

Research article

## Investigating the impact of narcissism on ethical climate in organization

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### Abstract

Management decisions and thoughts is a key role in achieving organizational goals. Therefore, identification of personality characteristic of managers and experts, particularly their narcissism have essential role on ethical climate in organization. This article is going to investigate the relationship between narcissistic person and the effects of that on ethical climate in the organization in Ferdowsi University of Mashhad-Iran. The group under study is all of the experts and managers in central organization of Ferdowsi University. We have distributed 116 questionnaires and received 112 of them. Correlation and multiple regression analysis were performed to evaluate the hypothesized relationships between the variables by the SPSS software version 17. The results of testing hypothesizes indicated that narcissism has significant and negative effect on ethical climate whereas some dimensions of narcissism have positive effects on ethical climate. This research must be continually researched and discussed to increase awareness of the relationship between a narcissistic personality and its effects on ethical climate in an organization.

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**Keywords:** narcissism, narcissistic person, ethical climate

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## **Introduction**

Experts working in many aspects of like human resource management and education have articulated great interest in narcissism in organization. This interest has concentrated on the origins of self-esteem, in addition to its individual, interpersonal, community and organizational effects. During the 1890s, the phrase narcissism was used to explain a personal form of self-admiration. During this time period, reports available by different clinical and social psychologists, such as Ellis and Nacke, later encouraged Freud to study the personality and behavioral character of narcissists (Raskin & Terry, 1988). Nowadays, we use the term narcissism to express a pervasive pattern of obvious grandiosity, self-focus, and self-importance behavior, presented by an individual or groups of individuals (American Psychiatric Association, 2000). Several studies have suggested that a relationship exists between the ethical climate of an organization and the narcissistic person. According to previous studies, leaders are capable of influencing the climate of an organization; it may be possible for managers to affect the ethical behavior of employees by changing the ethical climate of workgroups where inappropriate behavior is common. It has been anticipated that organizational narcissism may be a significant reason for the drop of some organizations (Levinson, 1993; Stein, 2003). Our topic for this research paper will be held on narcissistic person and the effects of that on ethical climate in the organization. Whether one is talking about narcissistic organizations or narcissistic leaders in the organization, this is a problem that requires to be investigated in more detail.

Based on this research, the research question will be:

Is there any relationship between narcissistic person and the effects of that on ethical climate in the organization?

Particularly, the objective of this article is to answer my research question with collecting some relevance data from employees and managers separately in order to perceive the effects of organizational narcissism on ethical climate. The general scope of this study is Ferdowsi University of Mashhad-Iran. The specific area of this study is some parts of this university such as central organization and its subordinate units.

## **Literature Review**

### **Narcissism**

The term narcissism comes from Greek mythology. The term comes from the story of a young man, Narcissus, who fell in love with his own reflection in a pond, which ultimately led to his termination as a result of his narcissism and vanity (Jorstad, 1996; King, 2007).

Freud (1914) explains two kinds of narcissism: a primary form originated in children and a secondary form mainly present in adults. The variation between these two kinds is the character of the self-object relation. In a child, the ego is little disconnected from the direct external environment. On the opposite, in an adult, the ego is obviously differentiated and is an object of self-love that excludes other objects, particularly other people (Freud, 1914).

Narcissism is a term that normally implies a person who possesses a severe love of self, a grandiose sense of self-importance, and a powerful sense of entitlement (Duchon & Burns, 2008).

According to American Psychiatric Association (2000), there are nine characteristics associated with narcissism: (1) belief in a grandiose sense of self-importance; (2) a preoccupation with fantasies of unlimited success, power, beauty; (3) seeks recognition as being special, or unique by others; (4) seeks excessive admiration from others; (5) expects a sense of entitlement, unreasonable expectations of favorable treatment from others; (6) consciously exploits others to get personal desires; (7) lacks empathy towards others; (8) jealous of others and believes others are jealous of them; and eventually, (9) displays proud, rude behaviors towards others. These behaviors defend the narcissist's identity and fragile self-esteem.

These characteristics force individuals to look for positions of power; thus, narcissistic individuals are often found in positions of leadership (King, 2007). Narcissistic individuals treat others as things and have a trend to think that it is completely within their right to make demands of other people. Additionally, rather than establishing momentous relationships with others, narcissistic individuals try to control and overcome others since they see life as a competition in which there can only be one winner. Also they are unlikely to permit colleagues and subordinates take part in organizational decision making. Therefore, their decisions are based on personal aims rather than meeting others' needs or organizational objectives. Moreover, they are incapable to observe issues from others' perspectives or to understand others' feelings (Blair, Hoffman, & Helland, 2008).

