

Master Thesis
Part-time Master Business Administration



Behind the Mask of Benevolence:
Effect of CEO Narcissism traits on High-Risk Strategies
in Dutch Not-for-Profit Health Organizations

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30-10-2020

PREFACE

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EXECUTIVE SUMMARY

The Chief Executive Officer (CEO) has the highest in rank within the topmanagement. According to the Upper Echelon Theory, the CEO can have a pivotal role in changing their organization through strategic decision making to the point the company reflects the values of the CEO instead of the other way around. The Upper Echelon Theory further states that in very complex strategic decision-making processes the techno-economic rationale is very difficult reached: the rational decision-making processes on a strategic level are limited by the amount of information, complexity, and conflicting goals which causes an information overload which cannot be filtered rationally. Thus the topmanagement instead relies more on behavioral factors such as their own personal experiences, values, and personalities in order to make decisions. Thus the personalities of the topmanagement directly impact company performances.

Narcissistic CEOs are described as charming and charismatic people, but with personality traits with underlying (pathological) patterns of self-love, grandiosity and need for admiration. There are contradicting reports how narcissistic CEOs impact performance: several studies find a positive correlation with firm performance, albeit with fluctuating results. Other studies find that narcissistic CEOs can be harmful for the company, engaging more in high-risk strategies or even fraud. They also engage in more ethical questionable behaviors, such as bullying, and ruthlessness towards others. These behaviors strain ethical values. In theory it seems like an double-edged sword to appoint a narcissistic CEO, especially in companies with high ethical values, where integrity is part of the company brand. Such companies include not-for-profit organizations. However, little research has been done on the effect of CEO narcissism in not-for-profit organizations. In this study we test how narcissistic CEOs function within a highly ethical context.

We assume that narcissistic individuals still strive to become a CEO, even in a not-for-profit organization, which have diametrically opposed values, as in the end being a CEO holds a position of

power. However, we propose that they will try to mask their narcissistic traits, and instead matching their (narcissistic) presentation to that of the company values. We hypothesize that this will result in a lower narcissistic presentation compared to CEOs in a corporate setting. But as narcissistic CEOs seek admiration, we propose that they will inevitably engage in high-risk behaviors. We hypothesize that the narcissistic CEOs will still be distinguishable, having a higher narcissistic presentation and more frequent employment of high-risk strategies compared to other CEOs in a not-for-profit organization. We also hypothesize that during their tenure, a narcissistic CEO will strain companies values by reducing board power in order to gain more individual power. In contrast, a strong board would attempt to discourage the appointment of a narcissistic CEO, and try to mitigate high-risk strategies. The main question of this study relates whether not-for-profit organizations' values protect against the appointment and/or influence of a narcissistic CEO, or whether the narcissistic CEO can act freely by adapting and disguising his or her narcissistic traits, but still engaging in the same high-risk strategies as narcissistic CEOs in corporate settings. This study tries to elaborate on how contextual factors could deter a narcissistic CEO from their usual behaviour, and the influence of internal factors on the strategic decision-making process in the Upper Echelon Theory. This study also gives some insight on the time-effects of narcissistic CEOs on the company as described in the Upper Echelon Theory.

To test these hypotheses this study gathered secondary data from annual reports from 1998 to 2019. A total of 86 not-for-profit Dutch health care hospitals and 25 publicly listed companies were analyzed using panel data regression methods. The companies in a corporate setting served as the control group. Narcissism trait levels were formed using proxies found in annual reports (prominence of name, and photo, and remuneration of the CEO relative to the second highest paid member of the board). Factors that served as proxies for internal organization values (organizational affiliation, age of firm, size of firm and board power), and CEOs' demographic (age, prior work experience, gender) were taken into account. The employment of high-risk strategies was measured by combining low solvency with

the presence of a merger or acquisition in that year. A total of 846 unique observations were gathered consisting of 201 different CEOs.

The results reveal that not-for-profit CEOs in Dutch health care organizations had lower narcissism trait scores compared to CEOs in a corporate setting (pooled mean narcissism score of 0.208 for not-for-profit vs. 0.492 for corporate setting; $t(844) = -20.36$, $p < 0.001$; Longitudinal linear regression (RE): $B = 0.256$, $p < 0.001$). CEO narcissism was associated with more high-risk strategies for companies in a corporate setting, but this was not found for CEOs in the not-for-profit sectors (longitudinal logistic regression: $B = 2.565$, $p = 0.067$ for the interaction effect between corporate setting, and CEO narcissism on the employment of more frequent high-risk strategies vs. not-for-profit organization). Regardless of the employment of high-risk strategies, the levels of CEO narcissism did not differ in the not-for-profit group. Counterintuitively we found that not-for-profit organizations engaged in more high-risk strategies than those in a corporate setting (longitudinal logistic regression (RE): $B = -2.277$, $p < 0.001$). No conclusive results were found on the effect of board power on CEO narcissism and vice-versa.

Several possibilities for these results are discussed. It is possible that high-risk strategies were chosen due to sector-specific time-related events, or that the method used did not capture narcissistic tendencies in not-for-profit CEOs as it does for CEOs in a corporate setting. However, it is possible that, as hypothesized, narcissistic CEOs suppress their narcissistic presentation, but still strive for admiration through high-risk strategies. If that holds true, it seems likely that the internal and external organizational values of not-for-profit organizations mitigate, or suppress narcissistic CEO presentations, but that they are insufficient to reduce employment of high-risk strategies by narcissistic CEOs. This reinforces and elaborates on the Upper Echelon Theory. It also underscores the importance of understanding the influence of different internal and external factors in the black-box of the strategic decision-making process of the CEO, as despite having lower narcissistic presentation, more high-risk strategies were employed.

More research is needed to conclusively ascertain whether not-for-profit organizations have CEOs that indeed have lower narcissistic tendencies or whether they hide these tendencies behind a mask of benevolence.

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CHAPTER 1

INTRODUCTION

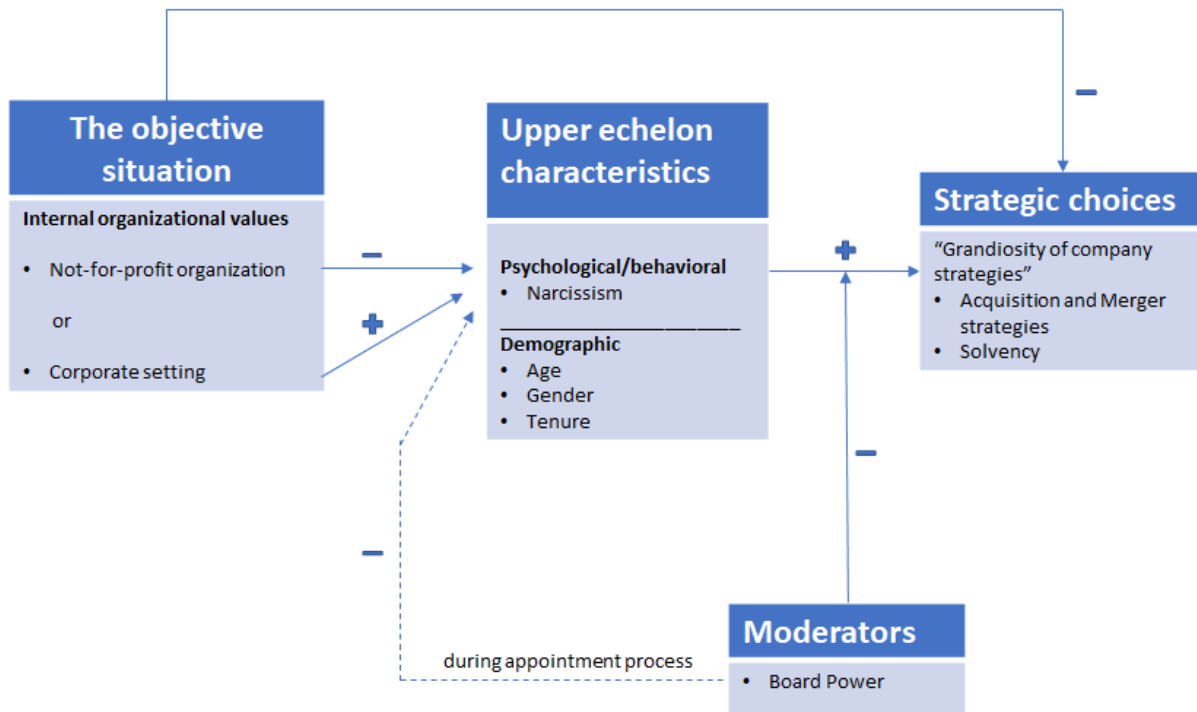
Chief Executive Officers (CEOs) directly impact company performance through organizational strategic choices (Marianne Bertrand & Schoar, 2003; Crossland & Hambrick, 2011). Upper Echelons Theory as proposed by Hambrick & Mason (1984) states that top management makes complex decisions based on their personal views and personality traits. The more complex a decision, the more influence personal characteristics have. Such factors include age, gender, tenure, and traits, such as narcissism (Nadkarni & Herrmann, 2010).

CEOs characterized by higher levels of narcissism have been found to employ more high-risk strategies (Abor, 2007; Chatterjee & Hambrick, 2007; Rijsenbilt & Commandeur, 2013). This has been termed "*grandiosity of company strategies*" (Chatterjee & Hambrick, 2007). These strategies, for example, include financing enterprises with more short-term debt, (Abor, 2007), engaging in larger and more frequent acquisitions (Chatterjee & Hambrick, 2007), fraud (Rijsenbilt & Commandeur, 2013), and expanding abroad (Oesterle, Elosge, & Elosge, 2016). Such strategic decisions are understandable in the light of narcissism, as narcissism contains an aspect of superiority, self-overestimation and self-interest (APA, 2013), which could result in the CEO seeking grandiosity and admiration through a positive result from a high-risk strategy (Hambrick & Mason, 1984); i.e. expecting to overcome where others failed, or expecting admiration of their followers in the form of the employees (Gerstner, König, Enders, & Hambrick, 2013). To satisfy his or her need for admiration and grandiosity a narcissistic CEO can be ruthless in order to win (Maccoby, 2004) and thus engage in otherwise unacceptable high-risk strategies. And as a narcissistic CEO is more responsive to social praise (Chatterjee & Hambrick, 2011) as another form of admiration, strategies that enhance social praise could be sought after by a narcissistic CEO. For example, corporate social responsibility strategies can be used to improve the firm's reputation (Esen, 2013), and in extension increasing the reputation and admiration of the CEO. However, CEO narcissism can also affect corporate social responsibility negatively (Myung, Choi, &

