

## HOW CEO NARCISSISM SHAPES FIRM PERFORMANCE OVER TIME: EVIDENCE FROM INDONESIA

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**Abstract:** *This study examined the impact of CEO narcissism on firm performance, focusing on historical, current, and future performance metrics in Indonesia. We utilized data from 3,151 observations of listed companies registered on the Indonesia Stock Exchange between 2017 and 2022, employing Ordinary Least Squares (OLS) regression with clustering by firm. To address variations in data characteristics, we also incorporated fixed effect variables to improve the robustness of the analysis. The results reveal that CEO narcissism has a significant positive effect on firm performance with ROA and ROE metrics, indicating its role in enhancing operational efficiency and financial returns. However, its impact on MTB is not significant, suggesting that narcissistic leadership may not immediately influence market-based performance metrics. These results are further validated through robust coarsened exact matching (CEM) tests. These findings contribute to understanding the complex dynamics of leadership traits in corporate governance. These findings emphasize the importance of effective oversight to harness the benefits of proactive and innovative strategies while mitigating potential risks. The study provides valuable insights for academics exploring leadership theories, policymakers developing governance frameworks, and practitioners evaluating the influence of leadership styles on organizational outcomes.*

**Keywords:** CEO Narcissism, Corporate Governance, Firm Performance, Leadership Traits, Indonesia

### INTRODUCTION

Firm performance is one of the categories of firm success and is determined by the quality of the management ([Sewpersadh 2019](#)). Successful companies with strong firm performance are generally managed by a good Top Management Team (TMT), especially from the experience and abilities of the Chief Executive Officers (CEO) ([Edi, Basri, and Arafah 2020](#)). The role of CEO in a company has a direct influence on the company itself because

the CEO is the top position holder in strategic decision-making ([Cragun, Olsen, and Wright 2020](#)). CEOs who can make the right decisions will be more confident in making risky decisions ([Li et al. 2023](#)) and, in complex situations, can help the company continues to grow and succeed ([Gan 2019](#)). Moreover, the CEO has previous successful decision-making experience, and such condition is referred to as CEO narcissism ([Zeitoun, Nordberg, and Homberg 2019](#)).

Narcissism has been recognized as one of the most common managerial decision-making biases, but unfortunately, the implications for the company's performance still vary ([Cragun, Olsen, and Wright 2020](#)). Conversely, narcissism is often perceived as an undesirable personality trait and has the potential to impact corporate performance through excessive risk-taking negatively ([Burkhard et al. 2023](#)). However, research also points the potential positive aspects of narcissistic CEOs. Several studies have found that narcissistic CEOs can have higher levels of productivity and a stronger willingness to engage in new business innovation and development efforts ([Zeitoun, Nordberg, and Homberg 2019](#)). Narcissism is becoming increasingly prevalent among CEOs. Previous studies have shown a rise in CEO narcissism over recent decades ([Ash, Greenwood, and Keenan 2023](#)). Around 18% of CEOs display moderate to high narcissism, compared to 5% in the general population ([Tayan 2021](#)), and those with higher narcissism are 29% more likely to become CEOs ([Rovelli and Curnis 2021](#)). This increase is driven by sociocultural factors such as social media amplifying self-promotion ([Cragun, Olsen, and Wright 2020](#)) and greater emphasis on individual achievement in competitive workplaces ([Ash, Greenwood, and Keenan 2023](#)). Indonesia presents a distinctive context for exploring the relationship between CEO narcissism and firm performance, as narcissistic behavior is culturally uncommon and often viewed negatively ([Fionita et al. 2024](#); [Kuncoro, Soepriyanto, and Zudana 2022](#)). Individuals who boast about their achievements are likely to face societal disapproval, aligning with claims by [Prabowo \(2016\)](#) that narcissistic tendencies are indicators of corrupt practices among public officials. Narcissistic CEOs attempting to manipulate accounting figures to enhance their self-image may risk rejection by investors, undermining firm performance ([Hayes and Reckers 2020](#); [Rusydi 2021](#)). Instead of achieving admiration, such behavior may

damage their public reputation, diminishing the incentive for narcissistic tendencies to manifest in corporate leadership ([Lynch and Benson 2024](#)). Due to this dynamic, it is apparent that CEO narcissism in Indonesia need to address to safeguard firm performance and investor trust.

This research aims to examine the impact of CEO narcissism on historical, current, and future firm performance in Indonesia. Research on the relationship between CEO narcissism and firm performance in Indonesia was under-explored. Studies in other regions, such as the United States and Europe, reflect specific cultural and industrial contexts that may not be applicable to Indonesia. Research by [Bachrach et al. \(2021\)](#) found that top management team and CEO narcissism ([Uppal 2020](#)) had a positive influence on firm performance at a higher level of narcissism. However, [Petrenko et al. \(2016\)](#) further found that narcissistic CEOs may prioritize their own image over corporate social responsibility, potentially reducing its impact on performance. These mixed results highlight the complex dynamics of CEO narcissism, influenced by individual traits, cultural factors, and organizational settings ([Cragun, Olsen, and Wright 2020](#)).

