

A study of the relationship of narcissistic leadership in the accounting profession on job satisfaction: An application of structural equation modeling

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ABSTRACT

Narcissism is identified by the American Psychiatric Association as a personality disorder diagnosed when an individual is deemed to possess five of nine characteristics listed in the APA's Diagnostic and Statistical Manual of Mental Disorders (fourth edition, text revision version). Many executives (leaders) in the area of business have been found to exhibit narcissistic characteristics. Likewise, a distinct relationship exists between the employer (leader) and employee (subordinate) which can be of either high or low quality. This relationship is known by the theory called leader-member exchange (LMX). Additionally, an individual is known to have a certain amount of control over their circumstances or environment, referred to as locus of control (LOC). Destructive characteristics of narcissistic leadership are believed to affect job satisfaction among employees within the accounting profession, and the extent of this effect are potentially influenced by leader-member exchange (LMX) relationships and/or the locus of control (LOC) that employees (subordinates) have with their employer (leader). The purpose of this research is to determine if perceived narcissistic leadership affects employee job satisfaction either directly or through the LMX and/or LOC relationship, specifically in the business realm of the accounting profession.

Key Words: accounting profession, narcissistic leadership, job satisfaction

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INTRODUCTION AND LITERATURE REVIEW

“The narcissist has one world, and he resides in the middle of it” (Grier, 2008, p. 21). He is “like an old codger who takes the wrong highway onramp in the dead of night and starts driving against the traffic.... he wonders where all the idiots are coming from” (Grier, 2008, p. 48).

These comments identify the mental state of the narcissist. Often, poor decisions will result in actions which are damaging to others, both on a professional and a personal basis. These poor decisions often will result in little job satisfaction for employees who are supervised by the narcissist (Grier, 2008).

Origin

The word “narcissism” originated in Greek mythology. The story goes that an extremely handsome, young man named Narcissus, who was the son of a nymph and river god, fell in love with his own reflection while gazing into a pool of water. The outcome for Narcissus was fatal as told in different accounts of the story. One story goes that he simply refused to leave the pool as he yearned to be united with his reflection. The other version was that he committed suicide because of not being able to touch the image. Regardless of the outcome, Narcissus lived a shorten life because of his self-love. This “self-love” is a major characteristic of the personality disorder called narcissism (Bullfinch, 2012).

Additionally, narcissism is one of a triad of personality disorders having characteristics of self-entitlement or self-importance. This triad is referred to as the “dark triad” and consists of narcissism, Machiavellianism, and psychopathy. While narcissism is characterized by a love of self, Machiavellianism is characterized by an extreme desire to accomplish one’s goal at any cost. Psychopathic individuals generally have a cold personality with little empathy. The overriding characteristic in all three disorders is a desire to have dominance or power over others (Black, 2011).

Characteristics

According to the American Psychiatric Association’s Diagnostic and Statistical Manual of Mental Disorders (fourth edition, text revision version), possessing five of nine traits diagnoses an individual as a narcissist. These nine traits are:

1. Has a grandiose sense of self-importance.
2. Is preoccupied with fantasies of unlimited success, power, brilliance and beauty.
3. Believes that he or she is special and unique.
4. Requests excessive admiration.
5. Has a sense of entitlement to especially favorable treatment.
6. Is interpersonally exploitative.
7. Lacks empathy with the feelings and needs of others.
8. Is envious of others or believes that others are envious of him or her.
9. Shows arrogant, haughty behaviors and attitudes (Amernic & Craig, 2010, p. 83).

Constructive/Destructive

Narcissism can appear in either constructive or destructive ways (Amernic & Craig, 2010; Craig & Amernic, 2011). Ambition, manipulation, and hypersensitivity are shared characteristics of both; however, for a constructive narcissist, these characteristics are coping mechanisms to deal with everyday frustrations (Kets de Vries, 2004; Lubit, 2002). One example of a constructive narcissist is Oprah Winfrey who is also empathetic, engaging, and is a leader (Behary, 2008, p. 28).

However, destructive narcissists are generally arrogant, unprofessional, often unethical, critical, untrustworthy, incapable of accepting criticism, and unwilling to listen to others. Working with others is severely limited when dealing with destructive narcissists as they do not work well in team situations. Likewise, those individuals working under the leadership of a destructive narcissist will often feel devalued (Lubit, 2002). This study focuses on the destructive characteristic of perceived narcissism and its effect on employee job satisfaction within the accounting profession.

Leader-member exchange (LMX)

Leader-member exchange (LMX) is a theory developed in the 1970s to explain the relationship between employers (leaders) and employees (subordinates). The theory identifies the quality of those relationships, which can range from low to high (Harris, Wheeler, & Kacmar, 2009). In “high quality” LMX individuals, absenteeism is lower and productivity is higher, resulting in higher job satisfaction among employees (Koprowski, 1981). If “low quality” LMX occurs, the relationship between the employer (leader) and employee (subordinate) is not optimal, and job dissatisfaction occurs. In “low quality” LMX situations, employees begin to feel a lack of favor and a lack of support which fosters a lack of trust and a low self-esteem. Communication becomes difficult between the employer (leader) and employee (subordinate), and the employee (subordinate) begins to not identify with the company, thereby affecting the amount of cooperation the follower wishes to give the employer (leader). This lack of cooperation by the follower ultimately affects the organization (Stringer, 2006).

Locus of Control (LOC)

Locus of Control is a theory developed by Julian Rotter in the 1950's whereby he believed people will have a “link” between their behavior and the rewards or punishments which they receive (reinforcers) (Rotter, 1966). Individuals can exhibit either an internal or external “locus (or place) of control”. If one has an internal locus of control, the individual believes they control the results or outcome of the situation. Alternatively, an external locus of control is when an individual has little or no control over the outcome. Either someone or something outside of their realm or external to them controls the outcome (Neill, 2004).