Kim, 2017), as social responsibility does not directly fit in the narcissistic profile of high-risk strategies and self-interest (Petrenko, Aime, Ridge, & Hill, 2016). Deducing from the Upper Echelon Theory it should be more likely that a narcissistic CEO can transform a firm to become less socially responsible, as these are not the values a narcissistic CEO typically adhere to (Braun, 2017; Hoffman et al., 2013). However, there are usually some control valves in place to deter a narcissistic CEO from de destroying corporate values. For example, CEO succession is decided by the (supervisory) board. The values of the firm should be reflected in the values of the board members (Botelho, Powell, Kincaid, & Wang, 2017; Joos et al., 2003). And therefore, it is more likely that a CEO with the same values as the firm and board members would be appointed. The values of not-for-profit organizations, more so than in a corporate setting, have values focused on social responsibility and altruism (Keller, Dato-on, & Shaw, 2009; Stride, 2006). Not-for-profit organizations spend a considerable amount of energy in order to build strong relationships with their contributors and increase trust (Venable, Rose, Bush, & Gilbert, 2005; Voeth & Herbst, 2008). Not-for-profit organizations tend to focus on the traits of integrity, nurturance, sophistication and ruggedness (Venable et al., 2005). These traits are diametrically opposed to the narcissistic leadership traits as described by Maccoby (2004). In theory, as in a corporate setting, if a narcissistic CEO in an not-for-profit organization is left unchecked his/her narcissistic behaviors, such as devaluing employees and promoting self-interest instead of social responsibility should arise. In the end it would be damaging for employee trust (Rosenthal & Pittinsky, 2006) and would strain organizational identification, as the narcissistic CEO would eventually focus on *“the need to retain power, superiority and position above all else”* (Peterson, Galvin, & Lange, 2012, p. 573). However, there is very little research on the effects of CEO narcissism on not-for-profit organizations. Given the consequences a narcissistic CEO can have on an not-for-profit organization, it is important to evaluate whether narcissistic CEOs are commonly present in not-for-profit organizations or whether the values of the not-for-profit organizations act as a barrier. The main question of this study relates whether not-for-profit organizations’ values protect against the appointment and/or influence of a narcissistic CEO, or whether the narcissistic CEO can act freely by adapting and disguising his or her narcissistic

traits, but still engaging in the same high-risk strategies as narcissistic CEOs in corporate settings. See conceptual model 1 (adapted from Plöckinger, Aschauer, Hiebl & Rhatschek, 2016).

Conceptual model 1: The effect of not-for-profit values on CEO narcissism and high-risk strategies



Herein lies the academic relevance of this study as minimal research has been conducted on the effects of CEO narcissism on not-for-profit organizations and it is important to know if contextual factors could deter a narcissistic CEO from their usual behavior, thus not engaging in high-risk strategies. Second, it will elaborate on the influence of internal factors on the strategic decision making process in the Upper Echelon Theory. Third, this study gives some insight on the time-effects of narcissistic CEOs on the company as described in the Upper Echelon Theory.

This study has also managerial relevance: narcissistic CEOs keep getting hired. We must accept that there are factors, such as their charisma and/or their potential for better performance output, that may be very alluring for companies. Some boards are maybe willing to take the chance, knowing that this is a double edge sword. That is not - and should not be - the case for not-for-profit companies as narcissistic CEOs are found to be more ineffective and unethical in highly ethical contexts (Hoffman et al., 2013), which not-for-profit organizations usually are. We therefore hypothesize that despite the best efforts of the board a narcissistic CEO can hide behind a mask of benevolence in order to improve

the odds of being appointed and then pursue his or her personal goals. This study will give insight in how widespread narcissistic CEOs in not-for-profit organizations are, and which risk they encompass for the company.

This thesis starts with a theoretical framework in chapter two in which the upper echelon theory is elaborated upon. In chapter two traits and outcomes in the body of literature of narcissistic CEOs are discussed including the theoretical background of narcissistic CEOs in not-for-profit organizations. With this framework we will elaborate on the hypothesis formulated within this thesis.

The methodological approach is given in chapter three. The focal point of research here lies on the secondary data in the form of annual reports on tenures of not-for-profit organization CEOs and using panel data regression analyses to measure narcissistic traits using proxies (prominence of name or photo of CEO, and remuneration of the CEO relative to the second highest paid member of the board). High-risk strategy was measured combining solvency and number of acquisitions and mergers. Chapter four presents the results of the data analysis. And the results are discussed in chapter five.

CHAPTER 2

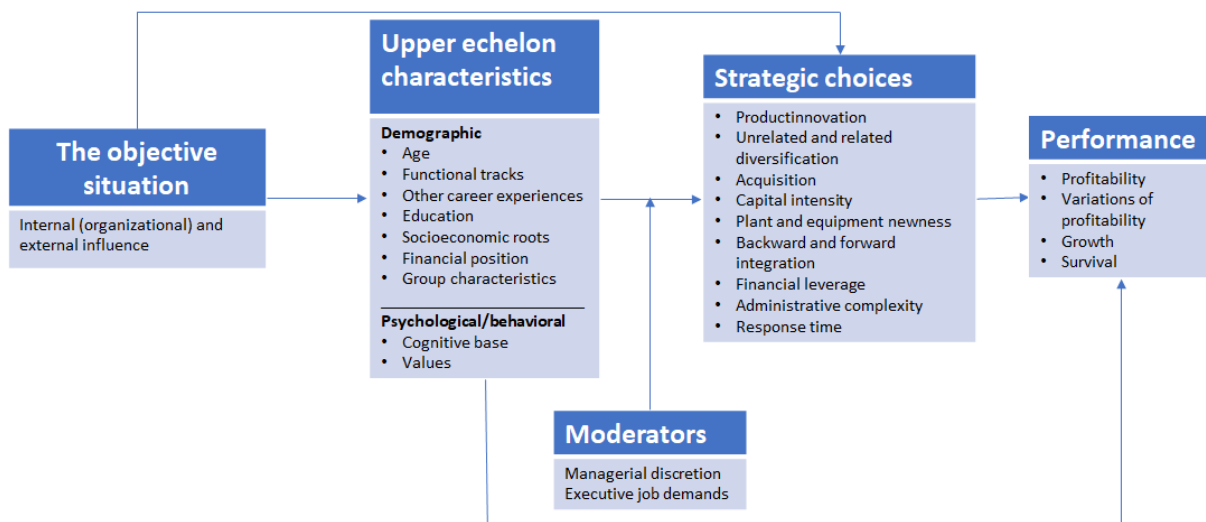
THEORETICAL BACKGROUND

The Upper Echelon Theory

Research on leadership, and CEOs in particular, is highly prolific in different domains of research (Germain, 2017; Hermann, Foster, & Brunell, 2018; Jaap Scheerens., 2012; Karada Ğ, 2015; Kets de Vries, 2012; Yammarino, 2013). This is understandable as the CEO has the largest span of control and thus has a pivotal role in changing their organization through strategic decision making (Carpenter, 2004), having great impact on organizational performance outcomes (Neely, Lovelace, Cowen, & Hiller, 2020; R. S. Peterson, Smith, Martorana, & Owens, 2003). This power gives the CEO a special position within the company. It can even go as far as being heralded "*endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities*" by followers (Kets de Vries, 2012, p. 6). According to Kets de Vries (2012), this "primitive" pull in the followers leads to a transference of "grandiose and proud" feelings from the CEO to the followers, while also inducing regressive behaviors and "*helpless and acutely dependent*" feelings in the followers (Kets de Vries, 2012, p. 6-7). These theories based on the special characteristics that make a good CEO are named "great man theories" (Jaap Scheerens., 2012; Karada Ğ, 2015) and focus predominantly on intelligence, self-confidence, decisiveness, consistency and sociability. These theories focus less on personal characteristics (such as gender, and education), although later research found that these indeed played a role (Jaap Scheerens., 2012). Conversely, looking at leadership using the five-factor model consisting of a personality trait model with five factors (openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism) revealed that although all factors were important, extraversion had the strongest relation to leadership (Judge, Bono, Ilies, & Gerhardt, 2002). Thus, personality traits indeed play an important role in CEOs. A landmark theory in this field was created by Hambrick and Mason (Hambrick & Mason, 1984) and coined as the Upper Echelon Theory. The Upper Echelon Theory took the importance of personality traits even one step further: The Upper Echelon Theory states that an organization becomes a reflection of (the values of) the upper echelon: the CEO and

topmanagement (Hambrick & Mason, 1984). Despite this supernatural status and effect on the company Hambrick and Mason acknowledge that despite this, a CEO is still human with his or her own limitations. Thus complex decision making (on a strategic level) cannot be filtered rationally due to information overload or the lack thereof, which is described as “bounded rationality”: in order to make a calculated decision Hambrick and Mason propose that a CEO and topmanagement instead rely on their own executive cognitions, experiences, values, and personalities (Carpenter, 2004; Cho & Hambrick, 2006; Frankl, 2018). See model 2 (copied from Plöckinger et al., 2016).

Model 2: Upper echelons perspective on organizations as described by Plöckinger et al., 2016



Complex strategic decisions are thus potentially made based on a limited and biased set of values and beliefs that “filter and distort the [CEO’s] perception of what is going on and what should be done about it” (Hambrick & Mason, 1984, p. 195). Hambrick and Mason (1984) further state that this set of values and beliefs could be analyzed using secondary proxy variables such as demographic indicators, which all help to form those set of values and beliefs. Although a large body of research focus on the role, set of values, and beliefs of the CEO and their effects on the company (Cho & Hambrick, 2006), the Upper Echelon Theory in essence focuses on topmanagement. Two important assumptions are that 1) the topmanagement acts as a team and that 2) in a certain situation the topmanagement has different options to choose from (Kessler, 2013). However there is sufficient evidence that ascertains that a CEO can have a greater influence over the topmanagement than other executives (Carpenter, 2004; Chatterjee & Hambrick, 2007; Finkelstein, 1992; Henderson, Miller, & Hambrick, 2006; Lorsch & Young,

1990; Nohria, 2003; Rijsenbilt & Commandeur, 2013). It is possible that a CEO with certain personality traits, such as a CEO with narcissistic tendencies, could prefer his or her own set of beliefs, values, and biases more than a decision making process on a topmanagement level (Cannella & Holcomb, 2005).

CEO Narcissism

Most studies focus on narcissistic traits of CEOs and not a narcissistic personality disorder in CEOs. The Narcissistic Personality Disorder is a psychiatric disorder described in the Diagnostic Statistical Manual of Mental Disorders: DSM-5 (American Psychiatric Association [APA], 2013). It refers to people with patterns of grandiosity and self-love, a pathological need for admiration, and lack of empathy. Although narcissists can seem to be charming and charismatic (usually early on in a relationship), typically this disappears when their needs are not met or they are confronted with a setback which causes the narcissist to lash out (Twenge & Campbell, 2003). A pathological narcissist believes that he himself is the key to success, but blames others on failure (Campbell et al., 2000). Ethically the diagnosis can only be made by trained professionals interviewing the person in question. Even the Narcissistic Personality Inventory (NPI) (Raskin & Terry, 1988), which is the golden standard for narcissism research in the general population is not a diagnostic tool for narcissistic personality disorder. The NPI measures narcissistic traits using a self-administered questionnaire. Although this form of testing is the gold standard, it is nearly impossible to use in research on CEO narcissism as it is very unlikely that sufficient CEOs would complete such a questionnaire of their own volition (Cragun, Olsen, & Wright, 2020) or without bias as they have unrealistic views of self (Cragun et al., 2020; Germain, 2017; Hermann et al., 2018). Secondary measures are often used to measure narcissistic traits in CEOs (Cragun et al., 2020). However, it is important to note that pathological narcissism differs significantly from narcissistic traits and/or the norms of the (sub)culture they belong to (APA, 2013). A person with high narcissistic traits does resemble and share many characteristics with people with narcissistic personality disorders although to a lesser degree (Miller & Campbell, 2010).