Moreover, prior research has acknowledged several limitations. Studies by [Kraft \(2022\)](#) and [Wales et al. \(2013\)](#) focused primarily on high-tech manufacturing firms in the midwestern United States, with findings constrained by endogeneity issues and limited generalizability. Indonesia was chosen due to its rapidly growing economy, its unique blend of collectivist culture and hierarchical corporate structures, and the rising prevalence of CEO narcissism. These distinct characteristics make Indonesia an attractive and compelling environment to explore the impact of CEO narcissism on firm performance, where its effects may differ significantly from those observed in Western contexts ([Oktari and Dianawati 2023](#); [Kuncoro, Soepriyanto, and Zudana 2022](#)). This research examines further

the effect of CEO narcissism on historical, current, and future firm performance in Indonesia on a period-by-period basis and provides endogeneity tests.

Upper echelons theory explains the relationship between the attributes of a CEO and the organization or company ([Hambrick and Mason 1984](#)). Upper echelon theory explains the relationship between CEO motivation in the influence and contribution of the CEO's personality to the company ([Saha, Kabir, and Chowdhury 2023](#); [Hambrick and Mason 1984](#)). Upper echelon theory did not examine more deeply and consider other factors that can influence or change narcissistic behavior ([Cragun, Olsen, and Wright 2020](#)). This study further developed the effect of CEO narcissism on historical, current, and future firm performance and uses several proxies of firm performance. Previous research projects, carried out by [Uppal \(2020\)](#) and [Bachrach et al. \(2021\)](#) had examined CEO narcissism on firm performance. However, these studies primarily relied on Return on Assets (ROA) or Return on Sales (ROS) as a single proxy for firm performance, which focuses solely on operational profitability and fails to capture broader dimensions of performance such as market valuation or shareholder returns. This limitation restricts the generalizability of their findings and highlights the need for a more comprehensive approach. To address this gap, our study incorporates multiple performance measures, including ROA, ROE, and MTB, to provide a new perspective on the impact of CEO narcissism across various dimensions of firm performance. By looking at historical, current, and future performance, we can see the movement of the influence of CEO narcissism on firm performance in more detail. This study filled this gap and provided valuable insights. Overall, a study on CEO narcissism and firm performance is urgent and significant because it extends the insights of the upper-echelon theory and provides valuable insights into the potential impact of narcissism on corporate governance

and firm performance. This insight can inform the development of policies and practices aimed at minimizing the adverse effects of narcissism while fostering more effective leadership.

The rest of this paper is organized as follows. Section 2 reviews the literature and presents the hypotheses on the impact of CEO narcissism on firm performance in Indonesia. Section 3 outlines the methodology employed in this study. Section 4 reports the findings and the results of a variety of robustness tests. The last section delivers the conclusion of this research.

## Literature Review and Hypothesis Development

Indonesia, like many other developing countries, has a more hierarchical and collectivist culture, emphasizing social harmony and group cohesion. However, this collectivist orientation contrasts with the individualistic traits often associated with narcissistic CEOs, who tend to prioritize personal achievement and self-promotion ([Petraki & Ramayanti, 2018](#); [Jonason et al., 2020](#)). Research conducted by [Jonason et al. \(2020\)](#) highlighted and supported the idea that countries with less developed systems and more embedded cultural values tend to show higher levels of narcissism. The impact of having a narcissistic CEO in the company can be very detrimental to the overall performance of the company. According to [Martínez-Ferrero et al. \(2023\)](#), narcissistic CEOs can influence the composition of the top management team, potentially affecting decision-making dynamics. Other researchers have also shown that CEO narcissism can influence various aspects of decision-making and organizational behavior ([Kalbuana et al. 2023](#)). Therefore, managing narcissism in corporate leadership is crucial to ensure optimal and sustainable corporate performance, especially in Indonesia, which is still a developing country.

### CEO Narcissism and Firm Performance

The development of CEO narcissism has been linked to firm performance, often

positively ([Uppal 2020](#)). Historical firm performance often reflects the strategic decisions of narcissistic CEOs, who are known for their ambition and boldness in pursuing high-risk, high-reward initiatives. These leaders frequently engage in large-scale acquisitions, R&D projects, and innovative strategies that drive immediate operational gains ([Yook and Lee 2020](#); [Naaman and Sun 2022](#)). According to the upper echelons theory, a CEO's personal characteristics significantly shape organizational outcomes ([Hambrick and Mason 1984](#)). Narcissistic CEOs are inclined to take bold steps, aiming to leave a legacy of visible success while enhancing their self-image ([Steinberg, Asad, and Lijzenga 2022](#)).

[Burkhard et al. \(2023\)](#) found that narcissistic CEOs exhibit high ambitions and strong determination to achieve company goals, which fuels their proactive and quick decision-making. This trait allows firms to capitalize on opportunities without excessive analysis, generating measurable results in historical performance ([Kim and Jang 2021](#)). From an agency theory perspective, narcissistic CEOs align their personal objectives with the company's short-term goals, often prioritizing highly visible strategies to enhance their reputation ([Jensen and Meckling 1976](#)). Thus, we propose the following hypothesis:

**H<sub>1a</sub>: CEO's narcissism positively impacts historical firm performance.**

Current firm performance benefits directly from the immediate effects of decisions made by narcissistic CEOs, who are highly proactive and driven by their desire for attention and recognition ([Cragun, Olsen, and Wright 2020](#)). These leaders frequently employ strategies that enhance operational efficiency and financial outcomes in the short term. For instance, they often prioritize corporate social responsibility (CSR) initiatives to bolster their reputation, which generates measurable financial benefits within the current financial

period ([Venugopal et al. 2023](#); [Al-Shammari, Rasheed, and Al-Shammari 2019](#)).

