

Narcissistic Leadership and Multi-Level Target Setting of Women Quotas

Sarosh Asad¹, Tanja Reimer²

¹*Copenhagen Business School*, ²*Europa Universitat Flensburg*

Abstract

According to the proponents of strategic choice perspective, CEOs exercise their managerial discretion when confronted with strategic dilemmas. The psychological attributes of CEOs serve as cognitive bases for them to make strategic decisions (Hambrick and Mason 1984). Over the years, scholars have thus examined personality of CEOs to explain how they make strategic decisions which can potentially impact firm outcomes (e.g. Judge et al. 2006). Moreover, personality traits are more relevant in explaining the decision-making patterns of executives (Campbell et al. 2004) and how they lead their organizations (Resick et al. 2009). Thus, we focus on CEO personality, namely narcissism, and argue that narcissistic leadership of CEOs could potentially influence strategic decision of target setting of women on top management positions and possibly be predictive of gender diversity.

Our study focuses on the grandiose narcissism (the personality variable of narcissism) instead of vulnerable narcissism, which signifies common clinical disorder of narcissistic personality disorder (NPD). Grandiose narcissism has become increasingly prevalent among CEOs (Resick et al. 2009) making it a relevant trait to study. It is not unsound to regard narcissistic CEOs as champions of disruptive thinking given they tend to ‘thrive in chaotic times’ (Maccoby 2000), perform well under pressure and are more likely to emerge as strategic first movers (Chatterjee and Pollock, 2017). Among the most fundamental characteristics of narcissistic CEOs is that they display absolute self-confidence, excessive self-admiration, and intense need for power. Interestingly, Zhu and Chen (2015) point out that narcissistic CEOs exhibit differences in how they lead firms as compared to less narcissistic CEOs. Thus, it can be expected that narcissistic CEOs exhibit different orientations and behaviors that may lead to variation in promotion of gender diversity by setting targets of women quotas on leadership positions differently. Our focus is to move beyond the copious literature of ‘good’ or the ‘bad’ aspects of narcissistic leadership and focus on the relative merits of narcissism in CEOs by analyzing their impact on gender diversity interventions.

We theorize that narcissistic CEOs may aptly play the role of macro change agents (Kelan and Wratil 2018) in promoting women in leadership positions within organizations. Specifically, we propose that narcissist CEOs will set higher and ambitious targets for women representation as doing so will allow them to replenish their ‘narcissistic supply’, gain supporters at top management level, and attract public and media attention. We also hypothesize that they will propose shorter time-frame for the implementation of these targets. Although research indicates that the forced addition of female directors can potentially reduce a CEO’s influence, which in consequence may deter a narcissist CEO to set ambitious targets for women. Female directors are also better at monitoring and controlling, which may be incongruent to narcissists’ need to be dominant. However, there seems to be a general consensus that narcissist individuals are strongly motivated by ‘approach motivation’, a behavioral tendency driven by reward outcomes, and weakly by ‘avoidance motivation’, a behavioral tendency driven by punishment (Patel and Cooper, 2014). This implies that narcissistic CEOs will more likely set ambitious targets as they are strongly motivated by the potential acclaim and fame they can garner amidst pressures to gender diversify their firms and will less likely to be motivated by possibility of female dominance and sanctions imposed for non-compliance of quotas. Narcissistic Leadership and Multi-Level Target Setting of Women Quotas

The proposed ideas of this research will be tested on a sample of German firms. In Germany, “Act on Equal Participation of Men and Women in Leadership Positions and the Public Sector” was enforced on 30 May, 2015. Accordingly, the executive boards and supervisory boards of certain companies in Germany are required for the first time to set targets for the percentage of female representation on the supervisory board, the executive board and the two management levels below the executive board. This context provides an interesting and timely opportunity to test the hypotheses of our study. Using companies’ annual reports, we will analyze Round I targets (2015) and their implementation (whose deadline was set no later than June 30, 2017) as well as Round II target setting (2017). CEO narcissism

will be assessed by means of unobtrusive approach proposed by Chatterjee and Hambrick (2007). This involves assessing prominence of the CEO's photograph in annual reports, CEO's prominence in the company's press releases, CEO's relative cash and noncash compensation and CEO's use of first-person singular pronouns in interviews.

We aim to contribute to the literature by understanding how narcissist leaders affect key corporate governance issues such as gender diversity. While many studies have attempted to answer how promoting female participation will enhance or impair corporate governance, our study aims to open line of inquiry of understanding narcissistic leadership as a possible antecedent of gender diversity management.

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