In this study, as in most studies regarding CEO narcissism, we refer to a construct of narcissistic traits and not pathological narcissism. Narcissism is an important coping strategy that is present in all humans to a certain degree (Kets de Vries, 2012) and the presence of narcissistic traits in CEOs can be within the culturally accepted norms for CEOs as they are assumed to lead the company: “A successful CEO is a charismatic [...] strategic visionary [...] with the ability to make perfect decisions under pressure” (Botelho et al., 2017, p. 4), in short, a man with super qualities (Kets de Vries, 2012). Still, there seems to be at least anecdotal evidence that CEOs more often have higher levels of narcissism compared to the general population (Cragun et al., 2020; Germain, 2017). It is not uncommon that people with narcissistic traits strive to become a CEO as this is, by definition, a position of power which narcissistic people strive for, as it allows them to receive praise and admiration from others (Cragun et al., 2020; Germain, 2017; Kets de Vries, 2012). Size of the firm – as a proxy for prestige – is correlated with higher level of narcissism (Germain, 2017). The fact that companies keep hiring narcissistic CEOs (Chamorro-Premuzic, 2016; Cragun et al., 2020) is not surprising as research demonstrates that narcissistic traits are correlated with good leadership performance (but only in the short-term) (Germain, 2017; Kets de Vries, 2012). People with higher levels of narcissism are more often chosen for the position of CEO as they display more confidence, extraversion, and seem more socially dominant (Germain, 2017), which are characteristics which people find positive in a CEO. However, narcissistic traits are usually not viewed as virtues and research has demonstrated that the positive correlation between higher narcissistic traits and good leadership diminishes rather fast in the middle and long-term (Kets de Vries, 2012). Despite this, CEO narcissism seems positively correlated with firm performance, albeit with fluctuating results (Braun, 2017; Chatterjee & Hambrick, 2007), though these results are not conclusive (Cragun et al., 2020). These positive results seem to be driven by higher risk-taking that also drives higher innovation, more frequent merger and/or acquisitions strategies, and/or higher financial leverage (Germain, 2017; Cragun et al., 2020), although more research is needed to be conclusive (Cragun et al., 2020). From a personality point of view it is understandable that a narcissistic CEO engages in more high-risk strategies as he or she is convinced they will succeed where others fail

(Maccoby, 2004) and success is imminent. From a company point of view having a narcissistic CEO can bring positive change or be destructive for the company given the context and other mitigating factors (Cragun et al., 2020; Kets de Vries, 2012). But leaving firms' performance out of the equation, there is accumulating evidence that a narcissistic CEO engages in more questionable ethical behavior such as bullying, fraud, counterproductive work behaviors, and ruthlessness towards others (Cragun et al., 2020; Lin, Lin, & Fang, 2019; Nevicka, De Hoogh, Den Hartog, & Belschak, 2018; Rijsenbilt & Commandeur, 2013), thus straining corporate ethical values (Germain, 2017) and creating a toxic culture (Germain, 2017; Reed, 2017). Narcissism in CEOs by default is not negative as it is possible to have a productive narcissistic CEO (Cragun et al., 2020; Kets de Vries, 2012; Maccoby, 2004) within an organization. Narcissistic behavior seems to increase in situations where the opportunity arises or there is pressure to bring positive results (Cragun et al., 2020). External factors, such as strong organizational values, hypervigilance on unethical behaviors and a strong system of regulators, are needed to keep the narcissistic CEOs in check (Cragun et al., 2020; Germain, 2017; Reed, 2017). However, attracting a narcissistic CEO seems like a double-edged sword as there is evidence that narcissism attracts narcissism (Germain, 2017): it is possible that a narcissistic CEO will begin to change the topmanagement to followers who do not challenge the CEO or who even have the same narcissistic tendencies, changing cultural values in the process. For companies relying on corporate values and image brand one can theorize that having a narcissistic CEO can be detrimental for the company and in theory should be avoided at all costs.

CEOs in not-for-profit organizations

The non-for-profit sector is a heterogenous group and the lines between the government sector, the corporate sectors, and not-for-profit sectors are blurred (Knutsen, 2012). Currently there is no generally accepted "not-for-profit organization-theory" (Knutsen, 2012). Traditionally not-for-profit organizations are considered value-based-organizations which are focused on another primary goal than profit (Keller et al., 2009). However, not-for-profit organizations' strategies are shifting to

practices and values more common in a corporate setting as funding decreases and there is more need for strategic competitive advantage, especially regarding intangible assets such as personnel (Sarstedt & Schloderer, 2010; Stride, 2006), as a response to the lowering of budgets by the government (Knutsen, 2012). Not-for-profit organizations have become more oriented towards image, brand and reputation (Sarstedt & Schloderer, 2010; Temporal, 2014; Venable et al., 2005), as this is regarded as a very important intangible asset (Deloitte, 2013; Sarstedt & Schloderer, 2010). This is understandable as the not-for-profit organization's reputation attracts sufficient and better personnel and funding (Sarstedt & Schloderer, 2010). Using corporate strategies introduces the risk of "over-commercialization" leading to the loss of the core values of the company (Stride, 2006). In her paper, Keller (2009) describes the values of not-for-profit organizations in an almost manifesto-like manner: *"A brand must embody the [not-for-profit organization's] values to gain strength and differentiate itself among other organizations in the local community and larger national or global environment. Emphasis on values in branding activities also enables [a not-for-profit organization] to remain true to their mission when faced with pressure from increased diversity of stakeholders, and norms restricting aggressive competition for funds. Because branding alone is seen by some as a challenge to an [not-for-profit organization's] nonprofitness, [not-for-profit organizations] must be explicit about their values and use them as the foundation of their work. It is the non-negotiability of the [not-for-profit organization's] values that distinguish it from for-profit organizations"* (Keller et al., 2009, p. 108). The role of the CEO is deducible by the role of the leader: *"leaders that understand their temporary status as brand stewards and with high standards of integrity"* (Keller et al., 2009, p. 108). Indeed one of the resources of not-for-profit organizations are their employees who share the same vision and are willing to work despite receiving a lower wage than their counterparts in a corporate setting (Wallis & Dollery, 2005). A CEO in a not-for-profit organizations must focus more on relationships instead of the traditional Leader-Follower dyad, and see employees more as internal stakeholders (Wallis & Dollery, 2005); the CEO must nurture, instil hope and be an example for others (Venable et al., 2005; Wallis &

Dollery, 2005). In essence, the CEO, being the most prominent and senior executive, must portray himself or herself as the promotor and protector of the core values of the not-for-profit organization.

Hypothesis development

Following the Upper Echelon Theory, where the company becomes a reflection of the top management and specifically, the CEO, for not-for-profit organizations it seems logical to appoint a CEO who strongly adheres to the core values of the company. In not-for-profit organizations employees are a highly valuable resource. It seems important to create a company culture based on trust, integrity, and nurturance of employees. Based on the body of literature on narcissistic CEOs, one could conclude that a narcissistic CEO would not fit well in a not-for-profit organization-setting: despite the possible positive effects on firm performance, in the mid- to long-term, a narcissistic CEO would be – in theory - incapable of maintaining good interpersonal relationships, to the detriment of a not-for-profit organization as employees are often a core asset of a not-for-profit organization. This raises several questions. First, would boards appoint a CEO with (extreme) self-confidence and openness or would they focus primarily on a match in core values? Is it possible that, as narcissistic people can be highly charming and manipulative, the narcissistic CEO would adjust him or herself to seemingly fit the core values of the company whilst striving for his or her own narcissistic agenda like a wolf in sheep's clothing? Second, if someone with highly narcissistic traits is appointed CEO of a not-for-profit organization, would external regulators and the core values of the not-for-profit organization deter the narcissistic CEO from engaging in high-risk strategies or would the narcissistic CEO still find a way to pursue admiration through high-risk strategies? If the latter holds true, would the narcissistic CEO stay "in character" as a steward of the company's core values or would he start to transform the not-for-profit organization to reflect his or her own personal views? Lastly, would an individual with highly narcissistic traits be dissuaded from becoming a CEO of a not-for-profit organization given the clear mismatch in the cultural values of the individual and the not-for-profit organization or would the position of CEO in a not-for-profit organization still be worthwhile to the individual as it is, in the end,

a position of power? In this case, do factors such as firm size and prestige matter, as is the case for corporate settings? At this moment there is a large knowledge gap regarding narcissistic CEOs in not-for-profit organizations. Not all questions posed can be easily answered as one needs to analyze the specific cognitive “black box” process of decision making which is usually only possible using in person interviews. In this study we will mainly focus on the question whether there is a difference between levels of narcissistic trait in presentation between the corporate and not-for-profit setting, and if there is a positive relation between higher levels in narcissistic traits scores and higher-risk strategies in the not-for-profit setting as is seen in a corporate setting. We hypothesize that becoming a CEO, despite it being an not-for-profit organization, could be very alluring for individuals with high levels of narcissism, but in order to effectively represent the firm's values, the narcissistic CEO would present him or herself as having lower levels of narcissism than their corporate setting-counterparts (H1.1). And given that larger firm size brings more prestige (Acharya & Pollock, 2013; Germain, 2017) we assume that a narcissistic CEO still will be attracted to larger not-for-profit organizations. We hypothesize that, despite predicting a lower narcissistic score in not-for-profit organizations (H1.1), this effect will still prevail and reveal narcissistic tendencies in CEOs (H1.2).

Proposition 1: A narcissistic CEO, despite having the same personality construct, will present himself differently in not-for-profit organizations although the underlying factors remain the same.

Hypothesis 1.1: CEOs of not-for-profit organizations will have lower narcissistic trait scores compared to CEOs in corporate settings.

Hypothesis 1.2: Firm size will be positively correlated with narcissistic scores.

We further hypothesize that during his or her tenure, the narcissistic CEO is compelled to have their “grandiosity of company strategies” (Chatterjee & Hambrick, 2007), in order to gain more personal power, (self)admiration and grandiosity, despite companies’ core values and external regulators (P2). We hypothesize that (H2.1) high-risk strategies will be more often employed by a CEO with more narcissistic traits independent of organizational affiliation (not-for-profit organization or corporate

setting). In other words, the narcissistic CEO will reveal his or her true colors and engage in more high-risk strategies to receive praise. We predict that, as it is more culturally acceptable in corporate settings to engage in more high-risk strategies and portray higher levels of narcissistic traits, a CEO that had prior work experience in an corporate setting, will not only have a higher narcissistic score, but will also engage in more frequent high-risk strategies.

Proposition 2: Narcissistic CEOs in both settings (not-for-profit and corporate) will engage more often in high-risk strategies.

Hypothesis 2.1: Higher narcissistic trait scores will predict high-risk strategies in not-for-profit organizations. There is a positive association between narcissistic trait scores and the prevalence of high-risk strategies in not-for-profit organizations.

Hypothesis 2.2: Prior work experience in a corporate setting will predict higher narcissism trait scores and more frequent use of high-risk strategies in not-for-profit organizations.