Research by [Kim and Jang \(2021\)](#) found that narcissistic CEOs have distinct strategic preferences, frequently making bold decisions that attract attention and yield immediate results. Their charisma and ability to inspire employees enhance organizational productivity, while their strategic actions improve current performance ([Zulfikar et al. 2021](#); [Saini and Singh 2023](#)). The upper echelons theory highlights how these traits influence organizational outcomes, while agency theory suggests that narcissistic CEOs act to align their personal ambitions with organizational success in the short term ([Hambrick and Mason 1984](#); [Jensen and Meckling 1976](#)). Thus, we propose the following hypothesis:

**H<sub>1b</sub>: CEO's narcissism positively impacts current firm performance.**

Future firm performance is shaped by the long-term strategies of narcissistic CEOs, who often emphasize bold investments in innovation and expansion into new markets ([Stefanus et al. 2023](#); [Burkhard et al. 2023](#)). According to the upper echelons theory, the personal characteristics of CEOs drive visionary approaches that create new opportunities for the firm and ensure long-term success ([Hambrick and Mason 1984](#)). Their focus on reputation-building activities and ambitious strategies, such as innovative CSR programs, enhances stakeholder trust and contributes to competitive advantage over time ([Chen, Zhang, and Jia 2021](#); [Winschel 2022](#); [Jumali and Manurung 2023](#)).

[Cragun et al. \(2020\)](#) noted that the motivation of narcissistic CEOs to seek recognition often leads to extreme outcomes, ranging from significant gains to substantial losses. However, their visionary approach frequently aligns with long-term organizational goals, positioning the firm for sustained success ([Jumali and Septiany 2022](#); [Saini and Singh 2023](#)). From an agency theory perspective,

narcissistic CEOs balance their self-interest with organizational growth by fostering strategic partnerships and attracting top talent, creating an environment conducive to future performance ([Jensen and Meckling 1976](#)). Thus, we propose the following hypothesis:

**H<sub>1c</sub>: CEO's narcissism positively impacts future firm performance.**

## METHOD

### Sample and Data Collection

In this study, a sampling method known as purposive sampling was employed involving several criteria ([Andrade 2021](#)). The criteria are companies listed on the Indonesia Stock Exchange before 2017 and have published complete annual reports from 2017 to 2022. The period from 2017 to 2022 was chosen to ensure the availability of consistent and complete data across the sample. This timeframe also captures critical economic phases, including the COVID-19 pandemic (2020–2021) and the pre- and post-pandemic periods, allowing for a more comprehensive analysis of how CEO narcissism influences firm performance under varying economic conditions. The total population of this research is 3,884 observations for the last 6 years. The final sample was 3,151 observations after deducting some missing SIC (Standard Industrial Classification) and ROA variables data. The details of the sample selection are presented in Table 1. Additionally, Table 2 provides the sample distribution by SIC code or company sector and year. In this case, the

sample of companies has a similar average number each year.

### Variable Definition

This research used firm performance as the dependent variable with three proxies, i.e. return on assets (ROA), return on equity (ROE), and market to book value (MTB), as a development of previous research which only used one proxy measurement for firm performance ([Uppal 2020](#)). This research also employed lag year to examine historical firm performance and lead year to examine future firm performance. The independent variable of CEO narcissism utilizes CEO photo size in annual reports as a measurement ([Cragun, Olsen, and Wright 2020](#)). This study measured CEO narcissism by the following guide: A score of 1 was given if there is no photo of the CEO; A score of 2 was given if there is a photo of the CEO with the other directors; A score of 3 was given if the CEO's own photo is less than half a page; A score of 4 was given if the CEO's own photo is more than half a page; A score of 5 was given if the CEO's own photo is one full page. Furthermore, this study used several moderating variables as additional analysis, i.e. CEO tenure, CEO ownership, and board size ([Shabbir and Kousar 2019](#); [Lin, Lin, and Fang 2020](#)). In addition, this study also employed control variables such as board size, independent committee, firm size, leverage, big 4, and firm age ([Jiang et al. 2021](#)). All variables were collected manually from the annual report. The definition of variables can be seen in Table 3.

**Table 1. Sample Selection**

<b>Descriptions</b>	<b>Sample Size</b>
Total observed population (2017-2022)	3,884
(-) Missing data for SIC	(19)
(-) Missing data for ROA	(714)
Total Final Sample Size (N)	3,151

**Table 2. Sample Distribution by SIC and YEAR**

SIC	Year						Total
	2017	2018	2019	2020	2021	2022	
0 (Agriculture, forestry, and fisheries)	14	14	14	14	14	14	84
1 (Mining)	63	63	63	63	63	63	378
2 (Construction industries)	107	108	108	108	108	108	647
3 (Manufacturing)	64	64	65	65	65	65	388
4 (Transportation, communications, and utilities)	68	68	68	68	68	68	408
5 (Wholesale and retail trade)	38	38	39	39	39	39	232
6 (Finance, Insurance, and Real Estate)	126	126	126	126	127	127	758
7 (Services)	33	33	33	33	32	32	196
8 (Health, legal, educational services, and consulting)	10	10	10	10	10	10	60
Total	523	524	526	526	526	526	3,151

