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Employee Narcissism's Implications for Performance Management: A Review and Research Directions

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ABSTRACT

The organizational literature reflects a growing interest in the personality trait of grandiose narcissism. Individuals high in grandiose narcissism are more arrogant, self-confident, and greedy, and have lower empathy than the average person. Narcissism injects biases and conflict into the performance management process, which decreases the benefits obtained and increases stress and frustration. We review research on narcissism and the components of performance management systems, and then integrate them to illustrate several important implications for performance management in organizations. Employee narcissism is negatively related to employees' commitment to development goals that address competence deficits, acceptance of negative feedback, and the effectiveness of coaching from managers, and is positively associated with the stress managers experience. On the other hand, employee narcissism is positively associated with employees' aspiration levels and their satisfaction with grandiose organizational goals. Directions for future research are discussed.

KEYWORDS

Narcissism; performance management; conflict; feedback; job performance

In recent years, narcissism in organizations has become a growing and vital area of scholarly inquiry. For instance, narcissism has been linked to workplace deviance and contextual performance (Judge, LePine, & Rich, 2006; O'Boyle, Forsyth, Banks, & McDaniel, 2012). Narcissism has also been linked to manipulative negotiation tactics (Jonason, Slomski, & Partyka, 2012). Narcissistic employees perceive more ego threats at work, experience more anger, and engage in more counterproductive work behaviors (Penney & Spector, 2002). The pervasiveness of destructively narcissistic managers is believed to pose a significant and costly problem (Lubit, 2002). These issues are particularly important given the apparent growth in narcissism, which some experts consider an epidemic (Twenge & Campbell, 2009).

Although the growing body of research on narcissism has not yet been integrated with a model of performance management in organizations, narcissism appears to have several significant implications for performance management. Performance management systems strive to align employees' efforts in pursuit of organizational goals through planning, assessing performance, providing feedback, and adapting accordingly (Aguinis, 2013; Aguinis & Pierce, 2008; DeNisi & Pritchard, 2006). Performance management systems

lead to higher employee performance if they strengthen the linkages between employees' actions and their need satisfaction (DeNisi & Pritchard, 2006). Since narcissism affects perceptions of performance-related information and colors performance-related discussions between employees and their managers, a complete understanding of performance management requires detailed consideration of narcissism.

As this article explains, many of the interactions of employee narcissism with performance management systems and processes in organizations have the effect of making performance management more difficult and potentially counterproductive. While not all implications of narcissism are negative for organizations, narcissism is problematic as it injects biases and conflict into the performance management process, which decreases the benefits obtained and increases stress and frustration. Perhaps the narcissism epidemic is contributing to the apparent trend of companies discontinuing the practice of performance reviews (Kinley, 2016; Lake & Luong, 2016). After reviewing the domains of narcissistic personalities and performance management systems and processes, we integrate them and indicate many important implications of narcissism throughout the performance management cycle.

Narcissistic personality

Narcissism has been described in a variety of ways. Clinically, the *Diagnostic and Statistical Manual of Mental Disorders*, 5th ed. (American Psychiatric Association, 2013), lists grandiose self-importance, excessive need for admiration, unrealistic expectations of success, lack of empathy, and excessive self-interest as characteristics of narcissistic personality disorder (NPD). Research on trait narcissism recognizes the importance of elevated levels of narcissism in many people who may not meet the clinical definition of NPD (Paulhus & Williams, 2002; Raskin & Hall, 1979; Raskin & Terry, 1988). An individual's narcissistic strivings for perfection, mastery, and wholeness can range from healthy to malignant (Diamond, Yeomans, & Levy, 2011). Healthy narcissism involves limited amounts of self-enhancement and self-protection (Trzesniewski, Kinal, & Donnellan, 2011), which appear to support psychological and physical health (Alicke & Sedikides, 2009). The ability to discount past failings facilitates persistence and achievement when tasks are difficult (Trzesniewski et al., 2011). Narcissism at a neurotic level is characterized by excessive need for admiration from others, attitudes of entitlement, exploitativeness, a lack of empathy, and excessive envy (Diamond et al., 2011). Narcissism at the borderline level is characterized by a lack of impulse control, rage reactions, and chronic failure in work and in love relationships. Malignant narcissism is more pathological and is characterized by aggression, paranoia, antisocial behavior, and extreme competitiveness.

Miller and colleagues (Miller et al., 2011) highlighted the difference between grandiose and vulnerable narcissism. For instance, grandiose narcissism is associated with high degrees of assertiveness and excitement seeking, and low degrees of straightforwardness and modesty. Vulnerable narcissism is associated with high degrees of depression and self-consciousness, and low self-esteem. In this article, we primarily focus on grandiose narcissism, which has been the norm in the management literature (e.g., O'Boyle et al., 2012). For instance, Judge et al. (2006) emphasize narcissists' exaggeration of their talents and accomplishments, and their grandiosity. Additionally, Resick and colleagues' (Resick, Weingarden, Whitman, & Hiller, 2009) study of narcissism focused on arrogance, grandiosity, and self-promotion.

