Oral Defense Announcement
University of Missouri – St. Louis Graduate School

An oral examination in defense of the dissertation for the degree
Doctor of Business Administration with an emphasis in Leadership

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An Examination of Optimal Level of CEO Narcissism:
Why, How, and When Narcissism Impacts Firm Performance

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Place: Remote

Abstract
Chief Executive Officers (CEOs) may have narcissistic tendencies that impact the firm and its performance. We explore the definition of narcissism, how it is measured, and when it might be optimal or harmful to the firm’s performance. Leaders exhibiting higher scores on one or more Dark Triad traits often are viewed negatively both inside and outside the firm. Should such negative perceptions disqualify a leader who displays a measure of a Dark Triad trait? This research answers the primary question, is there an optimal level of CEO narcissistic traits and if so, are there moderating factors that impact the level?

Narcissism and leadership have been linked consistently in theoretical arguments. The question of narcissistic traits in leaders being either good or bad remains an open question. In addition, since the inception of the Center for Research in Security Prices (CRSP) in 1926, the question of what impacts securities prices has been deeply studied. However, the top organizational leaders’ impact on the movement of securities pricing has not yet been investigated as it pertains to their leadership characteristics. We intend that this study will contribute to both theoretical disciplines.

This research study contributes to the body of knowledge pertaining to narcissistic leadership. Existing research does not assess the effectiveness, or non-effectiveness, of narcissistic leaders at various stages of a firm’s lifecycle, capitalization or industry. We could find no existing research that defined performance or success as positive stock price change. We believe that this is a meaningful measure because it aligns the performance of management with the most important measure of shareholder satisfaction.

The lack of available internal assessment data has required prior research to heavily focus on external measures of narcissistic traits. The current study used data from the California Psychological Inventory (CPI) to measure the CEO’s level of narcissistic traits to examine the optimal level of CEO narcissism against the stock price and financial performance of the organization that they lead. We expected and found a nonlinear relationship between CEO narcissism and both total return and CEO alpha.

We looked at the relationship of total company stock return and other accounting measures such as return on assets (ROA) and return on equity (ROE) to understand the relationship between the CEO’s narcissistic traits and the firm’s financial performance and how that impacts the performance of the stock. We also test how firm size measured by market capitalization, firm lifecycle, industry, and CEO’s problem-solving ability impact the optimal level of narcissism.

We found a curvilinear relationship between CEO narcissistic traits and CEO Alpha and company total return. The accounting measure, ROA did indicate a similar curvilinear relationship. ROE was not statistically significantly impacted by the level of narcissism. CEO problem solving ability did not moderate the relationship between narcissism and company performance. Industry, company lifecycle, and capitalization did moderate the impact of narcissistic tendencies listed in order of importance but the impacts of lifecycle and industry did not support our a priori hypothesis.

The research findings may provide guidance on CEO selection. The information could be used by boards of directors and executive recruiters. The information may help in CEO oversight and management, determining what needs to be monitored, and when it is time to make a change. CEOs who are willing to assess and address their narcissistic tendencies may be able to better manage their organization through various phases of evolution.

Defense of Dissertation Committee
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