The Problem

Narcissistic tendencies in employers (leaders) can often result in poor quality relationships with employees (subordinates) (Grier, 2008). Additionally, more often than not, narcissism is viewed as a destructive rather than a constructive leadership trait (Godkin &

Allcorn, 2011). While some literature and research has been done on the effects of narcissism on employee attitudes and job commitment, (Schaubroeck, Wabumbwa, Ganster, & Keepes, 2007; Griffin & O'Leary-Kelly, 2004), little literature exists on identifying the intervening effects of perceived narcissism on employee job satisfaction via leader-member exchange (LMX) and locus of control (LOC). This paper will address the effects of perceived narcissism on these variables while focusing on the accounting profession. Let it be noted that any future reference to narcissism should be regarded as the perception of narcissism in an individual or group as no formal medical diagnosis of this condition has occurred via this research.

METHODOLOGY

Initially, a random sample of approximately 1,235 accountants was drawn from the American Institute of Certified Public Accountants CPA/PFS Credential Holder Directory. An additional 3,679 emails were purchased, and surveys were emailed to this larger group as well. Consequently, a total of 4,914 surveys was sent with an overall response rate of 3.3%. The response rate actually decreased because of the increase in the sample size; however, it was necessary to increase the sample size in order to get an adequate sample to use in this research. The total useable surveys were 152.

Therefore, 152 accountants participated in the study from a nationwide random sample of accountants. In order to maintain privacy of the information, research procedures were properly applied. Therefore, both the purpose of the study and the voluntary nature of participating were disclosed to the participants.

This research used a quantitative design. The data were analyzed using SmartPLS data software, and the method of analysis was a causal modeling technique called Partial Least Squares, Structural Equation Modeling (PLS-SEM).

Demographic/classificatory questions were used to further evaluate potential differences between the participants (see Table 1 Appendix).

Measures/Instruments

Four separate surveys were combined into one which provided a 27-question survey with an additional five demographic questions. The questions measured each of the four variables (narcissism, job satisfaction, locus of control, and leader-member exchange).

Eleven questions measured leader-member exchange and examined the relationship between leader and subordinate. It was created by Robert Liden and John Maslyn in 1998 and used a seven-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (7). Four dimensions of leader-member exchange are identified in this survey. They are contribution, loyalty, affect, and professional respect.

Six questions focused on locus of control. The questions were condensed from Rotter's (1966) 23-item scale that was a forced-choice selection. This condensed version was originally a five-point scale that varies from "Strongly Disagree" (1) to "Strongly Agree" (5) with three questions measuring internal control and three questions measuring external control (Lumpkin, 1985).

The narcissism scale was developed by Hochwarter and Thomas, (2012) to measure the perception of supervisor (leader) narcissism by employees. It uses six questions and was

originally a five-point Likert response ranging from “Strongly Disagree” (1) to “Strongly Agree” (5).

Four questions on job satisfaction were found in an article by Snead and Harrell (1991). It was originally designed by R. Hoppock and written about in his book *Job Satisfaction* published by Harper and Row (1935). The four basic questions concerning job satisfaction based on current employment contained a seven-point Likert scale ranging from “Never” (1) to “All of the Time” (7).

Some modifications to the above surveys were made because the scales in two of the four surveys were slightly different but were incorporated into the survey used in this study. The Rotter and the Hochwarter scales were converted to a seven-point Likert scale to match the LMX scale. However, the Hoppock scale on Job Satisfaction was formatted in a different manner to allow for the seven-point Likert scale that was used in the original survey. Additionally, five demographic questions were incorporated into this study. Likewise, validity and reliability results from the surveys are shown in Table 2 (Appendix).

Definitions

Definitions relevant and helpful to the discussion of the data analysis section of this study come from Hair, Hult, Ringle, & Sarstedt (2014) and were also published in the dissertation of Susan Shurden (2014) called “Identifying the Effects of Narcissistic Behavior on Employee Job Satisfaction: A Study within the Accounting Profession”.

Constructs (also called latent variables): measure concepts that are abstract, complex, and cannot be directly observed by means of (multiple) items. Constructs are represented in path models as circles or ovals (p. 29).

Endogenous latent variables: serve only as dependent variables, or as both independent and dependent variables in a structural model (p. 29).

Exogenous latent variables: are latent variables that serve only as independent variables in a structural model (p. 29).

Formative measurement model: is a type of measurement model setup in which the direction of the arrows is from the indicator variables to the construct, indicating the assumption that the indicator variables cause the measurement of the construct (p. 29).

Hierarchical component model (HCM): is a higher-order structure (usually second order) that contains several layers of constructs and involves a higher level of abstraction. HCMs involve a more abstract higher-order component (HOC), related to two or more lower-order components (LOCs) in a reflective or formative way (p. 240).

Higher-order component (HOC): is a general construct that represents all underlying LOCs in an HCM (p. 240).

Indicators [variables]: are directly measured observations (raw data), generally referred to as either items or manifest variables, represented in path models as rectangles (p. 29).

Inner model: see Structural model (p. 29).

Latent variable: see Constructs (p. 29).

Lower-order component (LOC): is a sub-dimension of the HOC in an HCM (p. 240).

Manifest variables: see Indicators (p. 29).

Measurement: is the process of assigning numbers to a variable based on a set of rules (p. 29).

Measurement model: is an element of a path model that contains the indicators and their relationships with the constructs and is also called the outer model in PLS-SEM (p. 29).