**Table 3. Variable Definition**

Variables	Measurement	Sources
Dependent		
ROA	Net Income/Total Assets	Annual Report
ROE	Net Income/Total Equity	Annual Report
MTB	Market to book value	Annual Report
Independent:		
CEONARCISSISM	CEO photos size	Annual Report
Control:		
BSIZE	Total number of commissioners and directors on the company's board	Annual Report
INDCOM	Total number of independent commissioners and directors/Total number of commissioners and directors in the company	Annual Report
FSIZE	Natural logarithm total assets	Annual Report
DER	Total Liability/Total Equity	Annual Report
BIG4	Dummy 1 if the company's auditor is big 4, 0 otherwise	Annual Report
FAGE	Firm age from date IPO	Annual Report
Additional Analysis:		
CEOTENURE	Number of years each CEO has held their position in the company	Annual Report
CEOOWNERSHIP	Percentage of shares owned by each CEO in the company	Annual Report
BSIZE	Total number of commissioners and directors on the company's board	Annual Report

### Model Specifications

The analysis techniques used in this research consist of descriptive statistics test, matrix correlation test, and least square regression analysis test. This research also carried out robustness tests and additional analysis on the influence of moderating variables. To examine the impact of CEO narcissism on firm performance, we employed panel data methods using Ordinary Least Squares (OLS) regression with clustering by firm in Stata 18. The clustering method adjusts standard errors to account for potential within-firm correlation, addressing heteroskedasticity and autocorrelation. Additionally, to account for variations in data characteristics across firms, we incorporated fixed effect variables to ensure the robustness and reliability of our results. This research model further examined CEO narcissism's influence on three proxies of firm performance (ROA, ROE, and MTB) in historical, current, and future years. The model can be employed to ascertain whether CEO narcissism affects historical, current, and future firm performance. The equation models for this research are shown below:

$$\begin{aligned} \text{ROAt-1} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1a.1) \\ \text{ROEt-1} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1a.2) \\ \text{MTBt-1} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1a.3) \\ \text{ROA} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1b.1) \\ \text{ROE} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1b.2) \\ \text{MTB} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1b.3) \\ \text{ROAt+1} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1c.1) \end{aligned}$$

$$\begin{aligned} \text{ROEt+1} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1c.2) \\ \text{MTBt+1} &= \beta_0 + \beta_1\text{CEONARCISSISM} + \beta_2\text{BSIZE} + \beta_3\text{INDCOM} + \beta_4\text{FSIZE} + \beta_5\text{DER} + \beta_6\text{BIG4} + \beta_7\text{FAGE} + \text{INDUSTRY} + \text{YEAR} + \varepsilon \quad (1c.3). \end{aligned}$$

### RESULTS

Descriptive statistics provide insights into the data by presenting measures such as the mean, minimum, maximum, and standard deviation of the research data. The results of the descriptive statistical analysis for the research data are presented in Table 4.

The Table 4 indicates that the lag ROA, lag ROE, and lag MTB have an average of 19.57%, 0.31%, and 0.27%, respectively. The average ROA, ROE, and MTB are 0.25%, 0.28%, and 19.81%, respectively. The average lead ROA, lead ROE, and lead MTB are 0.23%, 0.24%, and 19.14%, respectively. The average value of CEO narcissism is 3.710, which indicates that the level of CEOs' narcissism is medium-high. The average CEO tenure is approximately 8.1 years. The average CEO ownership is at 2.1%, which is relatively low. The average board size is 8 to 9 boards. The average independent committee in the company is 0.263. The firm size has an average size of 2.470 and the average leverage is 1.590. The average company employed Big Four auditors is 31.3%. Lastly, the average firm's age is 34 years.

Table 5 presents the correlation matrix between variables. The CEONARCISSISM has a univariate effect on ROA and ROE, but not on MTB. The moderating variables CEOTENURE and BSIZE have a significant univariate relationship, while CEOOWNERSHIP only has a significant univariate relationship with the MTB variables. All control variables have a significant univariate relationship except FSIZE.

**Table 4. Descriptive Statistics**

Variables	Mean	Median	Minimum	Maximum
lagROA	1.957	1.017	-7.436	23.098
lagROE	0.031	0.049	-2.161	1.455
lagMTB	0.027	0.021	-0.663	0.713
ROA	0.025	0.020	-0.663	0.687
ROE	0.028	0.045	-2.161	1.400
MTB	1.981	0.990	-6.210	23.591
leadROA	0.023	0.018	-0.676	0.654
leadROE	0.024	0.043	-2.194	1.431
leadMTB	1.914	0.976	-6.210	20.247
CEONARCISSISM	3.710	4.000	1.000	5.000
CEOTENURE	8.127	5.000	1.000	52.000
CEOOWNERSHIP	0.021	0.000	0.000	1.000
BSIZE	8.606	8.000	3.000	29.000
INDCOM	0.263	0.250	0.000	0.800
FSIZE	2.470	2.457	1.257	3.562
DER	1.590	0.886	-10.176	18.331
BIG4	0.313	0.000	0.000	1.000
FAGE	34.037	32.000	2.000	127.000