There are many different types of narcissism, which we mentioned two various categories in this part. As you can see the following:

Normal/Healthy: presents a positive self-esteem and make easy normal functioning and creativity. Pathological disorder: disability to combine the idealized attitude about oneself with the reality of one's insufficiency (Rosenthal & Pittinsky, 2006).

On the other hand, there are two forms of narcissism: 1) grandiose narcissism 2) vulnerable narcissism. Grandiose narcissistic person has high extraversion, low agreeableness and neuroticism and vulnerable narcissistic person has high neuroticism, low agreeableness, and extraversion. Grandiose narcissism is externalizing behaviors and vulnerable narcissism is internalizing symptoms (Maples, Collins, Miller, Fischer, & Seibert, 2011).

Particularly, narcissistic person fail to accept when they have made a mistake and regularly blame others for their own errors (Kets de Vries & Miller, 1985).

The extreme narcissist is expected to have problematic analytical skills, as he or she has a grandiose self-image and fails to see the advantages of others' offers. Consequently, narcissists' decision-making skills are limited by their egocentric approach (Dimaggio et al., 2002). Narcissists believe that they have a right to modify their positions and commitments as the circumstances or situations change. We can presume that individuals, who have a narcissistic personality, may have a deep impact on the accomplishment of an organization.

*Narcissistic organization.* "A narcissistic organization is one in which the organization is felt by its members to be very special and to embody unique qualities" (Stein, 2003). When all or most organization members attain their self-esteem by relating themselves to their organizational identity, a narcissistic organization may be expanded (Brown,

1997). Brown (1997) has discussed that severe narcissistic organizations use denial to deal with conflict and stress. They develop reasonable and acceptable justifications for their actions through rationalization. They self-aggrandize by endowing themselves with a sense of correctness and making claims of their uniqueness (Duchon & Burns, 2008).

The severe narcissistic organization becomes involved with itself and its concerns, and loses touch with its clients and markets. Self-absorption becomes an everyday practice, and the organization uses self aggrandizement, a sense of entitlement, and denial to project what has become a severe narcissistic identity.

Stein (2003) proposed that extreme organizational narcissism will have five typical attributes. First, members of a narcissistic organization will think their organization to be extremely special and unique. Second, a powerful sense of self aggrandizement and entitlement guides to a kind of unconscious imperialism or an unconscious power: The organization is all powerful and anything of strength is felt to legally belong to it. Third, the organization believes itself to be omniscient; it has acquires to all information, both internal and external, and that is related to the organization. Fourth, the vision of the narcissistic organization permits not only to be dismissive of other organizations, people and information, but also to behave them with a kind of victorious contempt. Fifth, these attributes are so universal that they become continuously fixed in organizational performance (Stein, 2003; Duchon & Burns, 2008).

*Narcissistic leaders.* Narcissistic individuals rather than significant communication with others, strives to exploit others, therefore, it seems unlikely that the narcissistic leaders to let their subordinates or colleagues who take part in organizational decision making (Samier & Atkins, 2010). According to Samier & Atkins (2010) some leader's characteristics are: poor group participations, considers staff as lesser people, does not take responsibilities for own actions, operates alone rather than collaboratively, and shows no concern for others (Samier & Atkins, 2010).

Narcissistic individual can also have a considerable effect on the decision-making process of an organization planning or faced with a crisis. Through a crisis, an organization needs a leader who can quickly and effectively return a company to a position of normal operation. In fact, the crisis leader must be able to obviously and honestly appraise the crisis, strategically plan a course of action, and efficiently and productively implement that plan of action (Blair et al., 2008).

To date, the text on narcissism and leadership has been mostly dedicated to answering one question: Is it good or bad for a leader to be a narcissist? The interpretations of this question are diverse, ranging from whether certain narcissistic personality are positive leadership characteristics while others are negative, to whether narcissism is necessary to supply the drive and vision needed to achieve a leadership position, to whether all narcissistic leaders are eventually ruined to fail (Rosenthal & Pittinsky, 2006). As discussed earlier, the visions, plans, and actions of narcissistic leaders are equal with their own psychological needs.