Campbell's agency model (Campbell, Brunell, & Finkel, 2006; Campbell & Foster, 2007) indicates patterns that inform grandiose narcissism's effects on judgment and decision making. First, narcissists are more self-interested than communal. Second,

narcissists are approach oriented inasmuch as they experience greater drive for potential rewards than aversion to potential costs. Third, narcissists have inflated self-views. Their inflated self-views are sustained through narcissists' abilities to discount unflattering feedback such as negative performance feedback (Farwell & Wohlwend-Lloyd, 1998; Rhodewalt, Tragakis, & Finnerty, 2006). Fourth, narcissists have a sense of entitlement and of being deserving of privileges. Fifth, narcissists' self-regulation is focused on an insatiable desire for self-esteem. The pride and sense of superiority produced by narcissists' self-regulation (narcissistic esteem) can be addictive (Baumeister & Vohs, 2001).

The agency model reveals a positive feedback loop, which creates increasingly exaggerated needs for narcissistic esteem until positive feedback is not attainable (Foster & Brennan, 2011). Paradoxically, the self-regulation system that allows narcissists to experience narcissistic esteem also impairs their abilities to learn from their failures, consequently reducing the likelihood of them achieving future successes (Morf & Rhodewalt, 2001).

Needs, values, and narcissism

Narcissism is associated with distinctive patterns in needs, values, and desires. Narcissists' need for attention impels them to act boldly. Chatterjee and Hambrick (2007) linked narcissistic chief executive officers (CEOs) to bold and flashy business decisions, and found evidence that indicators of CEO narcissism (e.g., their prominence in their companies' press releases) were correlated with erratic annual performance. Narcissists also need to demonstrate their superiority. Wallace and Baumeister (2002) found through a series of experiments that individuals high in narcissism tend to perform highly when they are told that a task is difficult and perform poorly when they perceive the task to be simple. Low-narcissism groups in the same study performed oppositely, with perceptions of difficulty predicting a more conventional performance pattern. The authors concluded that this indicates narcissists' desires to prove their superiority over others, particularly in the presence of an evaluative audience.

Narcissists demonstrate an insatiable need for praise. Rosenthal and Pittinsky's (2006) review found that narcissists use the credit and praise bestowed upon them for their accomplishments to bolster their self-esteem, while simultaneously shifting responsibility for failures onto others. The authors state that although

narcissists consume praise and recognition excessively, a narcissist is never truly satisfied with accomplishments and will always seek more power and praise.

Lubit (2002) explains that narcissists lack a commitment to a core set of personal values. He asserts that narcissists' insatiable desire for self-esteem reinforcement renders them unable to deeply commit to a set of values, which leaves them with a sense of emptiness. Narcissists put a higher priority on success, attention, praise, and fame (Greenwood, Long, & Dal Cin, 2013).

Information processing and narcissism

Narcissists attend to different measures of success than the general population. According to Chatterjee and Hambrick (2011), narcissistic CEOs tend to be more dismissive than their peers of objective measures of performance. The authors also note that narcissists tend to respond more to praise than their less narcissistic counterparts. This would indicate that objective feedback is not given appropriate weight in their risk appraisal process, which can lead to inappropriate risk taking.

Narcissists are overly confident in their abilities, and they maintain this confidence despite evidence to the contrary, but are overly critical of others. Narcissists are generally optimistic toward personal performance, but not toward group or collaborative performance. Farwell and Wohlwend-Lloyd (1998) found a negative correlation between narcissism and appraisal of partners on tasks, potentially due to a feeling of envy or of being competitive with their task partners. In addition to biased judgments, this finding also suggests an inability of narcissists to work with a team effectively due to their perception of their team members' inadequacy.

Collaboration and narcissism

Narcissists' psychological entitlement can interfere with the development of interpersonal relationships (Pryor, Miller, & Gaughan, 2008). Individuals scoring high on the entitlement subscale of the Narcissistic Personality Inventory (NPI; Raskin & Hall, 1979) were found to be more interpersonally antagonistic, less modest, more deceitful, more distrustful, less compliant, more resistant to authority, and to have colder and more detached views of others. Using a measure of psychological entitlement closely correlated with the entitlement subscale of the NPI, Campbell et al. (Campbell, Bonacci, Shelton, Exline, & Bushman, 2004) found that psychological entitlement was associated with higher levels of greed in decision making. Highly entitled individuals displayed more selfish and less cooperative responses to

a commons dilemma involving harvesting trees from a forest. Carroll and colleagues (Carroll, Hoenigmann-Stovall, & Whitehead, 1996) found that individuals who perceived someone as narcissistic were less interested in interacting with that person. Additionally, participants were likely to rate the perceived narcissist as being high in social dysfunction. This would indicate that the narcissistic personality is irksome to others, further impeding their capacity to collaborate.

Narcissists have more trouble interacting with people who challenge them (Maccoby, 2004). In a study concerning narcissistic CEOs and selection criteria for board members, Zhu and Chen (2015) found that narcissistic CEOs are likely to select individuals who they perceived as being similar to them, who had similar levels of narcissism to the CEO, or who had worked with other narcissistic CEOs. Zhu and Chen (2015) hypothesized that this was due to the perceived willingness of these three types of individuals to accept and support the risk-taking behaviors of the CEO.