Source: Processed by STATA application

**Table 5. Matrix Correlation**

	[1] ROA	[2] ROE	[3] MTB	[4] CEONARCISSISM	[5] CEOTENURE	[6] CEOOWNERSHIP
[1] ROA	1.000					
[2] ROE	0.187*** (0.000)	1.000				
[3] MTB	0.122*** (0.000)	-0.154*** (0.000)	1.000			
[4] CEONARCISSISM	0.126*** (0.000)	0.101*** (0.000)	0.022 (0.241)	1.000		
[5] CEOTENURE	0.038** (0.033)	-0.002 (0.910)	-0.072*** (0.000)	-0.121*** (0.000)	1.000	
[6] CEOOWNERSHIP	0.022 (0.225)	-0.010 (0.578)	-0.048*** (0.009)	-0.043** (0.016)	0.301*** (0.000)	1.000
[7] BSIZE	0.178*** (0.000)	0.089*** (0.000)	0.007 (0.721)	0.238*** (0.000)	-0.053*** (0.003)	-0.090*** (0.000)
[8] INDCOM	-0.025 (0.155)	0.005 (0.771)	0.068*** (0.000)	-0.100*** (0.000)	-0.017 (0.349)	-0.021 (0.243)
[9] FSIZE	-0.018 (0.308)	0.003 (0.882)	0.019 (0.311)	0.047*** (0.008)	0.070*** (0.000)	0.015 (0.407)
[10] DER	0.013 (0.468)	-0.401*** (0.000)	0.257*** (0.000)	0.103*** (0.000)	-0.014 (0.436)	0.018 (0.312)
[11] BIG4	0.187*** (0.000)	0.110*** (0.000)	0.056*** (0.003)	0.159*** (0.000)	-0.101*** (0.000)	-0.069*** (0.000)
[12] FAGE	0.100*** (0.000)	0.058*** (0.001)	-0.029 (0.112)	0.037** (0.036)	0.090*** (0.000)	-0.038** (0.032)
[13] leadROA	0.515*** (0.000)	0.169*** (0.000)	0.103*** (0.000)	0.093*** (0.000)	0.052*** (0.007)	0.020 (0.300)



	[1] ROA	[2] ROE	[3] MTB	[4] CEONARCISSISM	[5] CEOTENURE	[6] CEOOWNERSHIP
[14] leadROE	0.128*** (0.000)	0.337*** (0.000)	0.015 (0.471)	0.048** (0.014)	-0.010 (0.623)	-0.015 (0.450)
[15] leadMTB	0.129*** (0.000)	-0.065*** (0.001)	0.658*** (0.000)	-0.004 (0.862)	-0.076*** (0.000)	-0.056*** (0.005)
[16] lagMTB	0.104*** (0.000)	0.015 (0.464)	0.658*** (0.000)	0.033 (0.108)	-0.067*** (0.001)	-0.047** (0.022)
[17] lagROE	0.169*** (0.000)	0.335*** (0.000)	-0.066*** (0.001)	0.043** (0.029)	0.006 (0.755)	-0.011 (0.570)
[18] lagROA	0.515*** (0.000)	0.127*** (0.000)	0.125*** (0.000)	0.048** (0.014)	0.032 (0.103)	0.011 (0.589)

	[7] BSIZE	[8] INDCOM	[9] FSIZE	[10] DER	[11] BIG4	[12] FAGE
[7] BSIZE	1.000					
[8] INDCOM	-0.236*** (0.000)	1.000				
[9] FSIZE	-0.105*** (0.000)	-0.083*** (0.000)	1.000			
[10] DER	0.132*** (0.000)	0.013 (0.466)	-0.060*** (0.001)	1.000		
[11] BIG4	0.360*** (0.000)	-0.098*** (0.000)	-0.149*** (0.000)	0.052*** (0.004)	1.000	
[12] FAGE	0.297*** (0.000)	-0.101*** (0.000)	0.004 (0.824)	0.044** (0.013)	0.144*** (0.000)	1.000
[13] leadROA	0.168*** (0.000)	-0.023 (0.235)	-0.105*** (0.000)	-0.027 (0.175)	0.185*** (0.000)	0.098*** (0.000)
[14] leadROE	0.076*** (0.000)	0.001 (0.979)	-0.053*** (0.007)	-0.171*** (0.000)	0.110*** (0.000)	0.061*** (0.002)
[15] leadMTB	-0.003 (0.885)	0.062*** (0.002)	0.023 (0.250)	0.111*** (0.000)	0.049** (0.015)	-0.026 (0.203)
[16] lagMTB	0.001 (0.966)	0.084*** (0.000)	0.033 (0.108)	0.096*** (0.000)	0.042** (0.040)	-0.034* (0.096)
[17] lagROE	0.090*** (0.000)	0.012 (0.530)	0.014 (0.490)	-0.215*** (0.000)	0.117*** (0.000)	0.060*** (0.002)
[18] lagROA	0.191*** (0.000)	-0.019 (0.332)	0.008 (0.695)	0.033* (0.091)	0.193*** (0.000)	0.110*** (0.000)