Narcissistic managers refuse to accept advisers' suggestions, take more credit for successes than they are due, and blame others for their own failures (Rosenthal & Pittinsky, 2006).

The commonness of narcissistic leaders in all sectors of society and throughout the world suggests that there must be some positive aspects of narcissistic leaders as well.

Post (1986, 1993) argues that there are positive types of narcissistic leaders who, when harmonized with the suitable followers in a particular historical context, are not only productive, but essential. Research proposed that the confidence, charisma, and optimism associated with useful or constructive narcissists are positive leadership traits.

Narcissist's leaders make riskier decisions and are less interested in low-risk decisions than non-narcissists, and thus lose more often than do non-narcissists (Campbell, Hoffman, Campbell, & Marchisio, 2011).

Narcissists succeed or fail as leaders belong not only on their personalities, but also on the conditions in which they lead. This is particularly true of narcissistic leaders—supporters recognize them as extraordinary person, blindly judge them, follow them absolutely, and give them incompetent emotional support (Post, 1986).

### **Ethical Context**

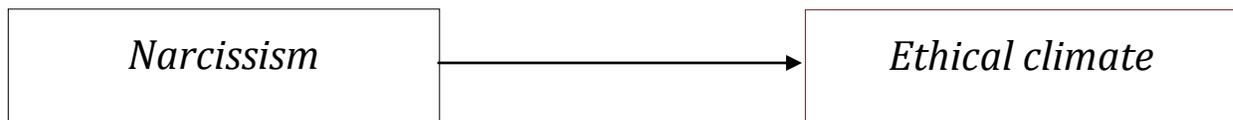
According to Trevino (1986), the ethical climate in an organization provides the collective norms that direct behavior (Koh & Boo, 2001). Although many conceptualizations of ethical context have been used, most empirical research has concentrated on ethical climate both of which refer to assured characteristics of the organization which do or do not support ethical attitudes and behaviors. According to Carnell, "Ethics is the science of behavior, and the basic problem of ethics is determining what constitutes proper behavior" (Watson, 2010).

The ethical climate of an organization has been explained as the shared perceptions of what ethically exact behavior is and how ethical problems should be handled in the organization. Several studies have suggested that a relationship exists between the ethical climate of an organization and the narcissistic person. According to previous studies, leaders are capable of influencing the climate of an organization; it may be possible for managers to affect the ethical behavior of employees by changing the ethical climate of workgroups where inappropriate behavior is common. It would seem important for managers to have admission to a valid tools for assessing an organization's current ethical climate as a first step in reduce unethical behavior in the workplace (Peterson, 2002).

Based on social learning theory, organizations with stronger ethical contexts are likely to offer more models of ethical leadership, set up formal policies and informal norms that support ethical conduct, and strengthen ethical behavior. In other words, leaders in organizations lacking a strong ethical context may be more likely to adjust their leadership style to match their environment, adopting a weak ethical or even unethical style (Strang, 2008). Ethical climate has been found to positively affect managers' ethical decision-making and negatively impact managers' willingness to lie (Ross Jr & Robertson, 2000).Based on Hartman (1999), the idea of organizational justice is essential to understanding a broad range of human traits and manners in organizations. From the perspective of justice theory, top management that supports ethical behavior is perceived to be reasonable to employees (Koh & boo, 2001).

According to this paper, ethical climate has three dimensions: (1) egoistic, which emphasizes the company's interest; (2) benevolent, which emphasizes the employees' interest; and (3) principled, which emphasizes compliance with rules and standard operating procedures (Koh & boo, 2001).

### Conceptual model



**Figure 1:** Conceptual model

### Background Research

Dollman (2011) elaborated that narcissism negatively affects an organization and on the relationship between narcissism and the financial industry, namely accounting. As was demonstrated in his paper, narcissistic individuals highly influence the identity of an organization and how it behaves.

Koh & boo (2001) investigated the link between three measures of organizational ethics (namely, top management support for ethical behavior, the organization's ethical climate, and the association between ethical behavior and career success) and job satisfaction perceived by managers in Singapore. Results indicate a significant and positive link between all the three measures of organizational ethics and job satisfaction.

Strange (2008) in an article entitled "Ethical leadership and leader effectiveness: the roles of Machiavellianism, narcissism, and ethical context" indicated that the typical negative effects of narcissism may become more salient in an ethical context; on the other hand, perceptions of the effectiveness and ethical leadership of narcissistic leaders may actually be improved in the presence of an unethical context.