Performance management systems and processes

Employee narcissism can make performance management in organizations difficult. Performance management is the effort to identify, measure, and develop the performance of individuals and teams in organizations (Aguinis & Pierce, 2008). Performance management systems can include performance appraisal systems, but the terms are not synonymous. For instance, a performance appraisal system may not align with the strategic goals of the organization, but a proper performance management system is synchronized with an organization's strategic needs. Additionally, performance appraisals can be conducted at the end of performance periods (typically 6- or 12-month periods) without previously ensuring employees received performance feedback during the performance period, but a true performance management system involves continual performance feedback. Performance management systems are superior to performance appraisal systems inasmuch as a focus on performance appraisals outside of the context of performance management can lead to an emphasis on appraisals' reliability, accuracy, and validity without emphasis on performance improvement (DeNisi & Pritchard, 2006).

According to Aguinis (2013), a performance management system is cyclical and has six components: prerequisites, performance planning, performance execution, performance assessment, performance review, and performance renewal and recontracting. The prerequisites of an effective performance

management system involve understanding the organization's mission and strategic planning, and an understanding of each job the performance management system will address. Performance planning involves a manager and an employee agreeing to the performance standards and to a plan for developing personal competencies prior to a performance cycle. Performance execution involves the employee's behaviors (in-role, extra-role, and/or counterproductive work behaviors), tasks accomplished, and progress on the employee's development plan during the performance period. Performance assessment is the rating of the employee's performance—usually by the manager, often also by the employee, and sometimes by parties such as peers, subordinates, and customers. Performance reviews are reviews of the ratings of performance and of the outcomes of development plans, and they commonly involve meetings between the employees and managers. Performance renewal and recontracting is essentially a repeat of performance planning using any insights gained from the previous performance cycle.

The performance management process can be viewed from a cybernetic perspective (Wright & McMahan, 1992). It is a form of behavioral control (Wright & Snell, 1991). Performance management systems direct employees to act in ways that support the organizational strategy. Performance standards are set and subsequent performance is compared to those standards. Feedback loops address misalignments of employees' contributions relative to those needed for achieving organizational objectives, deficiencies in employees' competencies relative to those required for organizational success, and any misspecifications of performance standards.

Merely rating performance and providing feedback to employees is unlikely to lead to performance improvements. Unless an employee perceives the system to be fair, the feedback to be accurate, and the sources to be credible, the feedback is likely to be ignored and not helpful (Levy & Williams, 2004). Kluger and DeNisi's (1996) meta-analytic review found that feedback led to lower performance in more than one-third of studies. Indeed, 360-degree feedback systems have been found to be negatively correlated with companies' stock values (Pfau & Kay, 2002). Organizational provision and employee acceptance of guidance in how to use the feedback to make performance improvements are needed in order for the feedback to be actionable (Audia & Locke, 2003; Cannon & Witherspoon, 2005).

For generations, researchers have considered how self-esteem affected receptivity to and use of performance feedback. Many studies looked at differences in

how individuals with high and low self-esteem reacted to evaluation and feedback (e.g., Baumeister & Tice, 1985; Brockner, 1979; Kay & Meyer, 1965; Silverman, 1964). Adding narcissism to the analysis is essential because narcissists' grandiosity and inflated self-views may be a façade, masking deep-seated negative feelings about themselves (Bosson et al., 2008; Zeigler-Hill & Besser, 2013). Narcissists' self-esteem can be high but tenuous rather than stable, and narcissistic self-enhancement and self-protection create different patterns in reactions to evaluation and feedback than would be observed from individuals with high and stable self-esteem (Morf & Rhodewalt, 2001).

Employee narcissism's effects on performance management efforts

We contend that performance management efforts affect narcissistic employees differently, and that the performance improvements achieved by narcissists are lower. Although not every difference attributable to narcissism interferes with performance management, narcissists' excessive needs to self-enhance and self-protect their inflated egos introduce unnecessary and counterproductive defensiveness, conflict, and selfishness into the performance management processes, which results in inefficiency and frustration. From a cybernetic perspective, any level of narcissistic self-enhancement or self-protection detracts from a rational-objective pursuit of improved alignment with the organizational strategy. When negative feedback is presented to an employee, any reticence attributable to self-protection is therefore inefficiency in the performance management system. Even healthy narcissism could be viewed as a minor source of performance management inefficiency. However, the degree of drag on a performance management system attributable to healthy employee narcissism is likely to be immaterial. Our concern is not with healthy narcissism, but instead with elevated and disordered levels of grandiose narcissism in employees. The narcissism epidemic pertains to elevated levels of narcissism rather than healthy narcissism, and it makes performance management difficult and less effective. Evidence in support of this assertion can be seen when narcissism research findings are mapped onto the components of a performance management system.

