

A Review at the Influence of Founders' Narcissism on Enterprise Transformation Performance

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Abstract

Narcissists tend to pursue leadership and are often selected as leaders by others. Nowadays, theoretical arguments clearly link narcissism and leadership, but the question whether leader narcissism is good or bad for organizations and their members remains unanswered. Further, what the influence is when the narcissistic leaders are founders of enterprise at the same time? Additionally, China is a traditional east country with high power distance, which make people there have a natural desire and respect for power. And this may magnify the effect of narcissism of founders on the enterprise and facilitate the research. So it is interesting to study the narcissistic leadership in private companies in China. For this paper, we used key words like “Narcissism”, “Founder”, “Narcissistic leadership” to search relevant articles in websites like Web of Science and found more than 100 pieces of articles. After analysis, we summarized the reasons of the birth of narcissistic leadership. And we found that research on the impact of narcissistic leadership on enterprise has turned from pure theoretical argument into case study. However there is no definite conclusion and some scholars take it as positive while others as negative. More and more scholars have called for a dialectical point of view on this topic and studied it in a particular context. In this context, firstly, we gave definition of narcissism and narcissistic leadership and summarized the cause of narcissistic leadership. Secondly, we introduced some methods measuring narcissistic leadership. Then, based on the definition, we introduced relevant research on the positive and negative influence of narcissistic leadership. Finally, we pointed out some possible directions for future research on the basis of the literature.

Keywords

Narcissism, Founders, Narcissistic Leadership

1. Introduction

At this stage, China's private-owned enterprises play a crucial role in the economic development of China and the world. According to the data from the Ministry of industry and Commerce of China, 138 of the top 500 privately-owned enterprises in 2015 achieved a total overseas revenue of 164.154 billion U.S. dollars, with an increase of 35.20% by means of direct investment abroad and foreign contracted projects. Coupled with the fact that the current Chinese economy has entered a "new normal" stage, which puts higher requirements for the future development of private-owned enterprises, the transformation and upgrading have become the only and inevitable choice for the sustainable development of private-owned enterprises. At present, the highest decision-makers of private-owned enterprises are generally the founders, and the impact on the development of private-owned enterprises under the new era deserves our exploration.

After the success of past successful managing practices, faced with challenges in the new era, what the founders of private enterprises will do has become the research topic for many scholars. Such past successful business practices may give entrepreneurs an illusion of their own management ability. The prevalence of patriarchal culture in private enterprises also reinforces the illusion. So it is easy to see narcissistic traits appeared in enterprise founders, showing a more obvious desire for power.

Coupled with China's traditional home culture and authoritative culture, therefore, when discussing the issue of the transformation and development of China's private enterprises, we should focus on the founder of the enterprise. Only by studying from their social cognition system and business philosophy, can we grasp the key to solving the puzzle of Chinese enterprises organizational life [1].

2. Research Significance

2.1. Practice Significance

In the new era of economic environment, Chinese enterprises, especially private-owned enterprises, have a strong desire for transformation, but the transition effect is uneven. As an enterprise founder, what kind of role should he play in the company? In other words, how much discourse power and control should be retained within the enterprise founders in the transitional period that is the most conducive measures for the smooth transition of enterprises? The founders of different levels of narcissism tend to retain varying degrees of power within the organization, which in turn affects the organization's strategic decisions and ultimately the transitional performance. However, the current research on this aspect is quite scattered. There is no further breakthrough on the influence of entrepreneurial narcissistic traits on the transformation performance of enterprises. In particular, this issue is further complicated by the particularity of the business environment in China. So through this paper, we hope to help senior

managers to take an objective attitude toward founders' narcissism and facilitate their business management process by presenting a general view of the research on the impact of narcissistic leadership.

2.2. Theory Significance

Under the modern enterprise system, the important decisions are basically made by the senior management team. The narcissistic trait of the founder of the enterprise makes him tend to have more power in the organization, and this power affects his work in the senior management team. Leaders with more narcissistic traits tend to hold more power. Then organizational decisions tend to reflect more the individual will of the founders and, ultimately, affect the performance of the business transformation.