Outer model: see Measurement model (p. 30).

Partial least squares structural equation modeling (PLS-SEM): is a variance based method to estimate structural equation models. The goal is to maximize the explained variance of the endogenous latent variables (p. 30).

Path models: are diagrams that visually display the hypotheses and variable relationships that are examined when structural equation modeling is applied (p. 30).

PLS-SEM: see Partial least squares structural equation modeling (p. 30).

R² values: Is the amount of explained variance of endogenous latent variables in the structural model. The higher the R² values, the better the construct is explained by the latent variables in the structural model that point at it via structural model path relationships. High R² values also indicate that the values of the construct can be well predicted via the PLS path model (p. 93).

Reflective measurement model: is a type of measurement model setup in which the direction of the arrows is from the construct to the indicator variables, indicating the assumption that the construct causes the measurement (more precisely, the co-variation) of the indicator variables (p. 30).

Structural Model: is an element of a PLS path model that contains the constructs as well as the relationships between them. It is also called the inner model in PLS-SEM (p. 31).

Data Analysis

Data analysis was conducted using a second-generation multivariate causal modeling technique called partial least squares structural equation modeling (PLS-SEM) which is the best method to use when sample sizes are small and the objective of the research is to predict or develop theory. Maximizing the explained variance (R²) and minimizing the unexplained variance within the latent variable (constructs) is the primary objective in this model (Hair, Ringle & Sarstedt, 2011). PLS-SEM “involves the application of statistical methods that simultaneously analyze multiple variables” (Hair, et al., 2014, p. 2). Additionally, choosing SEM rather than a traditional regression analysis will allow for measurement error adjustment of observed variables (Chin, 1998).

Some limitations do exist as a result of using PLS-SEM. First, it cannot be used if there are causal loops which mean circular relationships between the latent variables. This situation does not seem to occur in this analysis. Likewise, theory testing and confirmation are limited using this model because there is no adequate global goodness-of-fit measure. As previously stated, this model is best in prediction or theory development. Finally, parameter estimates are not optimal regarding bias and consistency (called PLS-SEM bias) (Hair et al., 2014, pp. 17-18).

The primary research question addressed in this study is:

Do leader-member exchange (LMX), locus of control (LOC), and narcissistic leadership affect employee job satisfaction in the accounting profession? Some supporting questions for the study which will be formed into the hypotheses in the later part of the paper are:

1. Do LMX relationships affect job satisfaction in the accounting profession?
2. Does narcissistic leadership affect employee job satisfaction in the accounting profession?
3. Does locus of control affect job satisfaction in the accounting profession?

4. How does LMX mediate in the relationship between narcissistic leadership and job satisfaction in the accounting profession?
5. Does narcissistic leadership have an effect on locus of control of subordinates in the accounting profession? (See Figure 1 Appendix)

Path Analysis

A visual illustration of the relationships between the constructs or latent variable is given in the path analysis diagram in Figure 1 (Appendix). This figure illustrates the proposed relationship between leader-member exchange (LMX) and job satisfaction, and it also suggests a mediating relationship between LMX and job satisfaction resulting when locus of control is introduced. Additionally, narcissistic leadership is believed to depress LMX and, consequently, negatively affect job satisfaction.

In Figure 1 (Appendix), which is a causal diagram (also called a path analysis diagram) of this study, the cause to effect is shown with a single-headed straight arrow. Narcissistic leadership is a latent variable 1; leader-member exchange is a mediating variable 2; locus of control is a mediating variable 3; and job satisfaction is a latent variable 4. Mediating variables are those variables that explain the relationship between two other variables.

Each of the latent variables (constructs) is represented by an equation. Path coefficients are assigned in the equations below as p and are written with two subscripts in reverse order while the error is written with e and a subscript. The effect (2) is written first with the cause (1) following (Path Analysis, 2013). For example, the movement from 1 to 2 is actually written p_{21} with p representing the path coefficient.

These equations are:

$$\begin{aligned}
 (1) \quad & y_1 = e_1 \\
 (2) \quad & y_2 = p_{21}x_1 + e_2 \\
 (3) \quad & y_3 = p_{31}x_1 + p_{32}x_2 + e_3 \\
 (4) \quad & y_4 = p_{41}x_1 + p_{42}x_2 + p_{43}x_3 + e_4
 \end{aligned}$$

The fact that narcissism is not explained by any other variable in the model is represented by the variable (y_1) in the first equation. Unexplained error is “ e ” and represents “stray causes, or causes outside the model” (Path Analysis, 2013, p. 2). As previously mentioned, the path coefficients are depicted with the “ p ” in the equations, and the subscript notations are read with the effect written first followed by the cause. Therefore, the path coefficient p_{21} in the second equation means that (y_2) is leader-member exchange and is affected by the first variable (x_1), which is narcissism, which is considered the causal variable. In the third equation, (y_3) is locus of control and is affected by the first variable ($p_{31}x_1$) narcissism, and it is also affected by the second variable ($p_{32}x_2$) leader-member exchange. The fourth equation variable (y_4), job satisfaction is written as being affected by the first variable ($p_{41}x_1$) narcissism, the second variable ($p_{42}x_2$) leader-member exchange, and the third variable ($p_{43}x_3$) locus of control.

A major difference between path analysis and regression is that in regression, only one dependent variable exists; however, in path analysis, the same variable can be both dependent and later independent in another equation model (Suhr, 2013). Therefore, in path analysis the variable which was once a dependent variable can change and become independent because of

the nature of structural equation modeling. This concept is depicted in the equations above, each of which has a different dependent variable.