Foster, Shrira and campbell (2006) examined the link between narcissistic personality and sexuality. The findings suggest that individuals with narcissistic personalities tend to have somewhat different views of sexuality.

Campbell, Hoffman, Campbell, & Marchisio (2011) in their article entitled "Narcissism in organizational contexts" concluded that narcissism is a best thought of as a trade-off; it will be positive in some contexts and from some perspectives and negative from others, many of the negative consequences will be seen in the area of damaged relationships (especially in the long term) and the complex structure of narcissism leads to significant concerns for selection.

### Research hypotheses

*The first hypothesis:* Narcissism has effect on ethical climate in organization.

*The second hypothesis:* Dimensions of narcissism have effect on ethical climate in organization.

## Methodology

In the present study, central organization of Ferdowsi University in Mashhad has been investigated in this research. Based on Cochran's formula, sample size is 112. In order to evaluate variables, questionnaire has been used. We have distributed 116 questionnaires and received 112 of them. Narcissism was assessed using 20 items from 40 item from the study of (Raskin and Hall, 1979). The Cronbach's alpha coefficient for the scale was 0.762. Ethical climate was evaluated using 12 item from the studies of (Koh & boo, 2001). The Cronbach's alpha coefficient for the scale was 0.734. Responses to the items were determined using five-point Likert scale (1- strongly disagreed, 5- strongly agreed). Therefore reliability of both of them has been confirmed, and to increase the questionnaire validity, we have used standard questions.

### *Demographic characteristics of the respondents*

All the respondents were aged 21 and above. The average age of the respondents was 34 years. About 61.2 percent of the respondents were male whereas 38.8 percent of them were female. About 25 percent single and 75 percent married people contributed to the survey. All the respondents have at least diploma level of education, with bachelor having 63.8 percent representation and masters' degree holders having 29.3 percent representation.

## Data analysis

The assembled information has been analyzed by descriptive statistics methods and SPSS software. Multiple regressions analysis and Pearson's correlation was performed to evaluate the hypothesized relationships between the variables. According to below table, the average of all dimensions of narcissism is near 3. It means that narcissism is moderate.

**Table1:** Means and standard deviations

	narcissistic person	ethical climate	self importance	unlimited success, power	unique	admiration	sense of entitlement	exploits	lack empathy	jealous	Proud
N	115	116	116	116	116	116	116	116	116	116	116
Mean	2.8703	3.0245	3.2630	3.1456	2.9027	3.3097	3.0351	2.5205	3.2416	1.6609	3.3702
Std. Deviation	.31671	.24325	.42089	.44775	.46676	.76134	.80412	.64161	.45444	.77893	.41275

H1: narcissism has effects on ethical climate in organization.

In order to determine the effect of narcissism on ethical climate in organization, we use regression. As you can see results in below table:

**Table 2:** Multiple regression analysis

	Sum of Squares	df	Mean Square	F	Sig.	R Square
<b>Regression</b>	4.906	1	4.906	292.098	.000 <sup>a</sup>	.721
<b>Residual</b>	1.898	114	.017			
<b>Total</b>	6.804	115				

- a. Predictors: (Constant), narcissistic person
- b. Dependent Variable: ethical climate

Since the P-Value = 0.000 and less than 0.05, thus results indicate that with 95% confidence, narcissism has effects on ethical climate in the organization. Also the value of R Square = 0.721, means that approximately 72.1% of the variation of ethical climate is due to narcissism.

**Table 3:** Regression results of the influence of narcissistic person on ethical climate

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
<b>(Constant)</b>	1.144	.111		10.339	.000
<b>narcissistic person</b>	-.655	.038	-.849	-17.091	.000

- a. Dependent Variable: ethical climate

Based on above table, amount of coefficients regression is equal to -0.655; therefore narcissism has negative effects on ethical climate.

H2: Dimensions of narcissism have effect on ethical climate in organization.