This paper hopes that on the one hand, through the combing of relevant literature on narcissism, it helps people think further about the influence of the originator's narcissistic traits on the management of the organization from the perspective of organizational psychology. On the other hand, point out possible research directions for the future in order to facilitate the next study in this area.

3. Relevant Literature

3.1. Definition of Narcissistic Leadership

3.1.1. Definition of Narcissistic Leadership

The concept of "narcissism" derives from the mythology of the ancient Greek "narcissus" (Narcissus), defined as "a complex personality trait that includes both the HTC and the fragile self-awareness and the extreme desire for success and praise" [2]. The earlier study of narcissism is more from a clinical perspective, and regards it as a pathological psychological characteristic. With the deepening of research and the development of corresponding measurement tools, personality social psychologists found that narcissism is a common phenomenon that exists in the normal population. Narcissism is not a personality disorder in the non-clinical field, but rather an individual's long-standing personality trait [3].

Kets De Vries and Miller first linked narcissism to leadership, and argued that narcissistic personality traits occur in most leaders in his paper published in 1984 [4]. In his another paper published in the following year, through the diagnosis of the leader, he found that many behaviors of the leader are actually determined by the narcissist personality of the leader. Therefore, starting from the function of leadership, he systematically discussed the relationship between narcissistic personality and leadership, and proposed three types of narcissistic leadership: reactive narcissistic leadership, deception narcissistic leadership and constructive narcissistic leadership. Finally he concluded that reactive leadership and fraudulent leadership are harmful to the organization, and should be controlled and rectified [5]. Rosenthal and Pittinsky also found that many leaders have narcissistic personality, such as being overjoyed, arrogant, self-absorbed,

vulnerable and self-respecting, hostile [6]. All the scholars' work combined to confirm the relationship between narcissism and leadership.

After establishing a definite link between narcissism and leadership, some scholars began to study the content of narcissistic leaders. Ouimet proposed that narcissistic leadership includes five dimensions: charm, self-interest, deceptive motivation, intellectual restraint and "dark personality" qualities [7]. And Chinese scholars Huang Youli and Li Lu put forward four dimensions of narcissistic leadership: charm, egoism, motives for deception and knowledge inhibition [8]. Resick argues that narcissistic leadership is an egoist that will deploy all available resources to help oneself earn respect among others and regard it as one way of gaining a sense of superiority [9]. Different scholars dispute the specific contents of narcissistic leadership, but it is generally accepted that narcissistic leadership has certain charm and ambition to accomplish business, which deeply influences his leadership effectiveness in the organization.

3.1.2. Definition of Narcissistic Leadership of Enterprise Founders

The founder's narcissistic leadership is a special presence in narcissistic leadership. In view of the actual situation of China, this article adopts the definition from Nelson. He believes that the founder is a socialized definition. Although it is not as legally clear as the position of chairman and general manager, there are also two characteristics. One is that it existed before the organization or the enterprise. The other is that the founder was at the core of the entrepreneurial team and controlled the ownership of the enterprise initially [10]. The founders of the company have played roles of parents, business owners and key players in the business. They are the information center and resource allocation center of the enterprise, bearing the burden of success and failure of the future of the business.

The successful management experience in the past, combined with the strong self-confidence and the prestige of the small successful enterprises make the leading style of founders appear narcissistic and have an impact on the transformational activities of the enterprises. This is why the founders' narcissistic leadership is more obvious. Narcissists consider themselves superior to others, and in order to maintain this "fact", narcissists need to surpass others and maintain a high level of ability, so narcissists often have a high sense of self-efficacy. Narcissists are confident about themselves and think they are more accurate in decision making than others, and their success stems from their excellent ability [11]. Narcissism in the perspective of organizational psychology is synonymous with overconfidence [12]. The past successful business experience makes the founder have a higher sense of efficacy on their own. This kind of narcissism deeply affected the organization's operations.

3.2. Measurement of Narcissistic Leadership

Currently, there is no direct measurement of the narcissistic leadership of the founders. And the common practice is by regarding the narcissism as a perso-

nality trait and filling a scale to measure. The scales used most extensively are the NPT scales from Raskin and Hall using the criteria in the Handbook of Mental Illness Diagnostics and Statistics (DSM-III) to study the effects of narcissistic traits and the psychological disorders [13]. Later, based on the NPI scale, scholars increased or decreased the options and contents to modify the scale. For example, Ames *et al.* shortened the number of items in the NPI scale to 16, lessening the filling time avoiding the problem of lacking of concentration of subjects [2].