Lastly, we assume that a not-for-profit organization will try to defend its organizations' values through their board, whereas a narcissistic CEO will try to transform the company in his or her own image (P3). The tenure of a narcissistic CEO starts at the appointment and in the appointment process it is the primary responsibility of the supervisory board, together with the board of executives, to appoint a suitable CEO. We hypothesize that a strong supervisory board who represents the values of the company (Charan, 2005; Westphal & Zajac, 1995) would detect an individual with high levels of narcissism and would avoid appointing a person with high levels of narcissism as CEO (H3.1). However, people with high levels of narcissism are known to also be very charming and manipulative (Germain, 2017; Kets de Vries, 2012). It is not always clear that a certain individual has highly narcissistic tendencies at first glance. It is also possible a narcissistic individual will mask their narcissistic traits in order to be appointed CEO but soon, in accordance with the body of literature on the Upper Echelon Theory and CEO narcissism, will begin a transformation straining the organization's identity as the not-for-profit organization starts to reflect the CEO's own values during his or her tenure. As a narcissistic CEO is less likely to seek or consider advice from boards (Zhu & Chen, 2015a, 2015b), they will try to

reduce the board’s influence on company strategy (Tang, Crossan, & Rowe, 2011) and create followers of the topmanagement (Kets de Vries, 2012).

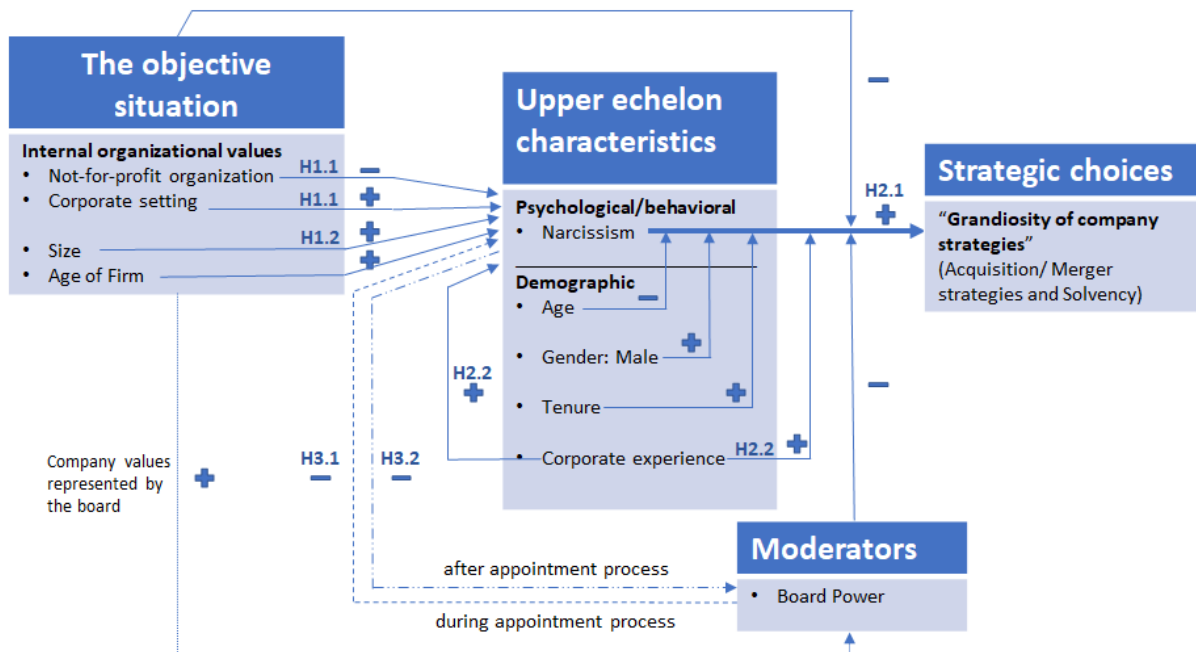
Proposition 3: Not-for-profit organizations’ core values will be defended by a strong board, while narcissistic CEOs will try to change companies’ values by reducing board power.

Hypothesis 3.1: Strong boards will be negatively correlated with high narcissistic traits scores in CEOs, especially during the appointment process. There is a negative association between board power and CEO narcissism trait levels at start of tenure of a CEO.

Hypothesis 3.2: A CEO with higher scores of narcissistic traits will reduce board power over time. There is a negative association between CEO narcissism trait levels and board power during the tenure of a CEO.

Given above described propositions and hypothesis a finalized conceptual model can be constructed. See model 3.

Model 3: Finalized model of the effect of not-for-profit organization on CEO narcissism and high-risk strategies



CHAPTER 3

METHOD

Sample and measurement of not-for-profit organizations

This study was performed using the open data source of the tax authorities of the Netherlands.

The tax authorities publish a list with organizations with a Public Benefit Organisation (PBO) status. An organization can only be a PBO if the efforts and output of the organization are almost entirely committed to public benefit. This study focused on only one subgroup of PBOs, Dutch Health Care not-for-profit organizations, in order to achieve an as-homogenous-as-possible sample. The eight University Hospitals and 20 largest Dutch PBO health and mental health organizations in 2018 were selected for further analysis. The University hospitals differ from other (mental) health care organizations as they are usually larger in revenue and employee size. University hospitals always have an additional academic function, and most often receive incidental revenues from grants for medical research and other projects. Although regular (mental) health care hospitals can also serve an academic function, it is less common. No difference was present between the mental health care organizations and somatic health care organizations, and some of these organizations had a similar size to that of a University hospital. Therefore, not-for-profit health care organizations could be seen as being on the same spectrum, differing only on organizational size. The chosen hospitals were matched with a company in a corporate setting with available annual reports. The not-for-profit organizations and matched controls found eligible for this study were analyzed over a time-period of 21 years (1998 – 2019). The only criteria for exclusion was if an annual report was not present or was unusable in light of this study (e.g. one hospital had “animated” annual reports, preventing measuring the proxy scores for narcissism (see below)). If the chosen firm was a result of a prior merger, both organizations were also included in the sample if an annual report was present for prior years. This increased the total number of Health care organizations included. Health care organizations were matched with corporate setting organizations with similar numbers of employees using the Orbis database (N=25 for the control group). This was done instead of revenues as most health care

organizations could not be matched using this variable with publicly listed organizations. In order to make the population as homogeneous as possible only Dutch listed firms were selected. The organizations were coded binary. All health care organizations were assigned to the not-for-profit organizations group (coded 1), whereas the publicly listed companies were assigned to the corporate setting control group (coded 0).

Measurement of CEO Narcissism

Narcissism traits are preferably measured using interviews or self-report questionnaires such as the Narcissistic Personality Inventory (Raskin & Hall, 1979). However, responses of CEOs are difficult to acquire (Cycyota & Harrison, 2002). A commonly used alternative is the CEO Narcissism Index (Cragun et al., 2020). This measurement is a composite measure of narcissism indicators found commonly in publicly reports, such as the annual report. It uses secondary data as a proxy for narcissistic traits. This method was described and validated by Chatterjee and Hambrick (2007, 2011): personal characteristics are used as proxies for the construct of narcissistic traits, as described by Emmons (1987). The CEO Narcissism Index is the most frequent used method in CEO narcissism research, and has several studies combining the CEO Narcissism Index with specialized third-party evaluators to validate the results (Cragun et al., 2020). The CEO Narcissism Index is used in this study. Using indicators in the annual reports a proxy for CEO narcissism is constructed. These indicators are based on *“prominence of CEO’s photograph in annual reports”*, *“CEO’s name prominence in company press releases”*, and *“CEO’s cash compensation compared to that of the firm’s second-highest paid executive”* (Van Scotter, 2019, p. 224-225). With the *“Standards for Remuneration Act”* (*“Wet Normering Topinkomens”*; Dutch translation) the compensation of a Dutch CEO in the non-for-profit domains has been regulated and compensation is determined by organization complexity and size. However, since the indicator is based on compensation relative to the firm’s second-highest paid executive we assumed that this indicator could be included in the analysis. These indicators were adapted from Chatterjee and Hambrick (2007, 2011).

A stricter measure of "*Prominence of the CEO's photograph*" in annual reports was used as only the photo presented in the letter to the shareholder/ foreword section was analyzed. This item was coded as (scale range: 1-5): 1 point if no photo of the CEO was present, 2 points if a photo of the CEO included other executive members and the photo occupied less than half a page, 3 points if the photo of the CEO included other executive members but occupied more than half a page, 4 points if the CEO was photographed alone, and 5 points if the CEO was photographed alone and the photo covered more than half a page. The scores were transformed starting at zero for 1 point with incremental increase of 0.25 per point (range: 0 – 1).

Prominence of CEO's name was measured as the ratio of the number of times the CEO's name was mentioned and/or the CEO addressed himself or herself (as "I", or similar terms) to the sum of the total number of times other executives and the CEO were mentioned. As press releases are not common in the not-for-profit sector this method was applied to the foreword section of the annual report. If no mention of other executives or the CEO's name was made or no foreword section was available a score of zero was awarded (range: 0 – 1).

CEO's cash compensation is measured as 1 minus the CEO's total compensation (including other bonuses, excluding exit bonus) divided by the next highest paid executive (1-(second highest paid executive's compensation/ CEO's compensation)). Range score was 0 – 1 if the CEO was the highest paid executive. If the CEO or the second paid executive started mid-year, the compensation was calculated to account for a full year's compensation. A negative narcissism score was possible depending on whether the second highest paid executive earned more than the CEO. A narcissistic trait score was formed by the mean of the 3 indicators. If (individual) compensation totals were not given, the mean score was calculated using only the scores of the prominence of the CEO's name and photograph. As some organizations choose a collegial board structure, the member with the longest tenure and/or the highest paid member of the board was chosen as the proxy CEO.

Measurement of Size

Size was measured depending on full-time equivalent (FTE) as a continuous variable for total number of employees.

Measurement of Prior corporate experience

Prior corporate experience was coded binary for having previous experience in a corporate setting (yes = 1, no = 0). Prior corporate experience during the career of the CEO was counted positive only when this occurred within three years prior to starting as the CEO for the given firm.

Measurement of Board power

Board power was measured as a formative index score (Diamantopoulos & Winklhofer, 2001) consisting of the ratio of board of executives to the number of members of the supervisory board (or number of external directors in a single-tiered board) summed with one divided by the mean tenure of the board members $((\text{Executive Board} / \text{Supervisory Board}) + (1 / \text{mean tenure other executive board members}))$. Both items are conceptual factors of "Board Power" and are found to be related to CEO power (Combs, Ketchen, Perryman, & Donahue, 2007; Vafeas, 2003; Williams, Fadi, & Armstrong, 2005). If a one-tiered board was present, board power was measured by the ratio of executive members to external members of the board (instead of supervisory board). The score for Board Power represents the influence the supervisory board and board of executives have on the strategic choices made. Some caution is needed, as this formative index has not been tested with the scale development steps as proposed by Diamantopoulos & Sigauw (2006)

Measurement of High-risk strategies

For the measurement of high-risk strategies two interlinking measures are used based on literature (Abor, 2007; Chatterjee & Hambrick, 2007; Gupta Strategists, 2019; Morris et al., 2018; Rijsenbilt & Commandeur, 2013) and described by grandiosity of company strategies, i.e. *solvency and more*

frequent mergers or acquisitions. Solvency is measured by the ratio between total equity and the sum of total equity and total liabilities. This commonly accepted method was preferred despite the solvency ratios given in some annual reports. This was preferred as this ratio was not given in all annual reports, and if the ratio was presented, the ratio was not comparable between and within companies due to different accounting methods used by the companies. High-risk solvency strategies was indicated by solvency below 30%, and coded as 1. Solvency above 30% was a non-high-risk strategy and coded as zero. If there was a merger or acquisition mentioned in the annual report a score of 1 was awarded, otherwise it was coded as zero. High-risk strategies was transformed to a binary score and measured as the presence of 1 or more high-risk strategies in that year.