The path coefficients (p) are calculated by running four regression analyses simultaneously (as represented by the four equations) using structural equation modeling (SEM) techniques. An output model will then be drawn in which the path coefficient values are inserted on each cause to effect line. A higher path coefficient value indicates a stronger causal effect. If the sign on the path coefficient is positive, then a positive effect is indicated and vice versa (Path analysis, 2013).

Another concept to explain is that of direct and indirect effects. In Figure 1, narcissistic leadership has no arrows pointing into it; therefore, narcissism cannot be explained by any other variables in the model and stands alone as indicated in the first equation ($y_1 = e_1$). This situation indicates a direct relationship with the arrow pointing directly from narcissistic leadership to job satisfaction. However, narcissistic leadership is expected to have an indirect effect on job satisfaction through its effect on leader-member exchange (LMX). Likewise, an indirect effect is expected on job satisfaction through locus of control (LOC) as indicated by the arrows pointing from narcissistic leadership to LMX to job satisfaction and from narcissistic leadership to locus of control to job satisfaction. Additionally, an indirect path can be traced from narcissistic leadership to LMX to LOC and then to job satisfaction. The net impact of this path on job satisfaction is expected to be negative.

The overall impact of one variable on another (e.g. narcissistic leadership on employee job satisfaction) can be calculated after the path coefficients are calculated by adding the direct effects of narcissistic leadership on job satisfaction to the indirect effects. Likewise, a comparison can be made between the total direct effects and the total indirect effects of narcissistic leadership and employee job satisfaction (Path analysis, 2013).

Although path analysis has become a very popular form of analysis of correlations (Path analysis, 2013), there are some limitations. The first limitation is that path analysis can only tell which paths are significant not which paths are preferred. However, it can tell which is "better supported" by the data (Path analysis, 2013). A second limitation is that PLS techniques cannot reverse causal effects. Finally, path analysis does not consider outside variables which were not included in the study. (Path analysis: Multivariate 2013, p. 2).

Explaining the Hierarchical Component Model

The type of model used in this research is called a hierarchical component (HCM) model because it contains two layers of constructs represented by the four inner constructs or latent variables (circles called higher order components, HOCs), labeled, narcissism, leader-member exchange (LMX), locus of control (LOC), and job satisfaction. It additionally involves a lower-order component which consists of the outer constructs (circles) at the top represented as affect, loyalty, contribution (Cont), professional responsibility (Prof), and circles at the bottom which are ILOC (internal locus of control) and ELOC (external locus of control). Also represented in the lower order construct are the survey questions represented by the yellow rectangles around the outer perimeter of the model. These rectangles are also referred to as indicators (see figure 2 Appendix). If arrows point from the indicators to the construct, it is referred to as formative indicators meaning the indicator explains the variable. If the arrows point from the construct to the indicators, they are referred to as reflective indicators meaning the variable explains the indicator (see definitions above).

Explaining the Structural (inner) Model

As previously mentioned, the structural model is identified by the four inner circles (two blue and two red) that represent the latent variables (constructs) of narcissism, leader-member exchange (LMX), locus of control (LOC), and job satisfaction. These latent variables can be identified as exogenous or endogenous. Endogenous latent variables are those which are dependent variables or which serve as both independent (they have paths, or arrows, exiting to other constructs) and dependent variables (they have paths entering from other constructs). The ability of variables to serve as both independent and dependent is one of the unique characteristics of SEM. LMX and LOC are both dependent and independent in the model; therefore, they are endogenous. Job satisfaction is the only truly dependent variable, making it endogenous. The only exogenous or exclusively independent variable in the model is narcissism because it has no arrows going into it

Explaining the Measurement (outer) Model

The indicators (yellow rectangles) represent the questions in the survey. Each grouping of questions defines a latent variable (construct) from the inner model. Some of the indicators (yellow rectangles) that represent questions can be grouped into the lower order components of affect, loyalty, contribution, professional respect, internal locus of control and external locus of control. These lower order components are shown as blue circles in the outer model and have arrows either going from the construct/latent variable represented by a blue circle into the indicator (rectangle) meaning a reflective indicator (see definitions) or arrows going into the construct/latent variable (circle) from the indicator variable (rectangle) meaning a formative indicator. The latent variables Narcissism and Job Satisfaction are represented as being reflective while the latent variables LMX and LOC are represented as being formative based on the direction of the arrows.

Evaluation/Assessment of the Model

The outer and inner models were then assessed in a two-step process. Reliability and validity were checked in the first step. The purpose of this step was to ascertain if the results or measures actually represented the constructs/latent variables. If these variables were not genuinely represented, then they should be deleted from the model. Reflective indicators Narcis 1, Satis 1 and Satis 4 were deleted from the model due to lack of validity and reliability. Also, a test for collinearity was conducted using the variance inflation factor (VIF). Collinearity exists if the VIF was greater than 5. Table 3 (Appendix) shows the VIF for the formative indicators which indicate all were less than 5; therefore, no significant correlation exists between the indicators associated with each latent variable (construct).

The second test was to assess each indicator variable to determine if it had a significant contribution to the corresponding construct/latent variable. A nonparametric procedure called bootstrapping was used in this step. Bootstrapping is used to generate t-scores and is appropriate because a normal data distribution is not assumed in PLS-SEM. The original sample has repeated random samples drawn from it with the standard errors then calculated and used in hypothesis testing. (Davison and Hinkley, 1997; Efron and Tibshirani, 1986). The test statistic is generated using bootstrapping, and each indicator variable is tested. If the indicator variable

does not significantly contribute to the construct/latent variable, then it is deleted from the model. None of the formative indicators were deleted based on the measurement assessment using bootstrapping. The deletion of reflective indicators, Narcis 1, Satis 1 and Satis 4 were previously deleted from the model due to lack of validity and reliability.