	[13] leadROA	[14] leadROE	[15] leadMTB	[16] lagMTB	[17] lagROE	[18] lagROA
[13] leadROA	1.000					
[14] leadROE	0.178*** (0.000)	1.000				
[15] leadMTB	0.110*** (0.000)	-0.187*** (0.000)	1.000			
[16] lagMTB	0.085*** (0.000)	0.037 (0.102)	0.413*** (0.000)	1.000		
[17] lagROE	0.123*** (0.000)	0.137*** (0.000)	-0.044** (0.049)	-0.147*** (0.000)	1.000	
[18] lagROA	0.415*** (0.000)	0.037* (0.093)	0.128*** (0.000)	0.131*** (0.000)	0.190*** (0.000)	1.000

Notes: p-values in parentheses; \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01

Source: Processed by STATA application

**Table 6. Independent Sample T-test of CEO Narcissism**

	CEO Narcissism		Coef	t-value
	Low CEO Narcissism	High CEO Narcissism		
lagROA	0.022	0.035	-0.013**	-2.083
lagROE	0.019	0.045	-0.026*	-1.758
lagMTB	1.917	2.002	-0.085	-0.603
ROA	0.016	0.044	-0.028***	-5.204
ROE	0.010	0.069	-0.059***	-4.321
MTB	1.953	2.023	-0.069	-0.526
leadROA	0.018	0.036	-0.019***	-3.084
leadROE	0.014	0.048	-0.034**	-2.254
leadMTB	2.012	1.939	0.074	0.515
BSIZE	8.088	9.335	-1.247***	-10.261
INDCOM	-0.635	-0.664	0.029**	2.333
FSIZE	2.471	2.470	0.001	0.038
DER	1.377	1.925	-0.548***	-4.624
BIG4	0.263	0.383	-0.120***	-7.212
FAGE	33.596	34.311	-0.715	-1.251

Notes: t-statistics in parentheses; \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$   
 Source: Processed by STATA application

**Main Regression**

Table 6 shows Independent Sample T-test results comparing firm performance. The results show that firm performance is lower in firms with low CEO narcissism. This difference is significant for the ROA and ROE proxies only, while for MTB, it is not significant for the historical, current, and future performance, respectively.

Table 7 shows the impact of CEO narcissism on historical firm performance. The results reveal that CEO narcissism does not significantly influence lagROA and lagMTB, while its effect on lagROE is minimal and only marginally significant. This pattern can be attributed to the distinct characteristics of each performance metric. LagROA, which measures operational efficiency, may not be immediately impacted by the bold and high-profile strategies of narcissistic CEOs, as these initiatives often involve significant upfront costs or inefficiencies that dilute short-term gains (Naaman and Sun 2022; Yook and Lee 2020). Similarly, lagMTB which reflects market expectations and perceptions of growth potential, appears unaffected in historical contexts, as narcissistic actions might not directly translate into

immediate improvements in investor confidence or market valuation (Chen, Zhang, and Jia 2021; Cragun, Olsen, and Wright 2020).

In contrast, the marginally significant relationship between CEO narcissism and lagROE suggests that narcissistic CEOs may implement strategies that marginally enhance shareholder returns, such as aggressive dividend policies or financial restructuring. These actions align with narcissistic traits such as a desire for recognition and bold decision-making, which may create visible benefits for shareholders in the short term (Kim and Jang 2021; Zulfikar et al. 2021).

Table 8 shows the relationship between CEO narcissism on firm performance. CEO narcissism has a positive significant impact on ROA and ROE at the level of 1% (coeff = 0.011 and 0.034,  $t = 4.957$  and  $6.751$ , respectively) which means that if the CEO narcissism increases, it contributes to higher operational and financial efficiency, reflected in the firm's profitability (ROA) and equity returns (ROE). This finding is consistent with the upper-echelon theory proposed by Hambrick and Mason (1984) and research by Burkhard et al. (2023), which suggests that narcissistic CEOs possess

significant ambitions and determination to achieve company goals.

These results demonstrate how CEO narcissism influences firm performance through bold strategic decisions. Furthermore, according to [Kim and Jang \(2021\)](#), the ability to act quickly and adapt can drive CEOs to maximize opportunities. Narcissistic CEOs might also possess the skill to speak publicly and sell their vision persuasively, aiding in winning over customers and attracting new investments, hence CEO narcissism has a significant effect on firm performance. Supported by previous research by [Rizka and Handoko \(2020\)](#), narcissistic CEOs tend to be more daring in taking risks, more easily acquire external funding, and are more effective in motivating employees. Narcissistic CEOs also tend to be more confident and more likely to make bold decisions oriented toward company growth. [Saini and Singh \(2023\)](#) further suggested that confident CEOs in India tend to have strong beliefs in their abilities and make decisive investment decisions.

However, CEO narcissism does not show a significant impact on MTB (coeff = -0.002, t = -0.034). This indicates that while CEO narcissism may improve operational and financial performance in the short term, it might not substantially influence market-based valuation metrics, such as MTB, which depend on long-term market expectations. This finding could reflect investors' scepticism toward the sustainability of the aggressive and bold decisions driven by narcissistic CEOs.