Measurement of Control Variables

Some factors, as described in the Upper Echelon Theory (see model 2 above), were taken into account as part of the demographic factors of the CEO and internal organizational factors that influence strategic choices. The list of control variables is limited to the control variables that were readily available in the annual report or readily available publicly, and thus the list is not inclusive. Age and gender of the CEO were taken into account as demographic variables for the CEO. Tenure of the CEO was also taken into account. Tenure was measured as the years the CEO was part of the executive board. As a control variable for the internal organizational influence “Age of Firm” was included. Age of firm was measured as the years since the company was founded or since the last name change as a consequence of a merger.

Data analysis

Data was analysed using STATA 14.2. Multi-dimensional data was analysed combining cross-sectional and time-series using panel data regression analysis. Panel data analysis reduces the problem of multicollinearity, by accounting for individual CEO trajectory and, therefore, trajectories of change. The unit of analysis was firm-year per CEO. Pre-analyses were performed using correlation analyses

and (logistic) regression models. To account for collinearity due to interdependence between the same CEOs, the (logistic) regressions analyses were performed cross-sectionally per year or by including a dummy variable for time in years. Pooled data analyses were performed to see (correlation) effects although the results are difficult to interpret due to interdependencies.

A panel data regression analysis was performed with dependent variable CEO Narcissism and independent variables Board Power and Organization Affiliation. To test whether Board Power or size of the company had an effect on CEO Narcissism, regression analyses were performed stepwise. To test whether CEO Narcissism had an effect on high-risk strategies, logistic regression analyses were performed using risk strategies as the dependent variable. The models were constructed in similar stepwise manner. First descriptive data analyses were performed including graphs to analyze factors such as normal distribution, kurtosis, skewness and outliers. Second, pooled OLS regressions were performed. As an extra measure, cross sectional correlation analyses and regression analyses were performed at different time points. Thereafter a Hausman test was performed to determine whether the model was constructed using random or fixed effects. The base model was constructed including control variables. The main independent variable was included in the model. If needed, organization affiliation was added in order to compare the effects of corporate settings vs. not-for-profit organizations. The final model included an interaction measuring the effect of the independent variable with organization affiliation.

CHAPTER 4

RESULTS

A total sample of 846 unique observations were found with 201 different CEOs in 111 different companies. The publicly listed corporate companies had several acquisitions, but no annual reports could be found for the for the acquired company, resulting in a total of 25 companies within the control group. Most annual reports of not-for-profit organizations could be found as by Dutch law the annual reports of health organizations must be publicly accessible from 2012 onwards, resulting in a total of 86 health care organizations in the not-for-profit group. The quantity of annual reports prior to 2012 differed per firm. In the not-for-profit group the University hospitals had the most available annual reports prior to 2012, whereas the other health care organizations usually had annual reports from 2012 onwards. Most companies in a corporate setting had annual reports available with relative few gaps. The panel data was unbalanced and had gaps. A Hausman test produced a chi-squared with $p=0.0$. Models were constructed using Random Effect Models (RE). For a summary of the total population, see table 1.

Table 1. Population Characteristics of Pooled Panel Data

Variable	Variation	Obs.	Mean	St. dev	Min	Max
Year	Overall	N = 846	2013	4.31	1998	2019
	Between	n = 196	--	3.95	1998	2019
	Within	T-Bar = 4.32	--	2.32	2004.67	2021.67
Size	Overall	N = 842*	4220.75	4533.82	0	43531
	Between	n = 195	--	4279.75	112.50	32908.29
	Within	T-Bar = 4.32	--	1320.02	-2711.52	14843.47
Age of CEO	Overall	N = 846	55.91	5.90	38	77
	Between	n = 196	--	5.38	43	75.50
	Within	T-Bar = 4.32	--	2.36	47.38	64.41
Year of Tenure	Overall	N = 846	6.90	6.04	1	43
	Between	n = 196	--	5.16	1	41.5
	Within	T-Bar = 4.32	--	2.30	-1.60	18.15
Age of Organization	Overall	N = 846	26.25	31.34	0	175
	Between	n = 196	--	32.30	1	173
	Within	T-Bar = 4.32	--	9.58	-65.75	120.68
Board Power	Overall	N = 845	0.82	0.30	0.23	2.33
	Between	n = 196	--	0.26	0.23	1.54
	Within	T-Bar = 4.31	--	0.20	0.30	2.27
CEO Narcissism	Overall	N = 845	0.32	0.25	-0.02	1
	Between	n = 196	--	0.21	-0.02	0.88
	Within	T-Bar = 4.31	--	0.13	-0.25	0.83

		Overall		Between		Within
		Freq.	Percent	Freq.	Percent	Percent
Organization Affiliation	Not-for-profit	517	61.11	132	69.39	100
	Corporate	329	38.89	60	30.61	100
	Total	846	100	196	100	100
Gender	Male	764	90.31	172	87.76	99.53
	Female	82	9.69	25	12.76	99.20
	Total	846	100	197	100.51	99.49
Prior corporate Exp.	No	513	60.64	135	68.88	100
	Yes	333	39.36	61	31.12	100
	Total	846	100	196	100	100
Risk Strategies	Low	262	30.97	96	48.98	63.85
	High	584	69.03	165	84.18	81.64
	Total	846	100	261	133.16	75.10

* = 1 not-for-profit organization did not report Size

A correlation matrix is presented from the pooled data and cross-sectional for the year 2012 in table 2.

Table 2. Pearson and Point-Biserial Correlation matrix for pooled Data^x

	1	2	3	4	5	6	7	8	9	10
1. Risk Strategies	1									
2. CEO Narcissism^a	-0.011	1								
3. Organization Affiliation	-0.189***	0.554***	1							
4. Size^s	-0.026	0.264***	0.257***	1						
5. Gender	-0.014	-0.142***	-0.258***	-0.105**	1					
6. Age of CEO	0.026	-0.082*	-0.297***	0.075*	-0.024	1				
7. Prior Corporate Exp.	-0.184***	0.540***	0.985***	0.260***	-0.261***	-0.300***	1			
8. Year of Tenure	-0.085	0.215***	0.395***	0.098**	-0.153***	0.038	0.384***	1		
9. Age of Firm	-0.093**	0.202***	0.291***	0.092**	-0.057	-0.163***	0.285***	0.224***	1	
10. Board Power	0.023	-0.084*	0.075*	0.160***	-0.068*	-0.020	0.082*	-0.070	0.048	1

^xcaution is needed in interpreting the results due to interdependencies

N= 846, except ^s = 842 as 1 not-for-profit organization did not report Size

^acronbach's alpha = 0.771

*p<0.05, **p<0.01, ***p<0.001

Table 3.a Population Characteristics of Panel Data per Organization Affiliation for continuous variables

Variable	Variation	Corporate Setting					Not-for-Profit Organization				
		Obs.	Mean	St. dev	Min	Max	Obs.	Mean	St. dev	Min	Max
Year	Overall	N = 323	2012	5.15	1998	2019	N = 523	2014	3.41	2001	2019
	Between	n = 58	--	5.07	1998	2019	n = 138	--	3.26	2002	2019
	Within	T-bar = 5.57	--	3.02	2003.25	2020.25	T-bar = 3.79	--	1.76	2005.71	2019.14
Size	Overall	N = 323	5698	6238	0	43531	N = 519	3301	2641	110	13746
	Between	n = 58	--	6311	153	32908	n = 137	--	2543	113	11089
	Within	T-bar = 5.57	--	1949	-1233	16321	T-bar = 3.79	--	683	-942	9288
Age of CEO	Overall	N = 323	53.68	6.96	38	77	N = 523	57.29	4.63	43	68
	Between	n = 58	--	6.14	43	75.50	n = 138	--	4.81	44	68
	Within	T-bar = 5.57	--	3.06	45.15	62.18	T-bar = 3.79	--	1.80	50.62	64.09
Year of Tenure	Overall	N = 323	9.93	7.50	1	43	N = 523	5.03	3.91	1	25
	Between	n = 58	--	7.20	1	41.5	n = 138	--	3.75	1	23.5
	Within	T-bar = 5.57	--	3.02	1.43	18.43	T-bar = 3.79	--	1.70	0.03	16.28
Age of Organization	Overall	N = 323	37.83	32.91	1	119	N = 523	19.10	28.07	0	175
	Between	n = 58	--	31.46	1	112.50	n = 138	--	31.85	1	173
	Within	T-bar = 5.57	--	6.22	-54.17	52.83	T-bar = 3.79	--	11.16	-20.47	113.53
Board Power	Overall	N = 323	0.85	0.34	0.23	2.33	N = 523	0.81	0.28	0.34	1.80
	Between	n = 58	--	0.30	0.23	1.54	n = 138	--	0.25	0.34	1.50
	Within	T-bar = 5.57	--	0.23	0.41	2.30	T-bar = 3.79	--	0.18	0.29	1.64
CEO Narcissism	Overall	N = 323	0.49	0.26	-0.02	1	N = 523	0.21	0.17	-0.01	1.00
	Between	n = 58	--	0.25	-0.02	0.86	n = 138	--	0.15	-0.00	0.68
	Within	T-bar = 5.57	--	0.15	0.15	1.01	T-bar = 3.79	--	0.11	-0.36	0.65

Table 3.b Population characteristics of Panel Data per Organization Affiliation for ordinal variables

Variable	Variation	Corporate Setting					Non-for-Profit Organization				
		Overall		Between		Within	Overall		Between		Within
		Freq.	Percent	Freq.	Percent	Percent	Freq.	Percent	Freq.	Percent	Percent
Gender	Male	323	100	58	100	100	441	84.32	114	82.61	99.30
	Female	0	--	--	--	--	82	15.68	25	18.12	99.20
	Total	323	100	58	100	100	523	100	139	100.72	99.28
Prior Corporate Exp.	No	323	100	58	100	100	517	98.85	136	98.55	100
	Yes	0	--	--	--	--	6	1.15	2	1.45	100
	Total	323	100	58	100	100	523	100	138	100	100
Risk Strategies	Low	136	42.11	38	65.52	68.12	126	24.09	58	42.03	61.05
	High	187	57.89	46	79.31	69.81	397	75.91	119	86.23	86.21
	Total	323	100	84	144.83	69.05	523	100	177	128.26	77.97