After all assessment procedures above have been conducted and several iterations have been run, it is determined that the final structural model meets all the assessment criteria and is now useful for interpretation. The final structural model is presented in Figure 3 (Appendix). In the final model, Path coefficients are the numbers on the lines between the latent variables (constructs) and represent the relationships between the latent variables. These values are also shown in Table 4 (Appendix). The explained variance is R^2 and is shown inside each blue circle which is the latent variable (construct). Values are shown for LMX, LOC, and job satisfaction because they are the dependent variables; however, Narcissism is exogenous (independent) and will have no R^2 value.

Testing of Hypotheses

Figure 3 (Appendix) shows the path coefficients for the final model derived in this study. Table 4 (Appendix) will be used to analyze the path coefficients and hypotheses tests with conclusions presented below.

Hypothesis 1: Narcissistic leadership has a negative causal impact on employee job satisfaction.

Even though the coefficient for Nar->Job Sat was negative (-0.097), the path coefficient was not significant with a p-value of 0.167 which was $> .05$ alpha. Narcissistic leadership does not have a direct negative effect on employee job satisfaction. Therefore, there is no statistical evidence to support Hypothesis 1 regarding a direct impact of narcissism on job satisfaction; however, narcissistic leadership has an indirect negative effect via the mediating effect of LMX. The path coefficient Nar -> LMX is -0.5103 with a p-value of 0.0, which is $< .05$ significance level. Likewise, LMX -> Job Sat is significant with a p-value of 0.0 and a path coefficient of 0.4906.

Hypothesis 2: Locus of control has a positive effect on employee job satisfaction.

The path coefficient for LOC -> Job Sat was actually negative instead of positive. Nevertheless, it was very small (-0.021), and was not significant with a p-value of 0.755 which was $> .05$ alpha; therefore, hypothesis 2 was not supported by the statistical evidence. According to this research, the degree of control employees possess does not positively influence employee job satisfaction.

Hypothesis 3: Locus of control exerts a positive mediating relationship between leader - member exchange and employee job satisfaction.

The path coefficient for LMX->LOC was 0.518 and was significant because the p-value was 0 and $< .05$ alpha; however, there is no statistical evidence to support this hypothesis since LOC had no mediating effect on Job Sat based on the path coefficient between LOC -> Job Sat,

which was -0.021 and $p\text{-value } 0.755 > .05$ alpha meaning it was non-significant. Based on this research, an employee's degree of control over his situation does not have a positive mediating effect between leader-member exchange and job satisfaction.

Hypothesis 4: a) Leader-member exchange relationships positively influence job satisfaction.
b) Narcissistic leadership depresses LMX. LMX exerts a mediating effect that modified the relationship between narcissism and employee job satisfaction.

LMX had a significant positive influence on Job Satisfaction with a coefficient of 0.491 and a $p\text{-value}$ of 0 which is $< .05$ alpha. Also, the $\text{Nar} \rightarrow \text{LMX}$ path coefficient was negatively significant with a value of -0.51 and a $p\text{-value}$ of $0 < .05$ alpha. Therefore, this hypothesis was supported by the research evidence. Leader-member exchange relationships positively influence job satisfaction, and narcissistic leadership negatively affects leader-member exchange. Therefore, leader-member exchange had a significant mediating effect that is depressed by narcissism. The mediating effect of LMX modifies the relationship between narcissism and employee job satisfaction.

Hypothesis 5: Locus of control has a mediating effect between narcissistic leadership and employee job satisfaction.

The path coefficients for $\text{Nar} \rightarrow \text{LOC}$ and $\text{LOC} \rightarrow \text{Job Sat}$ were both small and non-significant at 0.06 and -0.02 , respectively, and had $p\text{-values}$ of 0.472 and 0.755 respectively, both being $> .05$ and non-significant. Therefore, hypothesis 5 was not supported by the statistical evidence. Therefore, the degree of control that employees have over their situation does not have a mediating effect between narcissism and job satisfaction.

Hypothesis 6: Narcissistic leadership has a negative effect on locus of control.

The path coefficient for $\text{Nar} \rightarrow \text{LOC}$ was 0.061 , which is not significant at a 0.472 $p\text{-value}$ which is $> .05$ alpha. Hypothesis 6 does not have significant evidence for support and indicates that narcissistic leadership does not have a negative effect on the degree (locus) of control employees have over their employment situation.

Findings

Findings from the study were that locus of control had neither an indirect or direct effect on employee job satisfaction. Additionally, narcissistic leadership did not have a direct effect on employee job satisfaction. However, narcissism had a negative, indirect effect through the mediating variable leader-member exchange (LMX) which had a positive, direct effect on job satisfaction. Therefore, these findings indicate that narcissistic tendencies are prevalent and are exhibited through employers/leaders and their relationship with employees/subordinates, and through this relationship they have a negative effect on job satisfaction. In view of these findings, suggestions are made for minimizing and controlling narcissistic tendencies in individuals.

SUGGESTIONS AND RECOMMENDATIONS

Suggestions for Controlling Narcissistic Behavior

As the current generation enters the workforce, narcissistic individuals will become employed. Numerous tactics exist for dealing with perceived narcissists. These tactics identified by Thomas (1988, pp 96-97) are: 1) appeasement tactics, (2) defensive tactics, (3) retaliatory tactics, (4) consideration tactics.