The prerequisites component of a performance management system sets the stage for the functioning of the system through cycles of performance. The prerequisites are the organizational strategy and job descriptions. Parties participating in the performance management system—employees, managers, and

human resources professionals—need an understanding of the jobs covered by the performance management system and the organization's goals and strategies. Organizational strategies and job descriptions are fixed for employees (unless they participate in job analysis), so employee narcissism does not affect the prerequisites. Employees only need to understand their jobs and how they pertain to their organization's strategy. Performance management processes are often the primary way in which employees learn about their organization's strategy (Kaplan & Norton, 1996; Silvi, Bartolini, Raffoni, & Visani, 2015).

As employees become familiar with their organizations' strategies, whether it is through the performance management system or through other means, the ambitiousness of the strategies pursued will influence their attitudes toward top management and the strategies they adopt. Organization leaders want their employees to understand their organizations' goals and strategies so that employees can fully contribute. Some leaders communicate "Big Hairy Audacious Goals" in order to capture employees' attention and inspire them (Collins & Porras, 1994). Narcissistic employees are particularly sensitive to ambitious goals. Narcissists are easily bored with ordinary goals but can outperform others when given ambitious goals (Wallace & Baumeister, 2002). Similarly, narcissists are able to recognize narcissism in themselves and others (Zhu & Chen, 2015), and following the similarity-attraction pattern, narcissists tend to be drawn to each other (Campbell, 1999). When narcissistic employees recognize boldness and grandiosity in their company's strategic direction (Chatterjee & Hambrick, 2007; Gerstner, König, Enders, & Hambrick, 2013; Zhu & Chen, 2015), they will approve.

Proposition 1: Employee narcissism is positively associated with favorable attitudes toward boldness and grandiosity in companies' strategic choices.

The performance planning activity of performance management systems should be carried out at the beginning of a performance cycle. During performance planning, it is common for employees and managers to jointly set performance expectations. Being prone to self-promotion and overestimation of their capabilities (Farwell & Wohlwend-Lloyd, 1998; Resick et al., 2009; Rhodewalt & Morf, 1995), narcissists may set overly ambitious—nay, grandiose—goals and objectives. Their overconfidence makes them more willing to take risks (Campbell, Goodie, & Foster, 2004). Furthermore, setting ambitious goals is an impression

management tactic (Webb, Jeffrey, & Schulz, 2010) and a self-enhancement tactic (Campbell & Foster, 2007; Morf, Horvath, & Torchetti, 2011).

It is well established that difficult goals tend to increase performance (see Locke & Latham, 1990). However, there are potential limitations and drawbacks to consider. First, research on the ambitious moves made by narcissistic CEOs indicates that, on average, the instances of higher performance achievements are matched with lower performance of roughly equivalent magnitude such that mean performance levels for more narcissistic CEOs were not higher than those of their less narcissistic counterparts (Chatterjee & Hambrick, 2007). Said another way, the variance in performance was greater for narcissists, but the mean financial returns were the same. Variance in financial performance is a measure of risk (Berk, DeMarzo, & Harford, 2014). Higher risk without higher returns is a poor use of resources. Perhaps ambitious goals set by narcissistic employees also lead to greater variance in performance without higher average performance outcomes. The O'Boyle et al. (2012) meta-analysis did not find higher average performance levels for narcissistic employees. Future research should examine the variance in individual performance attributable to narcissism. Second, by increasing the odds of failure, lofty goals can diminish employees' satisfaction (Sitkin, See, Miller, Lawless, & Carton, 2011). Third, the demands of lofty goals lead to decreases in prosocial behaviors (Wright, George, Farnsworth, & McMahan, 1993; Zhang & Jia, 2013). Finally, pressures to achieve difficult goals are associated with unethical behavior (Barsky, 2008; Locke, 2004; Ordóñez, Schweitzer, Galinsky, & Bazerman, 2009; Schweitzer, Ordóñez, & Douma, 2004; Zhang & Jia, 2013).

With regard to the personal development planning facet of performance planning, employees and managers agree on specific goals for developing competencies for the employees' future roles, growth within their current roles, and improvement based on any past performance problems (Aguinis, 2013). Narcissists' entitlement (Raskin & Hall, 1979) predisposes them to expect to be identified as candidates for advancement, but also to be less aware of deficits in their competencies relative to those demanded for advancement or even for effectiveness in their current positions. Narcissists exaggerate their talents and accomplishments (Judge et al., 2006). Not acknowledging needs for development is problematic as it decreases the employees' commitment to their development goals, which in turn detracts from the motivation to execute the plan (Latham & Arshoff, 2015).

Proposition 2: Employee narcissism is positively related to aspiration levels during participative standards setting and career planning within performance planning.

Proposition 3: Employee narcissism is negatively related to commitment to development goals for the competencies required by the employee's current position.

Performance execution is when employees do the work that their organizations employ them to do. If performance management efforts are effective, then the benefits are realized during performance execution. In addition to role-prescribed behaviors, the performance execution component of performance management also pertains to extra-role behaviors such as organizational citizenship behaviors, and to counterproductive work behaviors, such as bullying and aggression, that employees may engage in. Although we assert that performance management efforts are less effective for more narcissistic employees, narcissistic employees do not necessarily perform in-role behaviors more poorly than their peers. We discuss the complex relationships among narcissism, in-role performance, extra-role performance, and counterproductive work behaviors in the last section of this article. As we explain there, much more research on how narcissism impacts performance is needed.