In addition, scholars have different division of the dimensions of measurement. For example, Raskin and Terry think the dimensions of measurement can be divided into seven dimensions: authoritativeness, affection, superiority, power, exploitation, self-satisfaction and vanity [14]. Kubarych *et al.* divided it into three dimensions: love performance, uniqueness and authority [15]. In addition, since NPI is a measure developed for explicit narcissistic traits, researchers found that in addition to dominant narcissistic traits, there are occult narcissistic traits. Dominant narcissism and implicit narcissism have different personality dimensions [16]. Based on the MNS and MMPI methods, Hendin and Cheek used a different approach to the NPI content to measure the sensitivity of various parts of narcissistic traits, and developed a new recessive narcissism scale HSNS [17]. Some scholars also developed a corresponding scale of narcissism for China's special cultural background. For example, when Zheng Yong and Huang Chen studied the relationship between different types of narcissism and psychological abnormalities, based on the NPI scale, they add the open questionnaire and individual interviews to new questionnaires for explicit narcissistic and recessive narcissistic personality, and both have good reliability and validity [18].

In addition to scales, scholars have developed many non-metric measures for narcissistic traits. Chatterjee and Hambrick argue that NPI is not suitable for measuring top management such as CEOs, even though top management is willing to participate, since they often choose to evade narcissism as a sensitive topic. So Chatterjee and Hambrick proposed to use five objective indicators to measure the narcissism of corporate CEOs. These five objective indicators are: 1) the prominence of the CEO photos; 2) the prominence of the CEO in the company's external press conference; 3) how often the first person in the interview was used; 4) the difference between the CEO's salary and the top executive's pay in the company's revenue; 5) the CEO's non-cash benefits and the second highest executive in the company Differences in cash benefits [19]. Based on Chatterjee and Hambrick, Rijsenbilt and Commandeur categorizing the CEO's narcissism into four categories: the compensation of CEO, the exposure of CEO, CEO's power, and CEO's acquisition behavior. There are different measurement items for each category correspondingly, with a total of 15 sub-items [20]. Seybert proposed that the CEO's narcissistic personality can be judged by the size of the signature and that empirical evidence shows that the size of CEO's signature is inversely proportional to the company's performance, which seems to validate

the effectiveness of using signature to measure narcissistic leadership [21]. In a comprehensive view, although scholars have made some valuable explorations in measuring the degree of the narcissistic leaders in recent years, the vast majority of studies use the NPI scale to measure leadership's narcissistic personality and use objective indicators. For example, CEO salaries, CEO exposure, etc., on behalf of narcissistic leaders also need more empirical research to verify the reliability and effectiveness in various contexts.

3.3. The Origin of the Narcissistic Leader of the Founder

3.3.1. Key Factors of the Origin of the Narcissistic Leader of the Founder

At present, the main reasons for the formation of narcissistic leadership in academia can be classified into following four aspects: characteristics factor, cultural factor, environmental and structural factors.

1) Characteristics factors

Narcissism is not a personality disorder in the non-clinical setting, but rather an individual's long-standing personality trait [3]. Liu Rong, a Chinese scholar, believes that narcissists are persistent personal qualities rather than pathological personality [22]. Kohut argues that narcissism is not necessarily pathological, but there is an order of independent development extending from infancy to adulthood [23]. Judge *et al.* point out that no qualities other than self-esteem qualities have been associated with leadership effectiveness in many studies during the first peak of the Leader Trait Theory [24]. Trait theory holds that if the traits of a person match with the traits of a leader, then he is more likely to be seen as a leader by others, because the emergence of a leader partly depends on the fitness between people's idea of the image of the leaders and the true image of the leaders.

