

## Managers Narcissism, Leadership Styles Choices and Decision Making in Accounting<sup>1</sup>

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Research Paper

### 1. INTRODUCTION

Some studies have shown that managers' narcissism can affect the choice of leadership styles and decision-making styles in accounting (including earnings management, social responsibility, quality of financial reporting, etc.); Since no study has been done to evaluate the impact of managers' narcissism on leadership and decision-making styles in accounting, present study intends to examine this issue; Therefore, the present study evaluates the relationships between managers' narcissism, selection of leadership styles and decision making in accounting.

### 2. MATERIALS AND METHODS

The statistical population of this study includes managers of companies in Tehran Stock Exchange. Because access to all members of the statistical community was not possible, the available sampling method was used. Therefore, the questionnaires were distributed among individuals and a total of 150 completed questionnaires were collected. Data analysis was performed using structural equations and with the help of SMART PLS software.

The findings of the research showed that managers' narcissism had a greater impact on the transformational leadership style in accounting than the practical one. In addition, managers narcissism effect on practical leadership style and transformational leadership style and decision-

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making styles (intuitive, dependent, rational, immediate, avoidant) in determining companies business strategy, social responsibility, profit management and financial reporting quality.

Due to the fact that people find themselves in organizations due to the lack of personality traits with the various behavioral messages that it creates, it has created many problems for the organization and society, and it creates such tension and conflict that the continuation of the relationship with A problem arises. the decisions of the organization and its thoughts have a decisive role in the organization of the advancement of organizational managers. Some of the personality traits of managers, especially the depersonalization that affects their decisions and can be the reason for incompetence and management at different levels of management and leadership of the organization, are important.

### **3. RESULTS AND DISCUSSION**

The test of the hypotheses of this research shows the effect of managers' narcissism on their leadership style; Narcissistic managers often have big plans and plans in their heads and have fantasies in their heads and are exposed to selfishness, unpredictability and, in more severe cases, suspicion. Sometimes this arrogance and self-righteousness makes them delusional and feel that their plans and management methods are increasing. They believe that words and phrases can move beyond mountains and their hopeful and inspiring words are unique and they are the only ones who have provided written programs for the organization. They can guide the rest of the organizations and companies in the world with their models and bring them to their destination, and this illusion becomes so intense that they think extraordinary forces help them and guide them in the organizational cycle. This type of thinking has an effect on their choice of leadership style and leadership style.

Also, further analysis showed that managers' narcissism is effective on their decision-making style; This is because narcissistic managers often dominate decision-making processes and do not show a desire to consult with others.

In addition, the obtained evidence has shown the effect of managers' narcissism on the company's social responsibility; In this regard, three main reasons can be presented: firstly, it seems that paying attention to social responsibility is suitable for promoting some good social aspects and it is an opportunity to show oneself in the way of basic moral principles and acceptable social behaviors. Second, the company's social

responsibility attracts the opinion of sensitive audiences who pay attention to the positive points included in the media.

Finally, corporate social responsibility provides a variety of ways to change the status quo; In this way, executives get the opportunity to show themselves and make themselves accountable to the audience. As a result, according to the presented material, it can be seen that managers' narcissism has a significant effect on the level of information disclosure related to corporate social responsibility.

### **3. RESULTS AND DISCUSSION**

The results of this research showed that managers' narcissism can affect the quality of financial reporting of companies; In this regard, it is argued that the personality traits of narcissistic managers lead them to take actions against the norm and make them seek the attention and praise of others, and these actions will ultimately affect the performance of the organization. Therefore, personal biases and positive illusions of narcissistic managers affect the supply of financial information to the stock exchange. These managers tend to ignore the confidential negative feedback from their intellect and naturally ignore the information when communicating with the shareholders regarding the company's performance. Additionally, narcissistic managers may knowingly distort the information submitted to convince investors that they have ongoing projects with a promising future. The occurrence of this phenomenon among managers will affect the quality of financial reporting of companies.

In general, it is suggested that the stock market trust managers who use rational decision-making style and the reason is that managers who use this decision-making style tend to identify all possible solutions and the results of each solution from all They consider different aspects and finally choose the optimal and desirable solution, which leads to choosing a better strategy and more favorable reporting quality in companies and is recommended to company managers. so that when making decisions related to the company, they should pay attention to the effects of their personality traits on the said decisions and try to avoid the negative aspects of these characteristics and make the best possible decisions for the company in different areas to lead to Do no harm the shareholders.

According to the studies conducted in this research, it is suggested to the researchers to conduct research in the following fields:

- Examining leadership and decision-making styles in accounting based on ethical models, such as the contractual model
- Other leadership styles such as exchange and conversion and other decision-making
  - Relying on financial and behavioral theories, the current issue should be investigated

**Keywords:** Narcissism, Leadership Styles, Decision Styles, Social Responsibility, Earnings Management, Financial Reporting Quality, Business Strategy.

**JEL Classification:** M40, M41, M49.

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