Appeasement tactics. The appeasement approach involves getting along with the narcissist by giving them what they ask. Co-dependents will often take this approach; however, this tactic is not the ideal, and in the words of Sir Winston Churchill, “An appeaser is one who feeds a crocodile, hoping it will eat him last” (Thomas, 1988, p. 96).

Defensive tactics. Defensive tactics involve simply not allowing the narcissist to succeed in their behavior. However, aggression on the part of the narcissist often results, and the challenger frequently will give up from sheer exhaustion by having to deal with the narcissistic and his defensive tactics (Thomas, 1988).

Retaliatory tactics. Retaliatory tactics mean going on the offensive to destroy the narcissist’s fake image. However, the results could be that the narcissist becomes depressed, falls into despair, and consequently becomes aggressive and/or violent (Thomas, 1988).

Consideration tactics. A more successful approach is to remain considerate of the narcissist despite their attacks and malicious behavior. In this way, an individual can maintain their own healthy state of mind and keep their own conscious clear (Thomas, 1988).

When all of the above methods fail, oftentimes, the only means of dealing with a narcissist is for the individual to resign and move on. After two years of working with a narcissist, Samuel Grier (2008) in his book *Narcissism in the Workplace* finally resigned and gave ten rules for dealing with narcissistic individuals. These rules are:

- 1) Do not attempt to reason with a narcissist.
- 2) Never confront a narcissist about his misconduct when the two of you are alone.
- 3) Set boundaries.
- 4) Let no negative action go unchallenged.
- 5) Normal management techniques do not work.
- 6) Keep a record.
- 7) Expect criticism.
- 8) If the narcissist does not like you, do not worry—it is not about you.
- 9) It is OK to feel relief, even joy, when you and the narcissist finally part company.
- 10) Pick up the pieces and don’t look back. (Grier, 2008, pp. 81-102).

A final suggestion or recommendation from this study is that an evaluation process should be implemented whereby employees evaluate leaders on an annual basis. Academics already has an evaluation process in effect whereby peers evaluate non-tenured faculty until

tenure is obtained. Likewise, students evaluate faculty each semester. While the student evaluation process can be both good and bad, it still provides valuable feedback, especially in the form of written comments. Therefore, if an evaluation process could be implemented by the accounting profession at the staff level to provide feedback and evidence of positive/negative leadership, then perhaps adjustments could be made and narcissistic tendencies minimized in employers/leaders. If adjustments are not made by the narcissist after a certain time frame, then superiors may want to reconsider that individual's employment future at the company. Additionally, subordinates should feel "safe" to share concerns; therefore, an environment that nurtures and encourages this type of feedback is necessary.

Suggestions for Future Research

Future research on the subject of narcissism and its effect on employee job satisfaction is to extend the research to include a gender or age study. Another option is to identify the effects of narcissism on employee turnover or client retention. Additionally, conducting the study as a mixed method study is a way to possibly eliminate the "same source" bias which proved to be a limitation of this study because the dependent and independent variable were both taken from the same source.

Summary and Conclusion

The major findings from this study of 152 accountants using the Smart PLS data and the Partial Least Squares, Structural Equation Modeling (PLS-SEM) method were that employee job satisfaction is indirectly and negatively affected by perceived narcissism via the mediating effect of leader-member exchange (LMX), which is the relationship between employer//leader and employee/subordinate. The LMX relationship can be high quality (positive) or low quality (negative), and the assumption is made that because narcissism has a negative indirect effect, the relationship becomes low quality. While questions were not asked regarding how employees "feel" in these types of relationships, previous research indicates that employees in this type of relationship will have lower self-esteems, be less trusting and be less satisfied in their job; consequently, job performance will suffer (Stringer, 2006).

In conclusion, the effects of destructive narcissism most often have severe consequences for both employee and employer. Hotchkiss (2002) in "A Tale of Two Kitties" reveals some of the effects of narcissism in the following excerpt from her book.

Once upon a time, there were two clever and ambitious young cats who went to work for a proud and wily lion. "Welcome to my company," said the lion expansively. "You are now among the chosen few. We hire only the very best, because the work here is very important, and we have a reputation to maintain. Work hard, and you will share in my glory. But if you disappoint me, I will send you away with your tails dragging!" (Hotchkiss, 2002, p. 151) [In time], the destabilization of the company and the ensuing threat to the [narcissistic] lion's image caused the pretty little tabby to have to go to work overtime to ensure damage control.... still, her efforts

had begun to wear on her, and she was tired. When word of her quiet devotion spread throughout the community, she was offered a position in another company and, to everyone's surprise, she took it. "Stay with me," he pleaded, "and I will give you three bags of gold". "You are so gracious," said the pretty little tabby, "but it is time for me to move on." And, so she did, to a peaceful job with normal hours (p. 153).

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APPENDIX

Table 1
Demographic Data

Description	Gender	Age	Degree	CPA	Race
Male	62%				
Female	37%				
No response	1%				
18-30		2%			
31-40		9%			
41-50		18%			
51-60		46%			
Over 60		24%			
No response		1%			
Undergraduate			63%		
Masters			29%		
PhD			7%		
No response			1%		
CPA				91%	
Non CPA				9%	
White					92.0%
Black					1.3%
Hispanic					2.0%
Asian					.7%
Other					3.0%
No response					1.0%