As a general principle, performance feedback needs to be available to employees during performance execution and not just once the formal appraisal has been completed at the end of the performance period. Ongoing feedback increases perceptions of the fairness of performance assessments and allows employees to better understand how they can modify their contributions and improve (DeNisi & Pritchard, 2006). However, employee narcissism can undermine the value of performance feedback. Narcissists are known to shift the blame for deficient performance to others in response to negative feedback (e.g., Campbell, Reeder, Sedikides, & Elliot, 2000; Rhodewalt & Morf, 1995). Additionally, narcissists perceive the advice of others as being useless and inaccurate (Kausel, Culbertson, Leiva, Slaughter, & Jackson, 2015).

Negative feedback that is ignored will not lead to performance improvements (Levy & Williams, 2004; Peiperl, 2001). Without performance improvements, the employee will either be terminated, be reassigned, or languish in the same role as a poor performer. Tyler (2004) noted important drawbacks to poor performance not being corrected in organizations. There can be consequences for productivity, morale, and

turnover. Productivity can suffer as coworkers have to pick up the slack for poor performers. The situation can frustrate and demotivate supervisors and coworkers. High achievers may even quit, not wanting to work in an environment where mediocrity is tolerated (Brown, Kulik, & Lim, 2016).

Proposition 4: Employee narcissism is negatively associated with the acceptance and use of performance feedback during a performance period.

Upon conclusion of a performance period, formal performance assessments for employees are recommended as part of performance management systems (Aguinis, 2013), and appraisals of narcissistic employees are more prone to bias than those of other employees. In many instances, employees are asked to self-assess their performance, and self-assessments of performance are likely to be affected by narcissism. As previously mentioned, narcissists exaggerate their talents and accomplishments, which would inflate their self-appraisals. For instance, across two studies and four performance criteria, Judge et al. (2006) found that narcissism had a medium-size positive effect (average η^2 around 5%) on self-ratings of performance after controlling for the Big Five personality traits. Narcissists also tend to blame extrinsic or situational factors when they do not succeed at tasks (e.g., Campbell et al., 2000). Many performance management systems ask employees to complete self-appraisals of performance and submit them to supervisors before the supervisors make their ratings (Shore & Tashchian, 2002). Inflated self-appraisals submitted to supervisors before they make their ratings could upwardly bias the supervisors' subsequent ratings through an anchoring and adjustment heuristic (Thorsteinson, Breier, Atwell, Hamilton, & Privette, 2008). In addition, gaps between self-ratings and supervisor-ratings can create conflict between the parties (Shore & Tashchian, 2002), so it is noteworthy that employee narcissism appears to be a factor that extends such gaps. However, accountability might mitigate narcissists' inflation of their self-appraisals. When accountable to others for their self-ratings, people higher in narcissism still self-enhance, but do so to a lesser extent (Paulhus, Harms, Bruce, & Lysy, 2003; Sedikides, Herbst, Hardin, & Dardis, 2002).

Managers and sometimes other parties also provide assessments of an employee's performance as part of a performance management system. Performance ratings' psychological significance and potential for drama make many raters apprehensive (Kozlowski, Chao, &

Morrison, 1998). Raters may worry about how the ratings they provide will affect the tone of the performance review interview (Bernardin & Villanova, 2005). Such discomfort is associated with rating inflation (Bernardin, Cooke, Ross, & Villanova, 2000; Villanova, Bernardin, Dahmus, & Sims, 1993).

As avid self-promoters, narcissists may be able to upwardly influence others' appraisals of their performance. A narcissist can be very charming and capable of making favorable first impressions. Harris and colleagues (Harris, Kacmar, Zivnuska, & Shaw, 2007) found evidence that politically skilled employees who engage in impression management can positively affect supervisors' ratings of their performance. McFarland, Ryan, and Kriska (2003) found that impression management tactics can have a positive effect on ratings of suitability for promotion within an organization. However, the positivity of the first impressions is not easily sustained for people who have extensive interaction with the narcissist. Narcissists' tendencies for exploitation, selfishness, and dominance create conflict and interpersonal distance over the long run (Back et al., 2013). This could lead to a backlash effect in appraisals of narcissistic employees.

The biases could cancel each other out at times. But even on occasions when the biases exactly cancel each other out, a correct rating would be the result of coincidence rather than a reliable process. Also, canceling out would seem to be more likely to occur (a) when averaging across narcissistic employees rather than within subject, and (b) on an interrater basis rather than on an intrarater basis. Despite the possibility of biases canceling each other out, ratings biases are undesirable in performance management and worth attention.

Proposition 5: Employee narcissism is positively associated with the degree of bias in performance ratings.

While it is typical of employees to be more inclined to accept the validity of objective measures of performance than subjective measures, the opposite may be true for narcissists who derive important validation from social praise and social comparison. For instance, Chatterjee and Hambrick (2011) report that narcissistic CEOs tend to be more dismissive than their peers of objective measures of performance and appear to respond more to social praise. DeNisi and Pritchard (2006) proposed that observable results as performance indicators would tend to facilitate an employee's motivation to improve performance via greater perceived

fairness of evaluation. But narcissists believe they are better than objective measures indicate (Farwell & Wohlwend-Lloyd, 1998; Judge et al., 2006), so the relationship is likely to be weaker for narcissists.