The reasons why narcissists tend to be more likely to be leaders can be illustrated as follows. Firstly, narcissists have an outgoing personality and are willing to show oneself for attention and power. Secondly, narcissists will exaggerate their abilities in the outside world and have a lofty vision. And people are more willing to believe confident leaders [25]. The main leader traits include intelligence, dominance, high self-esteem, extroversion, confidence and overall self-efficacy [26]. And narcissists have strong desire for power and controlling others, higher level of self-esteem, self-efficacy, and extroversion. We can see, narcissists have almost all the qualities they need to be leaders [27]. The trait of narcissism makes such leaders self-confident in their decision-making process, especially in the face of environmental uncertainty or crisis. They are energetic, outgoing and humorous, particularly inspiring. So it's easy for them to attract subordinates around them [6]. Both empirical studies based on self-report and others' reports have fully proved that narcissists have social extroversion. For example, narcissists are more likely to become leaders in non-leadership organizations [28].

2) Cultural factors

Foster is the first person to systematically use cultural factors to explain the generation of narcissistic leadership, and divided cultural factors into regional cultural factors and organizational cultural factors. The study shows that in the individualist culture (more esteem for personal success), individuals have a higher level of narcissism and a positive correlation between the two, namely, the more individualized the cultural environment, the higher the individual's level of narcissism and the more likely appearance of narcissistic leadership [29]. In addition, corporate culture also has a significant impact on the emergence of narcissistic leadership. According to Duchon's research, organizational culture that thinks highly of pursuing ambition, financial success, and the professional skills is a hotbed of narcissistic leadership [30].

3) Environmental factor

It is more practical to analyze the growth of narcissistic leaders and their leadership in specific situations. According to Post's research, when organizations face serious external threats and internal crises, narcissistic leaders play morale with their own firm stance and personal charisma to keep the unity of the organization [31]. Because narcissists are inherently arrogant and confident, this helps people to remain calm in a crisis [32]. Therefore, the extraordinary period of crisis can provide a great opportunity for the narcissist to rapidly grow into a leader. Padilla and others argue that the self-confidence and foresight of narcissistic leadership is a great attraction for subordinates who are struggling to find solutions to problems in crisis situations [33].

4) Structural factors

Narcissistic leaders are more likely to be favored by businesses because of their high motivation and creativity. Coupled with some structural imperfections in the organization, it also promoted the development of narcissistic leaders [34]. Padilla and others think there are great opportunities for the development of narcissists in organizations such as poor supervision and information opacity [33]. Brunell found that narcissists are more likely to become group leaders in non-leadership panel discussions through his experiment [28]. In conclusion, the narcissism's popularity in the early days of human interaction and its own desire for power and status have theoretically facilitated its rapid growth as a leader in an alien and imperfect organization.

3.3.2. The Origin of the Narcissistic Leader of the Founder

Founders' narcissistic leadership is an important component of narcissistic leadership. Despite similar reasons of the origin of narcissistic leadership above, it contains more reasons due to the special status of the founders in the organization. According to Fahlenbrach R.'s research, since the founder has made outstanding contributions to the development of the company and has great value to the company in its influence and decision-making ability, when a senior official in the company is the founder at the same time, they have a "natural advantage" [35] to rule the company. And these natural advantages have contributed to their narcissistic traits and promoted narcissistic leadership. So these addi-

tional factors can be specifically divided into two kinds: ownership, the reputation of the past successful business.

Only when the founders allocate the corresponding power can they exert the effectiveness of all kinds of human capital that they possess through their regular posts in the organization and integrate their own human capital and enterprises together to carry on the proprietary Investment, and into organizational capacity, become a scarcity of non-imitable competitive resources to help companies develop new opportunities to resist threats, access to economic profits and bring added value. Only when they have the power can they begin to influence the whole organization [36]. Therefore, this part of the discussion is more from the view of power, combined with the structural factors above.

Owing to the ownership of the companies in which they operate, they are relatively more concerned with the long-term growth of the enterprise than with the short-term benefits. They tend to be more inclined to seek a strategy that maximizes shareholder returns, rather than adopting a decision-making act that takes into account only short-term interests as hired managers do. Domestic scholar Xu Xixiong and Liu Xing pointed out that the founders regarded the enterprise as an embodiment of their own achievements and capabilities and were more willing to put their own various relationships and capital into the growth of the enterprise [37]. This great focus on first-hand startups prompted founders to become accustomed to holding their power firmly in their hands. At the same time, due to this founder's dedication towards first-hand businesses, employees in the business are more likely to believe the farsightedness of the founders' decision-making and the correctness of past founders' decisions, making their decisions easier to be supported.