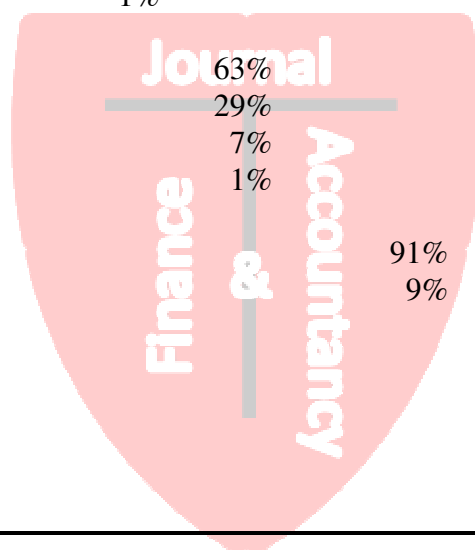


Table 2
Listing of Original Surveys with Reliability and Validity results

Survey	Items	Year	Appendix
Hochwarter & Thomas Narcissism Scale Reliability: alpha score was .93, .88, and .85 for 3 samples (based on a .65 Cronbach's alpha) Validity: established through Factor Analysis: Sample 1=81.3; Sample 2=77.7; Sample 3= 80.2 compared to a measure of .70 being acceptable.	6-item	2012	A
Hoppock Job Satisfaction Scale Reliability coefficient: alpha was 0.76-0.89 (based on .65 Cronbach's alpha) Validity: by McNichol, Stahl, & Manley (1978).	4-item	1935	B

<p>Rotter’s (Condensed) Locus of Control Scale 6-item</p> <p>Reliability: was .68 Cronbach’s alpha (based on a .65 Cronbach’s alpha)</p> <p>Validity: data found: in Table 2, page 657, of Lumpkin (1985) article “Validity of a Brief Locus of Control Scale for Survey Research”.</p>	1966	C
<p>Liden & Maslyn Leader-member Exchange 11-item</p> <p>Reliability: for components: Affect (90), Loyalty (74), Contribution (57), Professional Respect (89) (based on Cronbach’s .65)</p> <p>Validity: Detailed proof was established on pages 60-64 of Liden & Maslyn (1998) article.</p>	1998	D

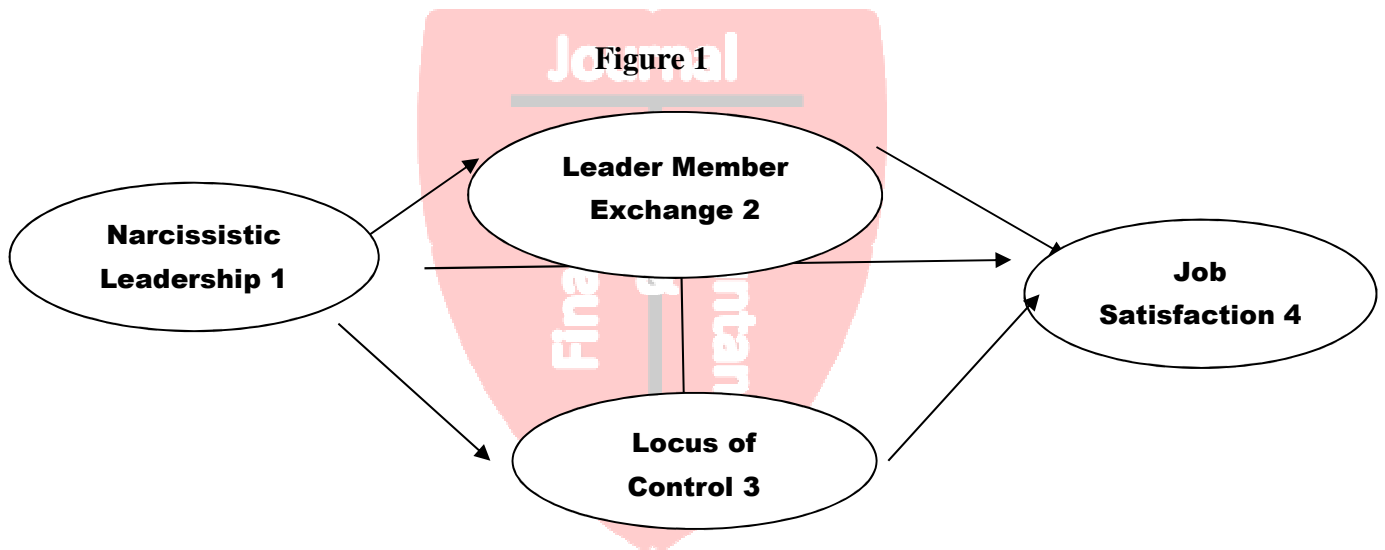


Figure 1. Illustration of the linkage between Narcissistic Leadership and Job Satisfaction. LMX and LOC are proposed to have a mediating relationship between narcissistic leadership and employee job satisfaction. (Source: Shurden, Susan B., PhD, Clemson University, 2014, 208 pages).