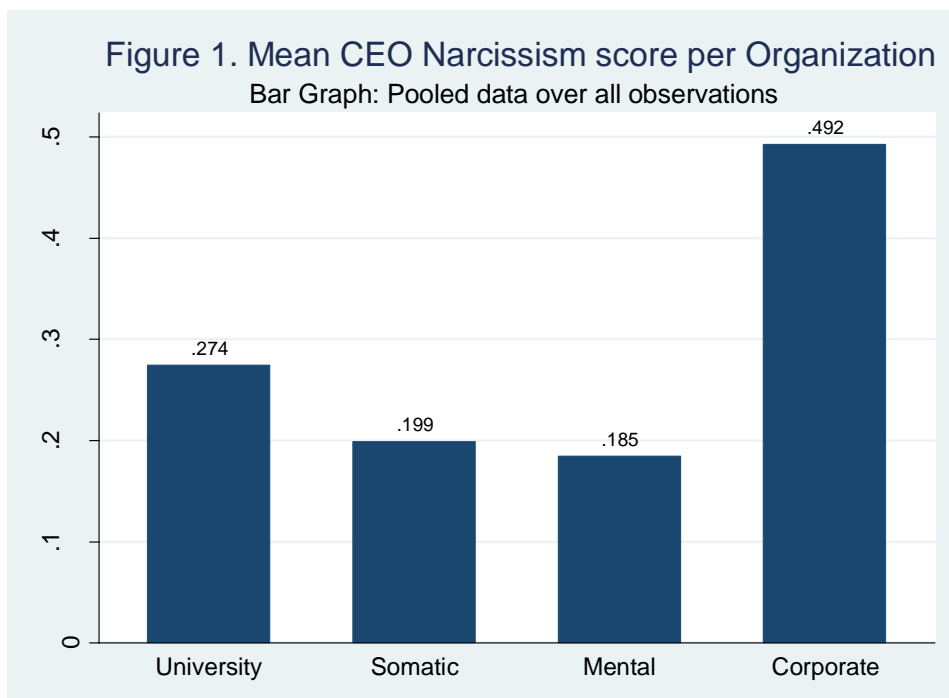
Table 4.a Comparison of Panel Data CEO Characteristics between Males and Females in Not-for-profit organizations

Continuous Variable	Variation	Male					Female				
		Obs.	Mean	St. dev	Min	Max	Obs.	Mean	St. dev	Min	Max
Size	Overall	N = 441	3401	2708	110	13746	N = 82	2676	2187	373	9043
	Between	n = 114	--	2642	113	11089	n = 25	--	1870	373	8801
	Within	T-bar = 3.87	--	683	-842	6153	T-bar = 3.28	--	743	1703	8754
Age of CEO	Overall	N = 441	57.62	4.54	43	68	N = 82	55.48	4.74	45	65
	Between	n = 114	--	4.69	44	68	n = 25	--	4.87	46	64
	Within	T-bar = 3.87	--	1.82	50.96	64.37	T-bar = 3.28	--	1.71	52.22	62.22
Year of Tenure	Overall	N = 441	5.21	4.07	1	25	N = 82	4.07	2.70	1	11
	Between	n = 114	--	3.91	1	23.5	n = 25	--	2.55	1	9
	Within	T-bar = 3.87	--	1.74	0.21	16.46	T-bar = 3.28	--	1.47	0.22	7.22
Age of Organization	Overall	N = 441	18.78	28.54	0	175	N = 82	20.83	25.49	0	122
	Between	n = 114	--	33.36	1	175	n = 25	--	23.58	3	116
	Within	T-bar = 3.87	--	10.91	-20.79	113.21	T-bar = 3.28	--	12.48	-14.74	111.58
Board Power	Overall	N = 441	0.81	0.28	0.34	1.8	N = 82	0.76	0.27	0.35	1.5
	Between	n = 114	--	0.24	0.34	1.5	n = 25	--	0.29	0.43	1.5
	Within	T-bar = 3.87	--	0.19	0.30	1.65	T-bar = 3.28	--	0.16	0.27	1.32
CEO Narcissism	Overall	N = 441	0.21	0.17	-0.01	0.88	N = 82	0.21	0.18	0	1
	Between	n = 114	--	0.14	-0.00	0.68	n = 25	--	0.16	0	0.56
	Within	T-bar = 3.87	--	0.10	-0.18	0.65	T-bar = 3.28	--	0.13	-0.36	0.64

Table 4.b Comparison of Panel Data CEO Characteristics between Males and Females in Not-for-profit organizations

Categorical variables		Male					Female				
		Overall		Between		Within	Overall		Between		Within
		Freq.	Percent	Freq.	Percent	Percent	Freq.	Percent	Freq.	Percent	Percent
Risk Strategies	Low	235	30.76	85	49.42	62.35	27	32.93	11	44	75.43
	High	529	69.24	147	85.47	80.96	55	67.07	19	76	87.91
	Total	764	100	232	134.88	74.14	82	100	30	120	83.33

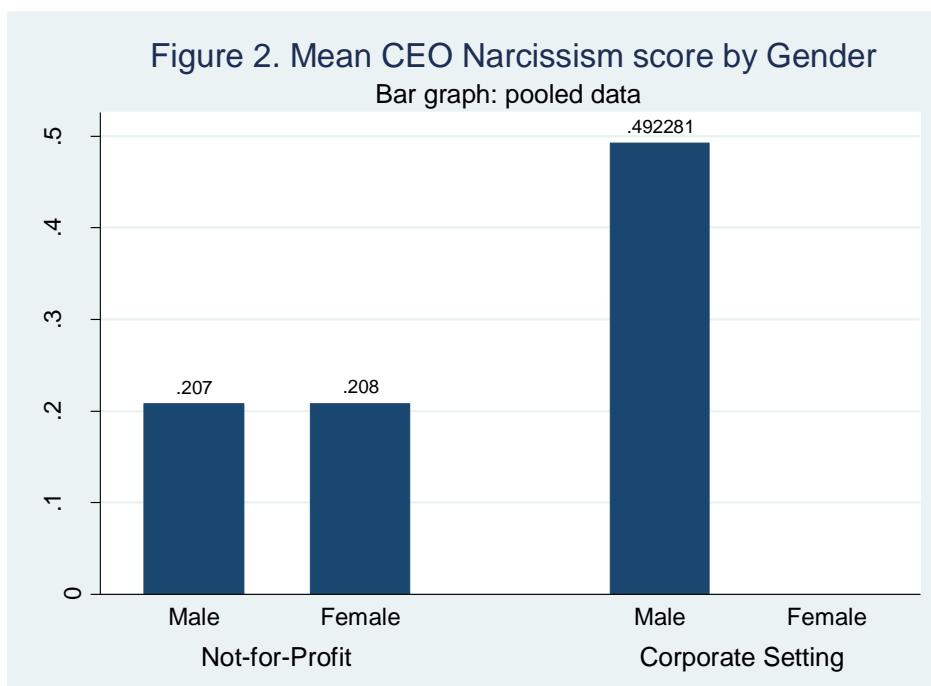
Table 3. shows the characteristics of the total population by organization affiliation. No difference between mean CEO Narcissism scores of different not-for-profit organization-types was found (longitudinal linear regression (RE): B = -0.044, p=0.150, for somatic health care organization vs. University Hospital; B = -0.061, p=0.059, for mental health care vs. University hospital; B = 0.010, p=0.773, for somatic health care vs. mental health care), although a trend was visible for higher CEO Narcissism scores at the University hospitals (see figure 1.). All different health organizations were clustered into one not-for-profit organization variable.



From analyses of the population characteristics, it was determined that hypothesis 2.2, “Prior work experience in a corporate setting will increase the likelihood of engaging in high-risk strategies”, could not be tested. As shown in table 3.b, in a corporate setting all CEOs appointed had prior corporate experience. Only two CEOs in the not-for-profit group were found to have prior corporate experience. Those two CEOs account for 1.45% of the total not-for-profit group observations. Thus, prior corporate experience almost perfectly matched with the variable “Organization Affiliation” (corporate vs. not-for-profit) (see table 2). Therefore the variable “prior corporate experience” was dropped from further analyses. No female CEOs were present in the corporate setting sample (total of N= 323 CEO/Years, from 25 companies in a corporate setting with 58 different CEOs during the observation period). In

not-for-profit organizations a total of 82 observations during the study period were collected from 25 different female CEOs, which account for 15.68% of the total observations in not-for-profit organizations. The characteristics of female CEOs were compared with the male CEOs of not-for-profit organizations (see fig. 2. and table 4). Female CEOs of not-for-profit organizations had practically identical characteristics. In order to preserve statistical power the variable “gender” was dropped from further analyses. Analyses done with the inclusion of female CEOs (inclusion of variable gender) and/or dropping all female CEO observations did not significantly affect the results of the analyses (data not shown).

Comparison of CEO Narcissism scores (see figure 2.) between not-for-profit organizations and those in a corporate setting show that CEOs of not-for-profit organizations have significantly lower CEO Narcissism trait scores (corporate setting vs. not-for-profit; $t(844) = -20.36, p < 0.001$; Longitudinal linear regression (RE): $B = 0.256, p < 0.001$, for corporate setting vs. not-for-profit). Surprisingly, the not-for-profit group employed more high-risk strategies than companies in a corporate setting companies (longitudinal logistic regression (RE): $B = -1.515, p = 0.001$, for corporate vs. not-for-profit). The control variables were all found to be significantly different when compared on mean scores between companies in a corporate setting and not-for-profit organizations.



A regression analysis of the effect of Board Power on CEO Narcissism in the first year of the CEO's tenure, accounting for the demographic and internal organizational factors, shows that the indicative factor higher Board Power does not significantly predict lower CEO narcissism scores (linear regression model 1: $B = 0.035$, $p=0.529$), even when comparing the difference in effect of Board Power between corporate and not-for-profit organizations on CEO narcissism (see table 5, model 2). More importantly, the effect of board power on the appointment of narcissistic CEO was relatively small. Conversely, and contrary to our hypothesis, higher levels of CEO narcissism predicted higher Board Power over time (longitudinal linear regression (RE): $B = 0.118$, $p=0.018$), even when accounting for internal organizational factors (Size, Organizational Affiliation, Age of Firm) (longitudinal linear regression (RE): $B = 0.108$, $p=0.044$). No other internal organizational factor influenced Board Power significantly, except for a small effect on size: larger companies predict higher Board Power (longitudinal linear regression (RE): $B = 8.23e^{-6}$, $p=0.021$). No interaction effects between CEO Narcissism and Organization affiliation of Board Power were found (see figure 3).

Table 5. Panel data Regression of the effect of Board Power on the appointment of a Narcissistic CEO

Model	1	2
CEO Narcissism	Coef. (St. Err.)	Coef. (St. Err.)
Board power	0.008 (0.053)	-0.009 (0.065)
Not-for-profit	1	1
Corporate	0.157*** (0.046)	0.108 (0.108)
Board Power x Not-for-profit x Corporate	--	1 0.052 (0.112)
Size	3.64e-6 (4.20e-6)	3.56e-6 (4.21e-6)
Age of CEO	0.000 (0.003)	0.000 (0.003)
Age of Firm	0.001 (0.001)	0.001 (0.001)
Constant	0.209 (0.188)	0.218 (0.190)
Obs.	143	143
Overall R ²	0.147	0.149
Chi ²	23.63	23.71
Prob > Chi ²	0.000	0.000

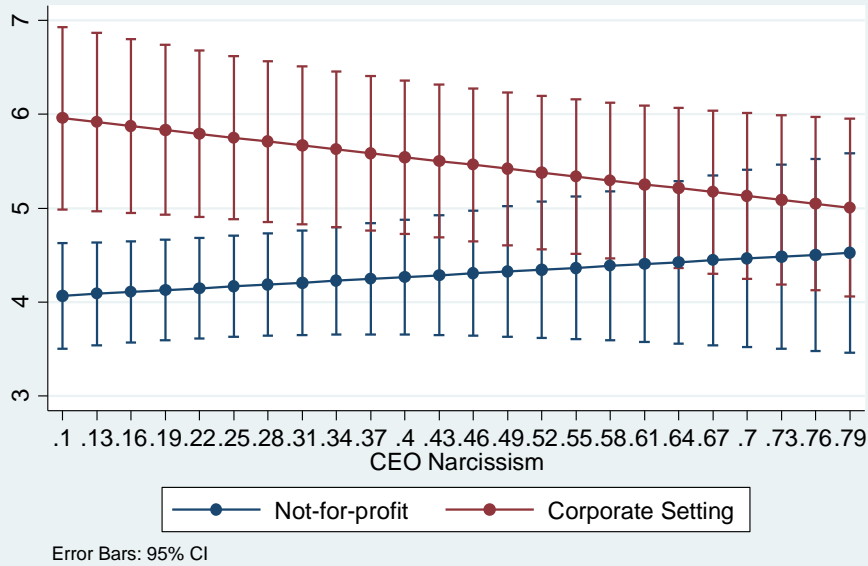
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Table 6. shows the effect of size of the enterprise on CEO Narcissism. Model 1a shows the effects of company's size on displayed CEO Narcissism. Model 1b demonstrates the effect of control variables

on the CEO narcissism score. Model 2 was composed of combining model 1a and 1b. Model 3 was composed from model 2 with an interaction variable for the effect between type of organization (not-for-profit vs. corporate) and company size. Lastly, Model 4 was formed by restricting model 3 to a subsample of the year of the CEO's appointment.