The founders themselves are an integral part of creating and developing an enterprise. They have a constant operating and management right over the enterprise, and their personal assets are closely linked to the assets of the enterprise. This gives them more incentives to participate in the management of the enterprise and at the same time set up a good model with great dedication. This spirit helps private-owned enterprises continue to progress, encouraging team morale, and escorting business development [38]. The complexity of China's business environment makes the social network owned by the founder of the enterprise also become the key factor in the successful operation of the enterprise. And because the founders own the entrepreneurial passion and special assets dedicated to the enterprise, the founders are more desirous of pursuing the establishment of a commercial empire and realizing their own value [39]. These factors combine to make the founder irreplaceable, and increase their voice right in the organization and promote the origin and development of the founders' narcissistic leaders.

3.4. The Influence of Narcissistic Leadership

As for the influence of narcissistic leaders on the organization, there is no widely

accepted conclusion at this moment. Campbell believes that he should avoid thinking of narcissistic leaders as good or bad. Instead, he should pay more attention to narcissistic leaders' survival and struggles. So he developed a situational reinforcement model to describe in which areas of narcissism is effective, in which areas is invalid, as well as the impact of narcissists on people around them. According to the model, narcissism is useful in areas of "initiality and uncertainty" where narcissistic leaders have strong leadership in new leadership positions and chaos; however, narcissism in the "continuing field" is very unfavorable. That is, narcissistic leaders have long-term leadership and weak leadership in a stable environment [40]. This view of his work motivated more scholars to start dialectically analyzing the influence of narcissism on the organization.

For example, scholars such as Paunonen argue, there are two sides of narcissism: power tactics and impression management tendencies, and confidence and self-esteem. The first side will significantly reduce the effectiveness of leadership, while the second increased [41]. Dean and Paul proposed six types of narcissistic leadership detrimental to the organization: 1) relying on manipulating others to gain recognition, being good at using lying, misleading, roaring and coercive; 2) narcissistic leaders who are impulsive, quirky and irritable; 3) narcissistic leaders who place undue emphasis on image management; 4) narcissistic leaders who lack management practices; 5) narcissistic leaders who cannot truly understand their own abilities; 6) narcissistic leadership which resulted in the failure of succession plan [42]. These six types of harmful narcissistic leadership basically summarize the negative effects of all narcissistic leadership. Chatterjee and Hambrick, through the data analysis of listed companies in the IT industry, found that: 1) narcissistic leadership is dynamically related to decision-making, and the frequency and size of the merger; 2) Narcissistic leaders prefer to take courageous actions, attract more attention, leading to greater profits or losses; 3) narcissistic leading company's business volatility greater; 4) overall narcissistic CEO's financial performance and non-narcissistic CEO's corporate finance. There is no significant difference in performance. All of the data Chatterjee *et al.* used are objective indicators, so this is the most persuasive research on the impact narcissistic leaders have on performance. This result seems to indicate that from a performance point of view, narcissistic leadership is not entirely negative [20].

Narcissistic personality in psychological research is a flawed personality, and narcissistic leaders are all normal people with narcissistic trait. Therefore, narcissistic leadership not only has negative effect, but also has certain positive effect. And it influenced by the degree of narcissism and the environment. Moderate narcissism may not be harmful, but if it is excessive narcissism, then it may have a negative effect. In addition, narcissistic leadership performance is very uncertain, because the performance is related to the environment, subject to too many factors, and narcissistic leadership in many cases with other factors affect

the performance. And it is difficult to control other factors during the empirical research.

3.4.1. The Influence of Narcissistic Leaders on the Management of Organizations

1) Negative influence

According to the articles we collected, the negative influence of narcissistic leadership on the organization mainly reflected in two aspects: the effect of decision-making and organizational climate. Additionally, the negative impact on the decision-making effect is mainly reflected in the decision-making process, arbitrariness of narcissistic leaders and risk preference.