Comparative ranking systems as a means of performance assessment have been controversial, but comparative ranking systems might have a particular appeal to narcissists. Comparative ranking systems are contrasted with absolute rating systems (Goffin, Jelley, Powell, & Johnston, 2009). Absolute rating systems ask appraisers to rate the performance of employees on an absolute scale without regard to how their peers are rated. Performance appraisals that employ absolute scales are usually multidimensional and can solicit ratings of behaviors, results, or both. Popular forms of absolute systems are behavior checklists, graphic rating scales, and behaviorally anchored rating scales (Aguinis, 2013). In contrast, comparative ranking systems ask appraisers to rank each employee relative to peers. It would be unreasonable or inappropriate for managers or other raters to report that all employees are equivalent and thus tied for the same ranking, so comparative ranking systems compel raters to make distinctions among employees in performance levels. Moreover, forced distribution ranking systems insist that appraisers identify a predetermined percentage of employees that rank in the top, middle and bottom of the distribution. Many raters and ratees dislike comparative ranking systems because of their perceived unfairness and potential to foster a sense of rivalry among employees (Blume, Rubin, & Baldwin, 2013; Goffin et al., 2009; Moon, Scullen, & Latham, 2016; Pfeffer, 2001; Roch, Sternburgh, & Caputo, 2007; Schleicher, Bull, & Green, 2009). Barankay (2011) found that most people choose not to work in situations where their performance would be ranked against others' performance, and that rankings led to performance declines and turnover.

Although comparative ranking systems are disliked by many employees, this should not be so for narcissists. Narcissists desire to prove their superiority over others, particularly in the presence of an evaluative audience (Wallace & Baumeister, 2002). They like the opportunity to compete for rankings. Narcissists feel deserving of and entitled to top rankings even if they do not objectively deserve them. As previously mentioned, narcissists possess inflated perceptions of their abilities, and they maintain this confidence despite evidence to the contrary, but are overly critical of others (Farwell & Wohlwend-Lloyd, 1998). The antisocial tone of narcissism and competitive nature of comparative ranking systems will interact to put severe strain on employee collaboration in organizations that use forced

distributions and other comparative rankings. However, narcissists' tendency to develop more agentic interpersonal relationships (Campbell & Foster, 2007) and their taste for social comparison suit comparative rankings of performance. A recent survey by the CEB Corporate Leadership Council (2014) found that Millennials (people born in the 1980s through the early 2000s) are particularly motivated by comparative rankings. Adler et al. (2016) suggested that the importance of ranking employees according to their performance levels may grow as Millennials become the core segment of the workforce. Narcissism may very well underlie those observations.

Proposition 6: Employee narcissism is positively associated with favorable attitudes toward comparative ranking systems for performance appraisal.

Once performance is assessed, the prior period's performance must be reviewed. Performance reviews generally involve an interview between the employee and manager. In addition to reflecting on the prior period's performance, performance review interviews can discuss reward allocations and/or create performance plans for the next performance period. Many managers dread performance review interviews (see Brown et al., 2016). Employees reacting defensively makes it distasteful for managers to provide feedback to them (Meyer, 1991). Managers anticipate disagreement with unfavorable ratings, strained relationships with their subordinates, and possible appeals of their ratings (Meyer, 1991). For instance, Geddes and Baron (1997) found that 98% of managers had encountered some form of aggressiveness from employees after delivering negative feedback. Additionally, 91% were concerned with employees' reactions to negative feedback, 58% were concerned with employees' hostility and aggressiveness, and 51% were concerned with retaliation. Thirty-one percent reported reactions that were physically aggressive, with some instances involving physical attacks. Employee narcissism serves to make performance review interviews more stressful and less effective.

Employees' narcissism may put additional pressure on their managers and increase the stressfulness of performance review interviews. Narcissists' propensities to lack humility and self-awareness (Judge et al., 2006) and to excessively self-promote (Resick et al., 2009) create conflict for their managers. If the employee has completed a self-appraisal or simply is asked to comment on his or her performance, the narcissist's manager may be put in a position of needing to correct the

narcissists' assertions. In some situations the narcissist's stance will prevail and the tone of the discussion of past performance may be undeservedly favorable. The manager might simply prefer to avoid conflict (Fisher, 1979; Longenecker, Sims, & Gioia, 1987; Waung & Highhouse, 1997).

While employees can use constructive criticism to make performance improvements, it is more difficult for narcissistic employees to accept constructive criticism. When presented with negative performance feedback, narcissists deflect, derogate, discount, and discredit. As noted in the preceding, narcissists deflect the blame for poor performance by blaming others (Campbell et al., 2000; Rhodewalt & Morf, 1995) or situational factors (Campbell et al., 2000) for the performance outcomes. Narcissists are willing to derogate others' capabilities and contributions as a form of self-protection (Kernis & Sun, 1994; Morf & Rhodewalt, 1993). They also discount the importance of unflattering feedback (Rhodewalt et al., 2006). Self-protection from feedback that conflicts with narcissists' grandiose self-images can also be accomplished by discrediting feedback and its source (Smalley & Stake, 1996). This pattern of failing to accept and use negative feedback has been referred to as narcissistic myopia (Baumeister & Vohs, 2001).

