only do we ignore the dark side of these dispositions, but we even glorify their accomplishments.

These grandiose narcissists take outsized risks, exploit others, overclaim credit for success, blame others for failure, ignore the advice of experts, and are overconfident in their abilities and judgment. When they succeed, we focus on their successes and ignore the failures—think of the fawning press coverage of Adam Neuman, Elizabeth Holmes, Travis Kalanik, and Steve Jobs. In doing this, we legitimate the dark side of narcissistic leaders and excuse their excesses. To avoid their destructive effects, we suggested a set of key practices to mitigate their negative impacts. These centers on getting regular input from others, especially subordinates, and holding narcissistic leaders accountable for their behavior.

Our goals here have been to leverage research to differentiate between the profile of transformational leaders and grandiose narcissists, highlight the negative consequences of grandiose leaders in leadership roles, and provide recommendations for how organizations can find and develop the former, while avoiding the latter. The stakes are high for organizations and institutions and their members and so detecting these differences is essential.

Acknowledgments

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