First of all, the influence of narcissistic leaders on the organizational climate is mainly reflected in the interaction with subordinates, which indirectly affects the operation of the company to a certain extent. Katz pointed out that the survival and development of enterprise needs employees to demonstrate three kinds of behaviors: reliable fulfillment of job responsibilities, willingness to remain in the organization and have organization-friendly behavior spontaneously outside the role requirements [43]. Therefore, the state of the narcissistic leader's relationship with the subordinate is crucial to the development of the enterprise. Narcissistic leadership's excessive sensitivity makes narcissistic leadership lack of trust in others, easy to misinterpret other people's words, and often addicted to them, treat subordinates indifferent, lack of care, leading to a bad relationship with their own subordinates. Even worse, trust crisis. And this may undermine the staff's idea of the meaning of work and recognition of the impact of work, reducing the sense of self-efficacy of employees [44].

In addition, narcissistic leadership makes narcissistic leaders pay attention only to their own interests, neglect subordinate needs, resulting in the failure of employees' task due to lack of necessary resources [45]. And subordinates will become selfish and indifferent after they receive unfair treatment, and retaliation will be done through negligence and sloppy work. Under this scenario, subordinates cannot take the initiative to pay extra effort to help others or do something beneficial to the organization [46]. From the perspective of talent turnover in the organization, Resick *et al.* found that baseball clubs with narcissistic personality are inversely proportional to the performance reward system from the data of major League Baseball. That is, narcissistic CEOs prefer random control of employees, like wage opaque, and performance incentives system will affect the mobility of management, which means that the narcissistic leadership through the reward system affects the mobility of management, high narcissistic leadership led to the mobility of high-level management, which also indirectly confirmed that high narcissistic leadership will increase subordinate dissatisfaction [9]. And, in a team, narcissists tend to overestimate their contributions and ignore others' contributions [47]. Narcissistic leaders who overestimate success and self-abilities, are unwilling to admit mistakes, so they are unable to adjust methods or strategies in a timely manner to improve leadership effectiveness

[11]. Furthermore, the characteristics of narcissistic leadership are not conducive to the formation of an atmosphere conducive to the creation of sustainable performance [40]. And all of these negative effects prevent employees from spontaneously making organizationally beneficial actions beyond the posts' requirements.

Since the effectiveness of leadership is strongly influenced by the cultural context, it is necessary to study the effectiveness of narcissistic leadership in China [48]. Combined with the social context of China's high-power distance, some narcissistic leadership studies have included the employee's traditionalism. Chinese scholar Wang Lin studied 11 companies in different sectors, conducting 208 sets of leaders and employees matching questionnaire. Based on the local cultural characteristics, taking humility and individual's traditionalism as the adjustment variables, they drew the following conclusions: narcissistic leadership has a significant negative impact on the follow-up power of subordinates. Subordinate's traditionalism plays a significant role in regulating the relationship between narcissistic leaders and subordinate's follow-up power. When the subordinates have high traditionalism, the negative relationship between narcissistic leader and subordinate follower force is weak [49]. Similarly, Chen *et al.* also pointed out that employee traditionalism can have very important influence on the effectiveness of leadership [50]. In addition, scholars such as Li Jin also pointed out that in the hierarchical organization, highly-traditional employees are often attached to the role relationship defined by traditional Chinese culture, respecting and relying on the authority of leadership. They will show unconditional acceptance of the leadership, and faster acceptance of the dark side of narcissistic leaders [51].

Second, the negative impact of narcissistic leadership on decision-making is mainly due to their arbitrariness and risk preference during. Foster conducted a series of empirical studies on the characteristics of narcissistic leadership and found that there is a significant difference in motivation orientation and risk aversion between the narcissistic leadership and the average person [52]. Campbell found that narcissistic leaders' overconfidence and risk preference resulted in lower organizational performance [10]. However, there are some different conclusions. Through the study of CEO decision-making in the IT industry, Chatterjee and Hambrick found that CEOs with narcissistic personality were indeed more risky in their decision-making, but their performance did not differ from non-narcissistic CEOs [20]. In the meantime, they also pointed out in the study that narcissistic CEOs are passionate about acting boldly to better capture the attention of others. Narcissistic CEOs are keener on doing something strategically sensationalistic (such as impulsively acquiring other companies) rather than adopting conservative tactics such as silently raising output or productivity and putting themselves in a humble position. In pursuit of glory and psychological satisfaction, narcissistic leaders tend to make aggressive and bold changes and innovations, but their rash decision inevitably damages the organizational