In some instances, tension in performance review interviews with narcissistic employees can be quite severe. Narcissists are particularly sensitive to ego threats (Bushman & Baumeister, 1998), which interacts badly with their high impulsivity (Vazire & Funder, 2006). Individuals high in narcissism tend to react with rage, shame, or humiliation when their self-esteem is threatened (Morf & Rhodewalt, 2001; Stucke & Sporer, 2002; Whitbourne, 2012).

The most troubling manifestation of narcissism in performance review interviews is the potential for aggressive behavior (Barry, Chaplin, & Grafeman, 2006; Bushman et al., 2009; Michel & Bowling, 2013; Morf & Rhodewalt, 1993). When narcissists' egos are bruised, they are predisposed to aggressive responses (Bushman & Baumeister, 1998). Baumeister et al. (2000) outline a semantic framework for the interaction between self-esteem and aggression. First the authors address the false assumption made by many that low self-esteem causes aggression. Instead, aggression is present far more often in those with high self-esteem. However, it is not high self-esteem itself but rather the stability of the self-esteem that predicts aggression. High instability in self-esteem like that found in narcissism shows a distinct pattern of increased aggression. The authors describe this pattern as being a "targeted and socially

meaningful response,” meaning that such aggression is not indiscriminate and will usually only be a response to perceived threats to self-esteem.

Although future research will be needed to truly understand how supervisors’ narcissism interacts with subordinates’ narcissism when negative feedback is provided, it appears that the conflict could become severe. Penney and Spector (2002) outline a mechanism through which esteem, status, and aggression can affect counterproductive work behaviors. Consistent with others’ descriptions of narcissism, they concisely describe it as “the motivated preference for being superior to others” (Penney & Spector, 2002: 128). Aggressiveness and fighting can be attempts to gain superiority. If the narcissistic supervisor perceives an aggressive reaction by the subordinate to negative feedback as a challenge to the supervisor’s status, the narcissistic supervisor could respond aggressively to the employee and escalate the conflict.

A final concern with regard to performance review interviews is the parties’ discussion of performance-based rewards. Many organizations base employees’ raises and similar rewards on the favorability of performance evaluations they receive. Doing so is recognized as a best practice, as linking such outcomes to evaluations has the potential to improve employee motivation (DeNisi & Pritchard, 2006). With their inflated self-views and feelings of entitlement (Campbell et al., 2006; Campbell & Foster, 2007), narcissistic employees will expect disproportionately high levels of rewards.

Proposition 7: Employee narcissism is positively associated with the stress supervisors experience in connection with conducting performance review interviews.

A key advantage of performance management systems over standalone performance appraisal is performance management systems’ performance renewal and recontracting component, which uses insights from the prior performance period to make necessary modifications to performance expectations and the employee’s development plan (Aguinis & Pierce, 2008). Coaching of the employee by a manager is a potentially beneficial means of improving performance during performance renewal and recontracting (Aguinis & Pierce, 2008). However, successfully coaching narcissists may be unlikely. The Allen et al. (2008) research indicates narcissistic protégés can feel less fulfilled by mentoring, often do not perceive the benefits of mentoring, and disregard advice of their mentors.

Mansi (2009) describes the difficulty with trying to coach a narcissist. A narcissist is far less likely to seek

feedback, guidance, or assistance. Narcissists can even refuse to accept feedback when shown recordings of their performance (Robins & John, 1997). When referred to assistance providers, narcissists do not actually want to make changes (Mansi, 2009). Such patterns are among the reasons why narcissists are even difficult for professionally trained therapists to assist (Diamond et al., 2011). Managers are unlikely to have a sufficient understanding of the cognitive and emotional dynamics at play, which leads to hard feelings and meager learning (Cannon & Witherspoon, 2005).

Proposition 8: Employee narcissism is negatively associated with the effectiveness of managerial coaching following a performance cycle.

Implications and directions for future research

A review of narcissism research mapped onto the performance management process reveals narcissism’s harmful effects on performance management’s efforts to improve performance. These issues are particularly important to organizations given the increase in the prevalence of narcissism (Twenge & Campbell, 2009). In roughly one generation, there has been a 30% increase in college students with above average narcissism scores (see Twenge, Konrath, Foster, Campbell, & Bushman, 2008). Unless performance management systems address the challenges of narcissism, performance management failures are likely to increase. It is quite possibly the rise in narcissism that has led many companies to discontinue performance reviews (Kinley, 2016; Lake & Luong, 2016).