Table 6. Panel data Regression of the effect of Company Size on the appointment of a Narcissistic CEO					
CEO Narcissism	Model 1a	Model 1b	Model 2	Model 3	Model 4
	Coef.	Coef.	Coef.	Coef.	Coef.
	(St. Err.)	(St. Err.)	(St. Err.)	(St. Err.)	(St. Err.)
Size	6.77e-6*** (2.53e-6)	--	7.65e-6	3.04e-6 (5.25e-6)	1.84e-7 (8.44e-6)
Not-for-profit	--	1	1	1	1
Corporate	--	0.266*** (0.030)	0.263*** (0.031)	0.273*** (0.037)	0.134** (0.061)
Size x Not-for-profit	--	--	--	1	1
x Corporate	--	--	--	-2.91e-6 (5.91e-6)	4.27e-6 (9.73e-6)
Age of CEO	--	0.006*** (0.002)	0.005*** (0.002)	0.005*** (0.002)	0.000 (0.003)
Year of Tenure	--	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.003 (0.008)
Age of Firm	--	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001 (0.001)
Board Power	--	0.054** (0.022)	0.054** (0.022)	0.054** (0.022)	0.008 (0.053)
Constant	0.260*** (0.018)	-0.162 (0.111)	-0.155 (0.112)	-0.157 (0.112)	0.209 (0.193)
Obs.	841	845	841	841	143
Overall R²	0.070	0.316	0.317	0.317	0.149
F-test / Chi²	7.170	101.896	101.212	101.184	3.387
Prob > F / Chi²	0.007	0.000	0.000	0.000	0.002
R² between	0.071	0.261	0.262	0.261	--
R² within	0.000	0.028	0.027	0.028	--
Model 1a: Panel Data regression of the direct effect of Company Size on CEO Narcissism					
Model 1b: Longitudinal regression base model with effect of control variables on CEO Narcissism					
Model 2: Model 1a + Model 1b					
Model 3: Model 2 + interaction variable					
Model 4: Regression analysis on a subsample based on the first year of appointment of the CEO					
*** p<0.01, ** p<0.05, * p<0.1					
Size x Not-for-profit/Corporate = interaction variable					

Figure 3. Interaction between Organization-type & CEO Narcissism
Effect of interaction on Board Power



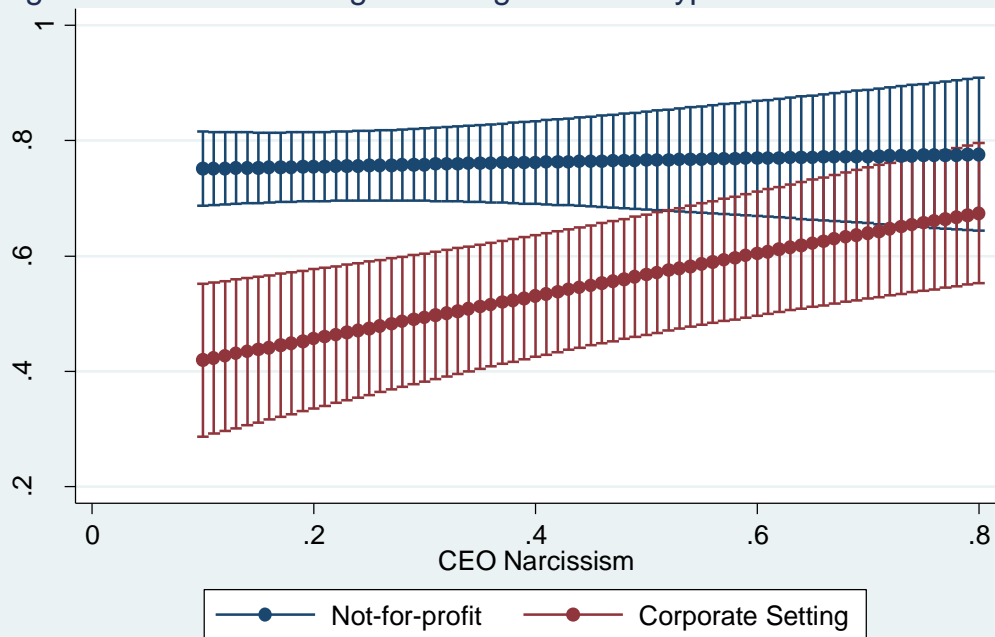
The regression models for hypothesis 2.1 were constructed in three steps. First the base model (model 1) was constructed including all control variables. Thereafter CEO Narcissism was added to the base model to form model 2. The final model (model 3) added an interaction variable for the effect of organizational affiliation and CEO narcissism on high-risk strategies. The results are given below (see table 7 and figure 4.). Higher CEO narcissism scores seem to be related more frequent employment of high-risk strategies” (model 2: longitudinal regression (RE): $B = 1.759$, $p = 0.01$). Surprisingly, belonging to the corporate setting group reduced the risk of high-risk strategies (model 2: longitudinal regression (RE): $B = -2.277$, $p < 0.001$). These results were explained by the interaction variable in model 3. As figure 4. shows, CEOs belonging to the not-for-profit group engaged in more high-risk strategies. This behavior was independent of CEO narcissism scores. This was in contrast with CEOs in a corporate setting where high-risk strategies were dependent on higher narcissism scores. Compared to the group with the lowest CEO narcissism scores in a corporate setting, the not-for-profit CEOs, regardless of risk strategy, had lower CEO narcissism scores (longitudinal logistic regression (RE): $B = 0.255$, $p < 0.001$, for low-risk strategies in a corporate setting vs. high-risk and low-risk strategies in a not-for-profit organization).

Table 7. Longitudinal Random Effects Logistic Regression of CEO Narcissism on High-Risk Strategies

Risk Strategy	Model 1 Coef. (St. Err.)	Model 2 Coef. (St. Err.)	Model 3 Coef. (St. Err.)
CEO Narcissism	--	1.759** (0.687)	0.268 (1.044)
Not-for-profit	1	1	1
Corporate Setting	-1.824** (0.562)	-2.277*** (0.595)	-3.072*** (0.748)
Not-for-profit x Narcissism	--	--	1
Corporate Setting x Narcissism	--	--	2.565 ^p (1.398)
Size	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Age of CEO	-0.040 (0.037)	-0.049 (0.037)	-0.056 (0.037)
Year of Tenure	-0.026 (0.037)	-0.025 (0.037)	-0.027 (0.037)
Age of Firm	0.008 (0.006)	0.007 (0.006)	0.006 (0.006)
Board Power	-0.168 (0.448)	-0.234 (0.451)	-0.245 (0.452)
Constant	4.388 (2.090)	4.606 (2.105)	5.035 (2.152)
Obs.	841	841	845
Chi ²	14.470	20.227	22.049
Prob > chi ²	0.025	0.005	0.002

*** p<0.001, ** p<0.01, * p<0.05, ^p = p=0.067

Figure 4. Predictive Margins of Organization Type & CEO Narcissism



Error Bars: 95% CI

CHAPTER 5

CONCLUSION

In this panel data study, based on secondary data gathered from annual reports of Dutch companies in a corporate setting and not-for-profit organizations, the effect of CEO narcissism on the employment of high-risk strategies is measured. We hypothesized that CEO narcissism presentation in not-for-profit organizations would be lower compared to CEOs in a corporate setting. This hypothesis is confirmed as narcissistic presentations in not-for-profit organizations is significantly lower compared to CEOs in a corporate setting. It is therefore plausible that, as hypothesized, in not-for-profit organizations the stronger culture and internal and external organizational factors such as a higher ethical behavior, and being the protector of the not-for-profit brand (Keller, 2006; Venable et al., 2005; Wallis & Dollery, 2005) suppress an overt narcissistic CEO presentation. That is regardless of the true levels of narcissistic tendencies in a CEO in a not-for-profit organization, and despite these values being diametrically opposed to the values of a narcissistic CEO (Maccoby, 2004). This study could not confirm nor disprove if the CEOs in a not-for-profit organizations indeed have lower narcissistic traits due to their own values, or whether – despite having narcissistic tendencies – the presentation was lowered due to other (internal and external) organizational factors. We hypothesized that a narcissistic CEO would engage in more high-risk strategies, and that these CEOs would have higher narcissistic traits compared to their CEO counterparts that do not engage in high-risk strategies, as is common in a corporate setting (Abor, 2007; Chatterjee & Hambrick, 2007; Rijsenbilt & Commandeur, 2013). However, we assumed that in not-for-profit organizations the internal and external organizational values and the moderating effect of board power that protects organizational values, would reduce the frequency of high-risk strategies employed in not-for-profit organizations compared to those in a corporate setting. Counterintuitively, we found that not-for-profit organizations engage more often in high-risk strategies compared to companies in a corporate setting. And in strong contrast to their corporate counterparts, the narcissistic trait scores of not-for-profit CEOs did not predict high-risk behaviors. More so, narcissistic traits scores of not-for-profit CEOs were the same (see figure 4.), regardless of whether

they engaged in high- or low-risk strategies, although a (very) small positive trend was visible. The measured CEO narcissistic traits score in CEOs that engaged in high-risk strategies in a not-for-profit organization was even significantly lower than CEOs in a corporate setting that engaged in low-risk strategies and had the lowest narcissism scores in companies in a corporate setting.