Table 9 shows that CEO narcissism positively affects future ROA and ROE but has no impact on future MTB. The positive relationship with leadROA suggests that narcissistic CEOs implement bold and innovative strategies that enhance operational efficiency, leading to improved asset utilization in the subsequent period ([Kim and Jang 2021](#); [Naaman and Sun 2022](#)). Similarly, the significant impact on leadROE indicates that narcissistic CEOs prioritize decisions that maximize

shareholder returns, such as equity-driven strategies and high-impact investments, aligning with their desire for recognition and visible success ([Zulfikar et al. 2021](#); [Saini and Singh 2023](#)). Conversely, the lack of a significant relationship with leadMTB suggests that market expectations and perceptions of growth potential may not immediately reflect the strategic initiatives of narcissistic CEOs. Activities such as CSR, often pursued to enhance societal image, contribute to long-term stakeholder trust but may not directly translate into immediate market valuation improvements ([Hussain et al. 2023](#); [Chen, Zhang, and Jia 2021](#)).

### **Robustness Analysis using Coarsened Exact Matching (CEM)**

Finally, Table 10 presents the results of the Coarsened Exact Matching (CEM) test analysis to verify the models of this study remain consistent and answer the problem of endogeneity. This test was carried out by breaking the control variable into three strata by grouping them based on the characteristics of the independent variable. Panel A shows a summary of the observations. It can be seen that 1,306 observations of the 1,307 observations were from narcissistic CEO company, while 1,840 of 1,844 were otherwise. Panel B shows the results of the CEM regression. The results are robust and strengthen the results of the main analysis. This indicates that CEO narcissism has a significant positive impact on ROA and ROE firm performance.

### **Additional Analysis**

The additional analysis was conducted to explore the moderating effects of CEO tenure, CEO ownership, and board size on the relationship between CEO narcissism and firm performance, and to address the limitations in the main analysis. Prior studies highlight that these factors can significantly influence how CEO traits affect organizational outcomes, as longer tenure may lead to risk aversion, higher ownership can increase control, and board size can impact decision-making dynamics ([Lin, Lin,](#)

[and Fang 2020; Shabbir and Kousar 2019](#)). This additional analysis is provided to give more comprehensive understanding of the dynamics between CEO narcissism and firm performance while addressing gaps in previous research that lacked a focus on these governance-related factors.

Table 11 shows the regression result moderation of CEO tenure. CEO tenure has shown weaken effect on the relationship between CEO narcissism and firm performance (ROA and ROE) at the level of 1% (coeff = -0.001 and -0.004, t = -2.176 and -2.583). This result is consistent with research by [Lin et al. \(2020\)](#) which explains that CEO narcissism has a negative effect on firm performance as CEO tenure increases. Narcissistic CEOs with longer tenures will negatively impact firm performance. This result is also supported by [Naaman and](#)

[Sun \(2022\)](#) who stated that extended leadership tends to make CEOs less confident and reduces long-term company performance, especially in terms of innovation. It causes the company to be less open to external input and less responsive to new market and business trends. This is because longer CEO Tenure will lead to a lack of innovation and strategy to avoid risks.

Previous research by [Sewpersadh \(2019\)](#) showed a significant negative effect of CEO tenure on the relationship between CEO narcissism and firm performance, as narcissistic CEOs with long tenures tend to lack innovation and strategy in risk avoidance. The dependence of CEOs on their past success experiences tends to lead to a decline in company performance. This result indicates that it is important to look at CEO narcissism from the level of CEO tenure on company performance.

**Table 7. Regression Result CEO Narcissism to Historical Firm Performance**

Variables	(1) lagROA	(2) lagROE	(3) lagMTB
CEONARCISSISM	0.001 (0.279)	0.011* (1.845)	0.081 (1.393)
BSIZE	0.006*** (5.668)	0.008*** (3.194)	0.006 (0.278)
INDCOM	0.011 (1.189)	0.041* (1.873)	0.844*** (3.978)
FSIZE	0.019 (1.388)	-0.013 (-0.386)	0.515 (1.595)
DER	0.000 (0.349)	-0.027*** (-12.205)	0.108*** (5.085)
BIG4	0.051*** (6.986)	0.077*** (4.517)	0.361** (2.179)
FAGE	0.000 (1.565)	0.001 (1.599)	-0.010** (-2.073)
_cons	-0.112*** (-2.790)	-0.021 (-0.217)	0.290 (0.316)
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
r2	0.085	0.087	0.046
r2_a	0.078	0.080	0.038
N	2615	2605	2399

Notes: t-statistics in parentheses; \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01

Source: Processed by STATA application

**Table 8. Regression Result CEO Narcissism to Firm Performance**

	(1) ROA	(2) ROE	(3) MTB
CEONARCISSISM	0.011*** (4.957)	0.034*** (6.751)	-0.002 (-0.034)
BSIZE	0.004*** (4.845)	0.009*** (4.282)	-0.004 (-0.203)
INDCOM	0.011 (1.328)	0.049** (2.565)	0.740*** (3.804)
FSIZE	0.002 (0.178)	-0.060** (-2.174)	0.804*** (2.824)
DER	-0.001 (-0.980)	-0.051*** (-26.880)	0.302*** (15.605)
BIG4	0.042*** (6.770)	0.066*** (4.598)	0.460*** (3.125)
FAGE	0.000 (1.568)	0.001* (1.900)	-0.009** (-2.132)
_cons	-0.086** (-2.468)	0.004 (0.049)	-0.230 (-0.282)
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
r2	0.081	0.219	0.107
r2_a	0.075	0.214	0.101
N	3141	3131	2924