Figure 2

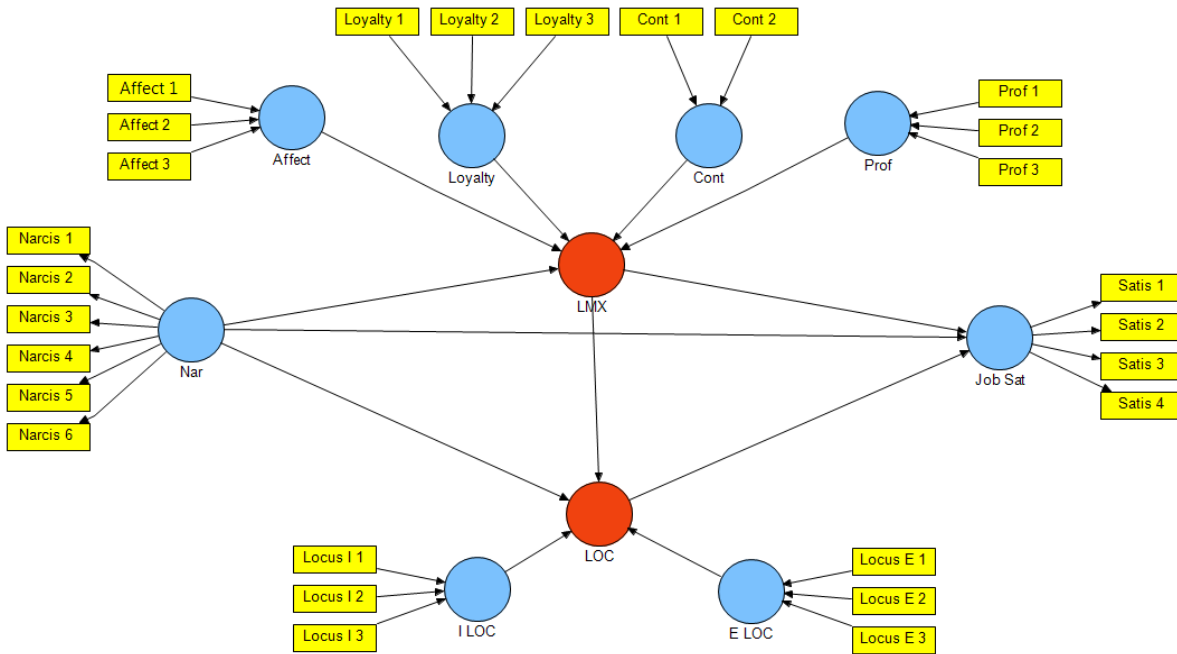


Figure 2. Hierarchical Component Model showing structural (inner) model and measurement (outer model) and the relationship between the two models. The outer model is represented by indicators shown in yellow rectangles and lower order components, Affect, Loyalty, Contribution (Cont). Professional responsibility (Prof), Internal Locus of Control (ILOC), and External Locus of Control (ELOC) are represented by the blue outer circles. The inner model is represented by constructs Narcissism (Nar) and Job Satisfaction (Job Sat) (shown as blue circles) and constructs Leader Member Exchange (LMX) and Locus of Control (LOC) (shown as red circles) and all referred to as higher order components (HOCs). The red circles will turn to blue circles in Stage I when the indicators (yellow rectangles) are combined into the lower order components (outside circles) and then into the higher order components (inside circles). (Shurden, Susan B., PhD, Clemson University, 2014, 208 pages).

Table 3
Variance Inflation Factor to Measure Multicollinearity of the Formative Indicators

Statistic	Affect	Cont	Loyalty	Prof	ILOC	ELOC
VIF	2.035	1.502	2.436	1.128	1.018	1.018

Figure 3

Final Structural Model Analysis

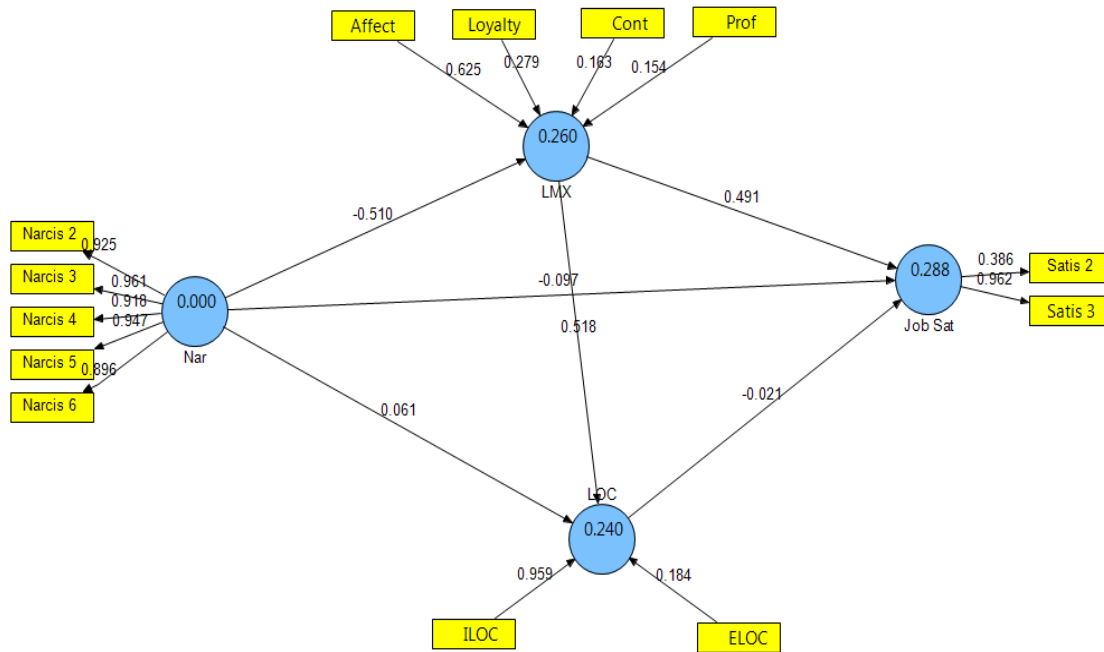


Figure 3. Final Structural Model (Shurden, Susan B. PhD., 2014, Clemson University, 208 pages).

Table 4
Path Coefficient, t-values and p-values for Latent Variables (Construct)

Path	Coefficient	t-value	p-value
LMX → Job Sat	0.4906	3.6385	0.000
LMX → LOC	0.5183	5.4424	0.000
LOC → Job Sat	-0.0210	0.3120	0.755
Nar → Job Sat	-0.0966	1.3911	0.167
Nar → LMX	-0.5103	8.0571	0.000
Nar → LOC	0.0607	0.7209	0.472