

# Hierarchy, Bonuses and Narcissism

New research on narcissism seems to be popping up all over. Intriguing, but what's in it for me?

Setting aside any self-centered reflection that research on this topic could prompt, these studies do offer some interesting implications for the design of total rewards and workplace practices. Reinforcing lessons from existing literature, one takeaway from the research on narcissism is that

autocratic decision making may unintentionally narrow the pool of talent your organization effectively engages by creating incentive systems and organizational structures that appeal to a certain personality type. Not a bad thing if there's one type you're looking for and those are the folks making the decisions; a potential problem if you're looking for wider appeal.

## Narcissism: For or Against?

The maturing "Me Generation," the Millennial workforce, society's increasing focus on personalities of fame and fortune, or just the expanse of studies looking for it — whatever the reason, narcissism seems to be increasingly pervasive. One meta-analysis of 85 studies found that scores on the Narcissistic Personality Inventory (NPI) of American college students have increased over time — to be precise, a 30 percent increase from the early 1980s to 2006. (See Twenge, et al. "Egos Inflating Over Time: A Cross-Temporal Meta-Analysis of the Narcissistic Personality Inventory," *Journal of Personality*, 2008.) My hypothesis would be that the trend hasn't reversed itself during the past 10 years either.

Is this increasing narcissism a good or bad thing? Some of the questions used to measure narcissism certainly don't sound negative in the context of trying to encourage



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employees to take ownership of their careers and be leaders in whatever job they hold. For example, choosing “I have a natural talent for influencing people” over “I am not good at influencing people” on the NPI drives up the narcissism score. (You can find the 40-question NPI at [psychcentral.com/quizzes/narcissistic.htm](http://psychcentral.com/quizzes/narcissistic.htm).)

And research has revealed some pros as well as cons of narcissistic employees and organizational leaders. A sampling includes: Goncalo, et al., “Are Two Narcissists Better Than One? The Link Between Narcissism, Perceived Creativity and Creative Performance,” *Personality and Social Psychology Bulletin*, 2010; Grijalva, et al., “Narcissism and Leadership: A Meta-Analytic Review of Linear and Nonlinear Relationships,” *Personnel Psychology*, Spring 2015; and Grijalva and Newman, “Narcissism and Counterproductive Work Behavior (CWB): Meta-Analysis and Consideration of Collectivist Culture, Big Five Personality and Narcissism’s Facet Structure,” *Applied Psychology*, January 2015.

I’ll leave it to others to make the final judgment on “narcissists: good or bad?” or to decide what individual characteristics are the best fit for their own organizations. Rather, I’d like to start from the narcissistic-neutral premise that: 1. We all want the right kind of employee — one who will maximize profitability and sustainability while operating successfully within our organization’s unique culture, and 2. We look to our organization’s structure and pay practices to motivate and retain employees with the preferred personality traits. So what can we learn from research about how narcissistic employees differ in what appeals to them and what ensuing decisions regarding structure and pay might narcissistic leaders make? Two fresh pieces of research caught my eye.

### Narcissists Like Rules Set in Their Own Favor

Using the online platform MTurk (Amazon Mechanical Turk Applications), a Cornell ILR School colleague, Emily Zitek, and her

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co-author, Alexander Jordan, conducted five studies that measured participants’ preferences for hierarchy and the degree of their narcissistic tendencies. (Zitek and Jordan, “Narcissism Predicts Support for Hierarchy (At Least When Narcissists Think They Can Rise to the Top),” *Social Psychology and Personality Science*, 2016.) It turns out that narcissists’ opinion of hierarchy in the workplace depends on whether they think the hierarchy is open for their own personal advancement. Zitek and Jordan find that “... narcissistic individuals prefer hierarchies because they are or think they will be on the top.” But in experimental situations where the organization was hierarchical and rising in the ranks was not possible (“none of the highest-ranking people will be leaving the organization any time soon”), narcissists’ preferences for hierarchy flipped, expressing less support for hierarchy than non-narcissists. Extending the lessons from Zitek’s and Jordan’s work to organizational decision making, it may be that if a narcissistic leader is already at, or rises to, the top, a flattening of the organization is less likely to be in the cards than a push to do the reverse.

### Defining the Payout My Way

And what about when narcissists can decide what kind of compensation systems should be

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put in place for others? In their working paper, “In Search of Money and Fame: Narcissistic Managers and MCS Incentive Design,” Kelsey Dworkis and her co-authors present pilot results of an MTurk survey experiment that builds out from others’ research on how a manager’s own characteristics can influence the design of organizational incentives. (Dworkis, Nair, and Soderstrom, Mimeo, June 22, 2015.) Through the disciplinary lens of managerial accounting, the authors apply the technique of conjoint analysis, commonly used in marketing research to measure how respondents value or make trade-offs between different attributes of some product or service. Here, Dworkis, et al. focus the conjoint analysis on six compensation plan attributes: bonus size and frequency; concentration of bonus (just top performers or all employees); frequency of praise; visibility of praise (public or private); timing and claw-back provision of bonuses; and size of bonus relative to salary. Revealed preferences for the plan attributes were then statistically analyzed (using ANOVA and multivariate regression techniques) against respondents’ narcissistic tendencies, as measured by their NPI responses. The authors conclude that narcissists may be more likely to design “incentive systems that incorporate large lump-sum bonuses, do not provide praise via private email and have components other

than salary,” also aligning with their own preferences but not necessarily those of less narcissistic colleagues.

### Action – Reaction

While the subjects in these experiments may include both managers and nonmanagers, the work is still relevant. It’s been broadly documented that narcissistic tendencies are more prevalent among organizational leaders than the average employee. And the work discussed here suggests that, left to their own devices, narcissistic leaders may build organizational structures and incentives that appeal to people like them. This is fine if you’re looking to fill out your ranks with narcissists, but not so if you’re not. And this lesson can apply to any strong personality type. Incentives and organizational structures need to be purposely and thoughtfully designed, and include diverse perspectives. These are important if autopilot outcomes that reinforce “more like me” organizations are going to be avoided and managerial decisions not unduly affected by leaders’ individual characteristics, whatever those characteristics may be.

So, how do we work better to make decisions that are aligned to organizational talent strategy, not the individual preferences of those making the decision? That’s a question that is worthy of obsessive self-reflection and further study. [WR](#)

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