Researchers use regression to evaluate the effect of dimensions of narcissism on ethical climate. Results in the following tables:

**Table 4:** Multiple regression analysis

	Sum of Squares	df	Mean Square	F	Sig.	R Square
<b>Regression</b>	5.250	9	9	39.795	.000 <sup>a</sup>	.772
<b>Residual</b>	1.554	106	106			
<b>Total</b>	6.804	115	115			

- a. Predictors: (Constant), Proud, jealous, admiration, lack empathy, unique, exploits, unlimited success, power, sense of entitlement, self importance

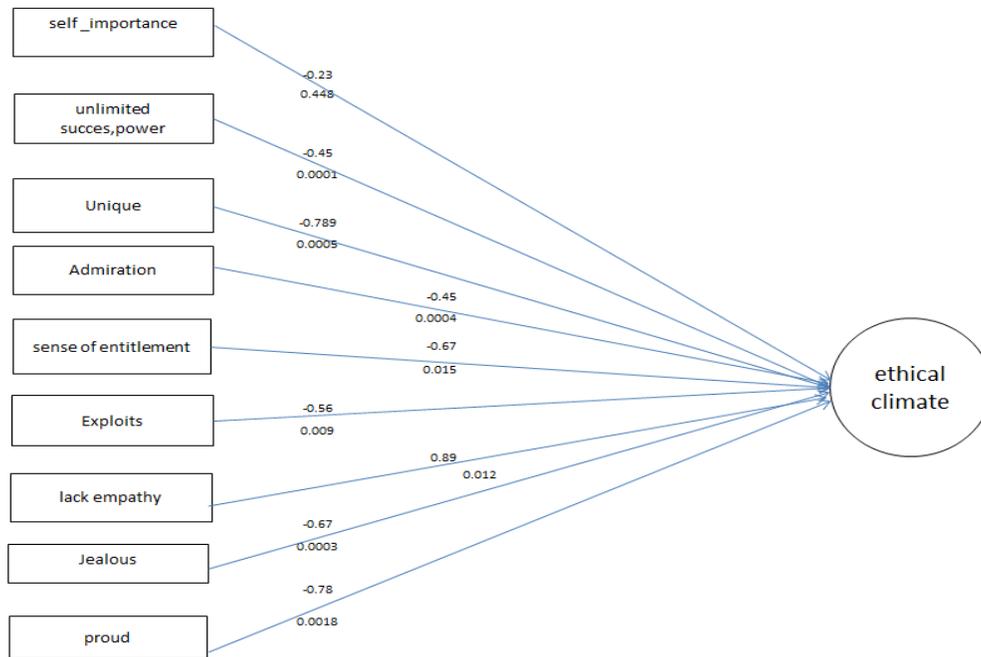
b. Dependent Variable: ethical climate

Since the P-Value = 0.000 and less than 0.05, thus results indicate that with 95% confidence, dimensions of narcissism have effect on ethical climate in the organization. Also the value of R Square = 0.772, means that approximately 77.2 % of the variation of ethical climate is due to dimensions of narcissism.

**Table 5:** Regression results of the influence of dimension of narcissism on ethical climate

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
<b>(Constant)</b>	.870	.142		6.136	.000
<b>self importance</b>	-.041	.054	-.071	-.762	.448
<b>unlimited success, power</b>	-.150	.038	-.276	-3.951	.000
<b>Unique</b>	-.195	.037	-.375	-5.347	.000
<b>Admiration</b>	-.036	.016	-.112	-2.300	.023
<b>sense of entitlement</b>	-.011	.024	-.035	-.446	.656
<b>Exploits</b>	-.100	.032	-.263	-3.128	.002
<b>lack empathy</b>	-.180	.026	-.337	-6.882	.000
<b>Jealous</b>	-.066	.018	-.211	-3.660	.000
<b>Proud</b>	-.046	.060	-.078	-.772	.442

According above table amount of p-value of unlimited success, power, Unique, Admiration, Exploits, lack empathy, Jealous are less than 0.005, thus they have effect on ethical climate. Moreover self importance, sense of entitlement and proud don't have effect on ethical climate.



## Conclusion and suggestion

This research has intended to investigate and evaluate effects of narcissism and ethical climate in the central organization and its subordinate units in Ferdowsi university of Mashhad. The outcomes indicate that narcissism has significant and negative effect on ethical climate whereas some dimensions of narcissism have positive effects on ethical climate. However, self-importance, sense of entitlement and proud have no effect on ethical climate. Based on regression coefficients unique has the highest effect and admiration has the lowest. This topic must be frequently researched and discussed to increase awareness of the relationship between a narcissistic personality and its effects on ethical climate in an organization. From our point of view, the most significant theme in research on narcissism and the effects of that on ethical climate in an organization is that there is more research needed. We encourage researchers to examine the organizational narcissistic with other variables in commercial organizations.

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