system. Narcissism makes them particularly vulnerable to errors in professional judgment and personal conduct [53]. Narcissistic leaders who overestimate their own ability and easily overlook the right advice or opinions from their subordinates, ignoring threats from competitors and environmental changes, making decisions in a self-centered situation [54]. Narcissistic leaders only see the picture they wish to see, only choose to listen to what they want to hear, and high levels of narcissism easily lead the leader to have a bad relationship with other members in the enterprise [20]. Narcissistic leaders are very resistant to the negative opinions of others, ignoring the suggestions and opinions of others, and at some point are even more opinionated and enthusiastic about their own ideas [6]. The impulsive, aggressive and arbitrary decision-making brought by narcissistic leaders is even more evident in the founders.

2) Positive influence

The positive effects of narcissistic leaders are mainly reflected in their self-confidence and their foresight. Maccoby first proposed the concept of constructive narcissistic leadership and destructive narcissistic leadership, clearly pointed out that narcissistic leadership also has some positive effects. He believes positive role of narcissistic leaders due to two main reasons. Firstly, narcissistic leadership is more forward-looking, which is conducive to lead organizational innovation. Secondly, narcissistic leaders have a strong intrinsic motivation [34]. O'Reilly, Doerr, and Caldwell *et al.* suggest that narcissistic leaders have strong leadership charisma and the ability to achieve ambitious vision [55]. Deluga, in studying the relationship between the president's personal charisma and performance, found that the president's narcissistic personality and his personal charisma were positively correlated with his performance evaluation during his tenure. Many prominent U.S. presidents have some narcissistic complexities, such as President Roosevelt during the Second World War. This study seems to prove that narcissistic personality and self-confidence, as long as not excessive, are unable to have negative effect, and may bring positive effect in some occasions. He thinks narcissistic leaders can enhance their subordinates' charm because they pay attention to self-image. At the same time, narcissistic personality's pursuit of power may make him or her a more firm and attractive leader [56]. Narcissistic leaders, like charismatic leaders, are able to associate subordinate self-concepts with their role identity in the organization by enabling them to portray a beautiful future vision so that subordinates can positively look forward to the future, and work hard [57]. The narcissistic leadership autonomy makes the narcissistic leadership has a lofty ambition, high ability and influence, and can show a strong personal charisma [58]. And narcissistic leaders are more open to risk attitudes and are more likely to support some bold assumptions that motivate employees' constructive behaviors [59].

To sum up, the negative effects of narcissistic leaders are mainly reflected in their excessive attention to their own achievements and overconfidence, cracking down on employees' enthusiasm for work. And the positive effect is shown

on motivating employees through their appeal. This is similar to transformational leadership.

3.4.2. The Influence of Founder's Narcissistic Leadership on the Organization

The “wicked heroes” personal authority of the founders of private enterprises can well solve the problem of the decision-making efficiency of enterprises in a highly uncertain state during the initial stage. And this fits in with the resource allocation mechanism in a transitional environment, thus becoming a rapidly growing private enterprise governance foundation [60]. However, when enterprises enter a stable development channel, the founder's leadership effectiveness needs further study. Macenczak *et al.* show that when the individual's narcissistic qualities are higher, the demand for power is stronger. Founders have very high organizational power in the early stages of business. When they have both a high degree of narcissistic traits, this will be a dangerous combination for business decisions. It is imperative to analyze and resolve what will happen when power is combined [25]. At present, there is not much literature on the founders' narcissistic leadership on the impact of business. Following paragraphs will illustrate from decision-making, professional managers and organizational performance respectively.

Past successes led the founders to feel confident about themselves, so they tend to think they are more accurate in decision-making than others, and their success stems from their ability [10]. And an informal system based on founders' reputation, relationship and authority may help to improve the performance of the company and alleviate the defects of the formal system (such as property rights protection and contract enforcement) that the business management faces [39]. However, in making decisions, the founders may therefore find it difficult to hear the opinions of others because of their narcissism, thereby affecting the enthusiasm of the staff. Narcissistic leaders overestimate their ability to easily overlook the right advice or opinions from their subordinates, ignore threats from competitors and changes in the environment, make decisions in the context of self-centeredness, and enforce them which is not conducive to business operations and may even lead to business failures [54].