This difference could be related to what is termed the agency-communion model of narcissism (Gebauer, Sedikides, Verplanken, & Maio, 2012; Nehrlich, Gebauer, Sedikides, & Schoel, 2019). The difference was described by Gebauer et al. (2012) as: “*agentic narcissists*” focus on “*satisfying self-motives of grandiosity, esteem, entitlement and power in agentic domains*” (p. 854), whereas “*communal narcissists*” focus on “*the same self-motives in communal domains*” (p. 854). Thus where the grandiose narcissists focus on demonstrating that they are more important or better than others, the communal narcissist would focus on being “*the most helpful person he knows, [being] the most caring person, or [being] extraordinarily trustworthy*” (p. 854). Those factors are not represented in the proxies comprising the CEO Narcissism Index in this study as they are measured by a self-report questionnaire (Hermann et al., 2018). The sub-items of the prominence of name and photo, and remuneration relate more to the agentic grandiose narcissists. Thus, one could conclude that this method does not fit well when studying CEO Narcissism in not-for-profit organizations. However, great caution is advised before accepting this conclusion as different types of narcissism, such as communal, productive and vulnerable are being validated (Germain, 2017; Kets de Vries, 2012), and it is uncertain if these constructs can be distinguished. Another possible explanation is that the values of not-for-profit organizations are reflected in the annual reports. In this way and in accordance to our hypothesis and the Upper Echelon Theory, not-for-profit organization values could mitigate or even suppress the presentation of narcissism of CEOs of not-for-profit organizations. But if these values could influence the CEO’s narcissistic presentation, one could also imagine that the same strong values would influence the CEO decision making, thus reducing high-risk company strategies. However, high-risk strategies were found to be more common within not-for-profit organizations compared to those in a corporate setting. Thus, we assume that not-for-profit organization values cannot account for the higher scores

on risk strategies alone. The most likely explanation is that some factor which was not accounted for in this study resulted in some bias. In the last decade, policy measures and cut backs in the Dutch healthcare system have resulted in an steep increase in mergers and acquisitions (Boer & Croon, 2015; Deloitte, 2020, Gupta Strategists, 2019). There are several reasons for this: financial stress and/or (pending) bankruptcy of several healthcare providers, but also decreasing overhead among others. The major part of the data collection for not-for-profit organizations was during this period, and given that in some cases mergers and acquisitions could be survival strategies, it could explain why more high-risk strategies were found in the not-for-profit group. It is even possible that these findings could also be attributed to a change in legislation and funding of the Dutch healthcare system: hospitals in the Netherlands are increasingly paid after provision of service. Healthcare providers take out bank loans in order to finance working capital (Deloitte, 2015). This results in high (current) liabilities and lower solvency ratios. This financing system introduces bias in the dependent variable. It could explain why there was no difference found between low-risk engaging and high-risk engaging not-for-profit CEOs; low level narcissistic CEOs who would normally not engage in high-risk strategies could be forced to do so given the industry-wide developments. An indication for this is given by the Dutch Central Bureau of Statistics (2018); mean solvency of Dutch hospitals was between 25.0% & 28.6% (Vermeulen, 2019; Gupta-Strategist, 2019) which is more than 10% lower than the mean solvency in the other health care sectors. Indeed, in the last decade, there has been strong financial pressure on sector of the Dutch healthcare that provide (cure) services with predominantly out and inpatients treatment programs. Specifically for the larger healthcare providers which unfortunately was the target population of this study. Thus, if the employment of high-risk strategy was a survival strategy based on a techno-economic rationale it is possible that the CEO's personal beliefs and narcissism was not a major factor in the decision-making process, which reinforces the Upper Echelon theory. However, this study could also not rule out, that not-for-profit CEOs have a mask of benevolence, presenting with low narcissistic traits, but are still driven by their underlying narcissistic desire of a grandiosity of company strategy. If this was the underlying mechanism it would reinforce the Upper Echelon Theory as it suggests that

despite the strong internal and external organizational values, in the end it is the CEO and his characteristics that are the more decisive factor in the decision-making process of a company. More in-depth analyses are needed to distinguish the main reason for engaging in high-risk strategies and whether this is related to CEO narcissism. However, the financial stress on health care centres leading to mergers and/or low solvency is not a phenomenon bound to the Netherlands alone (Blumenthal & Edwards, 2000; The Commonwealth Fund, 2003), and suggest that one should correct for this factor in future research.

Different factors relating to CEO narcissism (Grijalva et al., 2015; Nadkarni & Herrmann, 2010) were taken into account in this study. Working in a corporate setting, a higher age of the CEO and higher board power did predict higher levels of CEO narcissism, whereas gender, CEO tenure and company size did not. The lack of effect of gender and company size are somewhat surprising. It is usually assumed that being female is associated with lower narcissism scores (Grijalva et al., 2015). In this study no difference was found between male and female CEO narcissism in not-for-profit organizations. The power of the study, or more specifically, the number of observations of female CEOs included could have been insufficient. However, compared to an earlier study (Rijsenbilt & Commandeur, 2013), female CEOs did not significantly differ from CEO narcissism of males. Other studies (Ingersoll, Glass, Cook, & Olsen, 2019; Twenge, 2001, 2009) hypothesized that this is due to an cultural integration process or a development due to the cultural promotion of “masculinity and assertiveness” (traits related to narcissism) in order to become a CEO. These studies focused on samples in a corporate setting, so no conclusion can be made as, in our sample, there were no female CEO in the corporate setting group. More research is needed in both groups. More so as in not-for-profit organizations “feminine traits” are more often promoted (Venable et al., 2005) which could partially explain the lower narcissism scores of not-for-profit CEOs. Although, as hypothesized, a larger company size seemed to predict higher levels of CEO narcissism, after controlling for other factors no such effect was found. This is completely understandable as companies’ characteristics have strong

interdependencies that could moderate the effect of company size. It is important to note that the chosen method could also affect this result. Employee numbers is one of the factors of company size but in previous studies revenue as a proxy for size was the factor used (Chatterjee & Hambrick, 2007; Rijsenbilt & Commandeur, 2013). Revenue and FTE should be compared to determine whether these different proxies for size are interchangeable. However, it is certainly plausible that the effect of company size on CEO narcissism is fully mediated by another factor.

The results for the factors of CEO age and tenure, board power and the age of the firm should all be considered with some caution. Firstly, the measured effects, if any were present, had very small B-coefficients. Thus, one can wonder what the practical implications of these findings are. Secondly, all these factors are inter-dependent to each other, albeit with different base values. Thirdly, some factors are strongly related to external events (Alexander & Lee, 1996; M. Bertrand & Mullainathan, 2001), such as a merger or acquisition, the financial strength of the company or CEO succession, which undermines this assumption. For example, a higher firm age should be associated with more prestige but, after a merger firm age resets thus violating the assumption of a higher firm age predicting more prestige. The same holds true for factors not included in this study. For example, it is widely accepted that some hospitals have higher prestige and appeal than others (Bai & Anderson, 2016; Blumenthal & Edwards, 2000; Larson, Schwartz, Woloshin, & Welch, 2005; The Commonwealth Fund, 2003) which is not measurable with size alone. These factors were not taken into account. Lastly, the above-mentioned factors are strongly related to a time-factor. Panel data analysis corrects for this time-factor in a linear manner but the effects of time on these factors could also differ per time period or phase. Thus, instead of linear associations these factors could also have quadratic or even S-shaped effects (Huang & Hilary, 2018; Walters, Kroll, & Wright, 2007; Yim, 2013) depending on industry or firm specific effects and/or financial factors over time. Thus we cannot be conclusive regarding hypothesis 1.2, 3.1, and 3.2, which regard the role of size and board power on CEO narcissism. Especially since the results for board power were counterintuitively given rise to the question whether the variable "Board Power" captured the concept sufficiently.

Limitations

Although this study had some considerable strengths, such as the panel data design which strengthens the individual trajectories and personal CEO narcissism traits and their independent effects, the large number of observations, relatively homogeneous population of not-for-profit group and the relatively high number of control variables, there are still some limitations that need to be discussed. Firstly, the data was unbalanced and with gaps. This was due to several reasons ranging from it not being a legal obligation thus companies did not provide an annual report every year, to practical problems, such as the download page of a company not working or being private. However, in this type of study it is almost impossible to avoid gaps. Some gaps can also be related to bigger CEO and/or company events, e.g. years with disappointing results seems to be more often missing, or for not-for-profit organizations – when they were subject to enhanced surveillance – minimalistic annual reports were produced. Secondly, CEO turnover varied from relatively high (three different CEOs in five years' time) to CEOs with more than 12 years of tenure. There were multiple CEOs with only one year of tenure which could result in lower statistical power. The relatively high number of observations could partially negate this effect. However, given the large number of control variables (including a low number of female CEOs), an even larger number of observations is needed in order to have conclusive results. Furthermore, it is hypothesized that multiple observations over time are needed to discern any changes from old company values to new CEO-driven values. Thus it is needed to compare CEOs in a more balanced dataset. Further research with a focus group could also possibly establish this. Another important limitation, already discussed above, was the concern of not taking into account the industry-related time-events, such as the need for mergers and acquisitions in the health care industry (Boer & Croon, 2015; Deloitte, 2020; Gupta-Strategist, 2019; Blumenthal & Edwards, 2000; The Commonwealth Fund, 2003). These large events can only be taken into account with a more homogeneous group (comparisons between the not-for-profit organizations) or with a larger time-frame. A more frequently mentioned limitation is that of the use of proxy measures in order to establish a narcissism trait score

(Neely et al., 2020; Van Scotter, 2019). Although this critique is understandable, the focus has shifted to research in order to validate these proxies without ignoring the established large body of evidence (Neely et al., 2020). Nonetheless it is important to take into account the possibility that the measured CEO Narcissism Index does not reflect narcissism traits scores in CEOs. Instead annual reports, and by default the CEO narcissism proxies, could reflect values or styles related to other executives or even photographers (Van Scotter, 2019) and not the values of the CEO. For example, even the foreword signed by the CEO could be fabricated by a ghost writer, or following a pre-set template, or can be the product of several board members. However, we do underscore that the publishing of an annual report is a delicate process in which no single table or photograph is casually inserted, but is usual a delicate process in which topmanagement is in the lead. Therefore we do believe still believe that the manner in which the annual report is presented reflects at least company's values. We tried to mitigate this effect by only focussing on the foreword which is usually signed by the CEO. However, given above-mentioned rational it is possible that what was measured in this study was not the CEO narcissism levels, but the "narcissistic presentation" of the company. From this point of view, the results could also directly be interpreted as branding; not-for-profit organizations presenting themselves in a more communal manner, whereas companies in a corporate setting focus more on accomplishments. These assumptions and rational would violate the core assumptions of this study and would render the results disputable.

Conclusions and Recommendations

This study reveals that in Dutch health care organizations not-for-profit CEOs had lower narcissism trait scores compared to CEOs in a corporate setting. It seems that the internal and external organizational values of not-for-profit organizations attract, mitigate, or suppress narcissistic CEO tendencies as proposed by the Upper Echelon Theory.

This study also reveals that relatively more high-risk strategies were employed in the not-for-profit organizations, despite the internal and external organizational values. This finding reinforces the decisive role of the CEO in the Upper Echelon Theory.

No correlation was found between narcissism trait scores and deployed high-risk strategies not-for-profit organizations in contrast to those in a corporate setting where higher levels of narcissistic traits did predicted more frequent use of high-risk strategies. Several possibilities are discussed: it is possible that the observed higher-risk strategies were related to industry events or, it is also possible that there was another type of narcissistic behavior present (such as communal or covert narcissism) which could not be detected by the method used. Or it is possible that narcissistic CEOs suppress their narcissistic presentation, but still strive for admiration through high-risk strategies. More research is needed to conclusively ascertain whether not-for-profit organizations have CEOs that indeed have lower narcissistic tendencies or whether they hide these tendencies behind a mask of benevolence.

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