Although narcissism poses challenges for performance management, extant research does not suggest that narcissism simply leads to lower levels of performance. O’Boyle and colleagues’ (O’Boyle et al., 2012) meta-analysis did not find a bivariate relationship between narcissism and job performance. The finding was based on 18 studies, which is not a sufficient number of studies for conducting extensive moderator analyses (Schmidt & Hunter, 2014). It is possible that the true score correlation between narcissism and job performance operationalized as only role-prescribed behavior would be substantially different from the effect of narcissism on more global or composite measures of job performance that implicitly or expressly include extra-role behaviors. The researchers did meta-analyze the effects of narcissism on counterproductive work behaviors separately and found the hypothesized effect—narcissists engage in more counterproductive work behaviors.

A review of original studies reveals that, irrespective of whether narcissists perform better or worse, they do seem to perform differently. The presence of an audience appears to boost the performance of narcissists (Wallace & Baumeister, 2002). In roles where empathy is a handicap (Kellett, Humphrey, & Sleeth, 2002; Mnookin, Peppet, & Tulumello, 1996), narcissists might have an advantage (Park, Ferrero, Colvin, & Carney, 2013). Narcissism can enhance self-efficacy, which in turn appears to lead to higher levels of career success (Hirschi & Jaensch, 2015). Other studies show how narcissistic myopia and the rejection of negative performance feedback undermine learning (Morf & Rhodewalt, 2001). Narcissists are more interpersonally competitive (Campbell et al., 2000), less cooperative (Carroll et al., 1996), and tend to distance themselves from others when their egos are threatened (Nicholls & Stukas, 2011). Much more research on the multifaceted implications of narcissism on task performance levels achieved is needed. Furthermore, additional research is need on narcissism's effects on dependent variables such as organizational citizenship behaviors directed at the organization, organizational citizenship behaviors directed at individuals, counterproductive work behaviors, and creativity.

Moreover, as research on the various ways in which narcissism may affect performance execution continues, we need to attend to how job performance is operationalized (Campbell, Hoffman, Campbell, & Marchisio, 2011). Although narcissists often make favorable impressions in relatively superficial interactions (Jonason et al., 2012), extended interaction with a narcissist leads to less favorable impressions (Back et al., 2013). For instance, customers or individuals providing performance ratings in short-term laboratory experiments might provide more favorable ratings than co-workers and supervisors. Biases in ratings and rater agendas need to be considered as well. A recent study found narcissism in manufacturing employees to be negatively associated with their supervisors' ratings of their job performance, particularly among the narcissistic employees who are more promotion focused (Smith, Wallace & Jordan, 2016). In a field setting, it is difficult to disentangle the effects on true job performance from the effects of intentional and unintentional rater errors.

This article focuses on grandiose narcissism, but future research on narcissism and performance management should also consider vulnerable narcissism (Miller et al., 2011). As with grandiose narcissists, vulnerable narcissists have elevated levels of entitlement and antagonism. However, vulnerable narcissists are higher in neuroticism and lower in extraversion than

grandiose narcissists. Vulnerable narcissists are predisposed to view the intentions of others as malevolent. Employees with vulnerable narcissism would be sensitive to ego threats and prone to interpersonal conflict, as grandiose narcissists are, which suggests similar challenges to the effectiveness of performance management. However, vulnerable narcissism, with its lack of self-aggrandizement, might be more difficult for managers and others to recognize and effectively cope with in the context of performance management.

Modifying performance management practices may be effective at reducing some of the ill effects of narcissism. For instance, training managers so that they better understand narcissism might empower them to broach performance issues more competently and with less reluctance. A related issue is whether performance management and kindred practices in organizations can play a small role in combatting the narcissism epidemic. This is not to suggest that organizations should intervene with the intention of changing their employees' personalities. However, creating contexts in which narcissistic behavior is discouraged might have positive implications for employees' character development, particularly among junior organization members. Bergman and colleagues' (Bergman, Westerman, & Daly, 2010) recommendations for discouraging narcissism in management education imply possible approaches to use in the workplace. For instance, begin by teaching managers and others how to recognize symptoms of employee narcissism. Avoid rating inflation, which only serves to exacerbate narcissists' sense of superiority and entitlement. Rather than relying heavily on delivery of feedback at the end of performance periods, ensure there is frequent feedback. Finally, organize service projects and other initiatives that can promote empathy.

This article has addressed individual employees' narcissism, but analysis of the complex interactions of narcissism in managers and their employees would also be informative. One can envision a two-by-two matrix with high and low levels of narcissism for each party and a set of contrasting implications in each of the four cells (see, e.g., Wisse, Barelds, & Rietzschel, 2015). Factors such as entitlement, blame shifting, and manipulation would be more richly understood by examining such dynamics. More broadly, additional research is needed on how narcissism in groups affects performance management and performance levels (Goncalo, Flynn, & Kim, 2010). The use of work groups in organizations is increasing, and performance management for group-level performance is somewhat different than for individuals (Aguinis, 2013).

Finally, future research should be conducted on the relationships among narcissism, national cultures, industry cultures, organizational cultures, and performance management. Narcissism varies by culture (Twenge, 2011), as do performance management best practices (Cascio, 2012), which suggests the potential for interesting interactions. Some organizational culture types are more competitive than communal (Johnson, 1992), which might impact the difficulty in coping with narcissism in performance management. Future research should also examine whether narcissistic founders and CEOs create organizational climates that promote narcissism.

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