In addition to making decisions, the founder's narcissistic traits also influence the introduction of professional managers and the role they played in the company. The success of the enterprise through its inception and its good development shows that the founders themselves have a certain level of competence. However, nowadays, the business environment of social enterprises is different from the past, and the environment changes rapidly. It is very difficult to cope with such changes simply by the power of the founders. Founders of private enterprises usually know more about the unique knowledge of their own enterprises and industries, while professional managers often master more standardized management techniques [61]. Therefore, in order to improve the company's turnover performance, it needs other external forces, such as the introduc-

tion of professional managers and the establishment of internal authorization mechanism. The founders' narcissistic traits will affect the company's introduction of professional managers. In addition, the close cooperation, tacit understanding and mutual trust among the team members are also one of the important factors for the success of the private-owned enterprises in China. Professional managers, as outsiders, are different from the original partners who worked hard together with the founders. It is a question for the founders of the enterprise whether to introduce them or not, and how to grant them much power. As mentioned earlier, the founders' narcissistic nature and dedication to power affect the relationship between the founders and the professional managers to establish a benign and interactive relationship and promote the company's transformation and development.

Aiming at the influence of founders' narcissistic traits on the transformation performance of enterprises, scholars such as Shi Xiaofei come to the conclusions that the founders' ownership and the value of the company appeared an inverted U-shaped relationship, first increase and then decrease according to their research on private listed companies. It showed that founder's ownership control will significantly affect the company's market value, excessive control or lack of control are not conducive to improve the company's market value. That's to say lack of control will result in losing ultimate control of the company, but over-control will result in great risk and autocracy during decision-making [62]. Research conducted by Adams, Almeida and Ferreira shows that a strong CEO increases the volatility of a company's performance and increases its risk [63]. Therefore, it cannot be simply said that narcissistic leadership will improve or reduce the organization's performance.

4. Future Research Direction

Narcissistic leaders are increasingly concerned by researchers as an independent research field, especially narcissistic leaders of the founder of private enterprises. However, the history of research on this aspect is short and has not yet formed a complete theoretical system. There is also a large amount of theoretical gaps to be filled. Through sorting out the existing narcissistic leadership research and the related narration about the founder's narcissistic leadership, the author believes that future research on this field can be deepened in the following aspects:

First, the measurement of founder's narcissistic leadership. It can be seen from the existing literature that modest narcissism is not terrible. It is high degree or extreme narcissistic leader that has a negative or even destructive effect on the enterprise. Therefore, an accurate evaluation of narcissistic leaders is very important. Currently, in the study of narcissistic leadership, there are two widely used methods: One method is the scale method, which is based on the NPI scale; and the other one is using objective data such as the CEO's salary, first-person adoption, photo scale, and so on. There are two issues that need to be explored further: First, the NPI scale has been tested many times in foreign countries. Is it

still valid in China? Second, neither the degree nor the validity of objective indicator adopted by Chatterjee *et al.* has been tested. China is a humble and traditional East Asian country. So whether these indicators can be used to reflect a leader's narcissism is questionable and challenging.

Second, the current research on narcissistic leadership lacks empirical evidence. In the future, it may be advisable to further explore the founder's narcissistic leadership through case studies or econometrics in order to study how the founder's narcissistic tendencies affect the organization's Business.

Third, the narcissistic leadership of the decision-making mechanism. Although some foreign scholars have studied the preference of narcissistic leaders, there are still many problems worth discussing, such as narcissistic leaders' preference for short-term goals and long-term goals, preference between collective honor and personal interests, preference for popularity or reputation, influence of past experience on future decision-making modes, etc. Leadership is the most important function of decision-making, so narcissistic leadership of the organization's greatest harm is the decision-making mistakes. The study found that one of the major reasons for the loss of the famous Chinese entrepreneurs is self-inflating. In order to reach an unrealistic goal, they will do whatever they can regardless of the laws and regulations. It is actually the evil result of the narcissistic leaders. So what kind of lessons can we learn from it? It really deserves deep consideration and research.

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