Notes: t-statistics in parentheses; \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01

Source: Processed by STATA application

**Table 9. Regression Result CEO Narcissism to Future Firm Performance**

	(1) leadROA	(2) leadROE	(3) leadMTB
CEONARCISSISM	0.007*** (2.934)	0.012** (2.067)	-0.031 (-0.555)
BSIZE	0.004*** (4.304)	0.005** (2.034)	0.011 (0.452)
INDCOM	0.015* (1.656)	0.042* (1.812)	0.777*** (3.535)
FSIZE	-0.028** (-2.168)	-0.048 (-1.457)	0.754** (2.388)
DER	-0.003*** (-2.901)	-0.023*** (-9.871)	0.144*** (6.442)
BIG4	0.040*** (5.862)	0.074*** (4.274)	0.482*** (2.915)
FAGE	0.000 (1.010)	0.001 (1.564)	-0.007 (-1.514)
_cons	0.001 (0.030)	0.044 (0.465)	-0.010 (-0.011)
Industry FE	Yes	Yes	Yes

Year FE	Yes	Yes	Yes
r2	0.079	0.065	0.046
r2_a	0.071	0.058	0.038
N	2617	2610	2454

Notes: t-statistics in parentheses; \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01  
 Source: Processed by STATA application

**Table 10. Regression Result CEO Narcissism to Firm Performance Using CEM**

Panel A: matching summary			
	Narcissism = 0	Narcissism = 1	
All	1844	1307	
Matched	1840	1306	
Unmatched	4	1	
Panel B: regression result			
	(1) ROA	(2) ROE	(3) MTB
CEONARCISSISM	0.011*** (4.953)	0.034*** (6.790)	-0.003 (-0.060)
BSIZE	0.004*** (4.885)	0.009*** (4.281)	-0.004 (-0.174)
INDCOM	0.011 (1.354)	0.048** (2.508)	0.750*** (3.848)
FSIZE	0.002 (0.205)	-0.061** (-2.190)	0.812*** (2.851)
DER	-0.001 (-0.969)	-0.051*** (-26.914)	0.303*** (15.627)
BIG4	0.042*** (6.776)	0.066*** (4.602)	0.460*** (3.127)
FAGE	0.000 (1.584)	0.001* (1.814)	-0.009** (-2.066)
_cons	-0.087** (-2.499)	0.005 (0.059)	-0.253 (-0.309)
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
r2	0.081	0.219	0.107
r2_a	0.075	0.214	0.101
N	3139	3129	2922

Notes: t-statistics in parentheses; \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01  
 Source: Processed by STATA application

Table 12 shows that CEO ownership does not moderate the relationship between CEO narcissism and firm performance (coeff = -0.119, -0.131, 2.790; t = -1.318, -0.633, 1.337). This contradicts agency theory, which suggests CEO ownership reduces conflicts of interest between CEOs and shareholders. CEO ownership is considered vital because it can

reduce these conflicts of interest by creating incentives aligned (Assenga, Aly, and Hussainey 2018). When a CEO owns shares in the company, the success of the company will directly impact the value of their shares. Thus, the CEO has an additional motivation to make decisions that support the growth and sustainability of the company (Saha, Kabir, and

[Chowdhury 2023](#)). The results of CEO ownership that cannot moderate the relationship may be due to internal factors of the company and the CEO. Under certain circumstances, CEOs themselves hold too much responsibility, so regardless of high or low CEO ownership, narcissistic CEOs remain narcissistic by designing innovative plans and competing outside by taking risks. Decisions made by narcissistic CEOs are not affected by negative external impacts ([Shabbir and Kousar 2019](#)).

Table 13 shows the regression result moderation of board size. The result shows that board size cannot moderate the relationship between CEO narcissism and firm performance (coeff = -0.001, -0.001 and -0.006, t = -1.400, -0.736 and 0.314). This finding contradicts the

research conducted by [Rizka and Handoko \(2020\)](#) who stated that board members can prevent CEOs from making decisions solely for their own benefit.

However, in this study, board size has no significant effect because narcissistic CEOs believe their decisions are always correct. This can lead to CEOs not accepting advice from director's board members. Strongly narcissistic CEOs may render the board ineffective in moderating the relationship between CEO narcissism and firm performance. The appointment of the board might only be used to comply with regulations or formalities, without giving adequate attention to the importance of independent supervision.

**Table 11. Regression Result Moderation of CEO Tenure**

	(1) ROA	(2) ROA	(3) ROA	(4) ROE	(5) ROE	(6) ROE	(7) MTB	(8) MTB	(9) MTB
NARC_TEN			-0.001** (-2.176)			-0.004*** (-2.583)			-0.007 (-0.529)
CEOTENURE		0.001** (2.246)	0.001*** (3.044)		0.001 (1.232)	0.002** (2.380)		-0.038*** (-5.186)	-0.036*** (-4.172)
CEONARCISSISM	0.011*** (4.957)	0.011*** (5.116)	0.015*** (5.399)	0.034*** (6.751)	0.034*** (6.826)	0.044*** (7.014)	-0.002 (-0.034)	-0.018 (-0.354)	0.002 (0.034)
BSIZE	0.004*** (4.845)	0.004*** (4.885)	0.004*** (4.797)	0.009*** (4.282)	0.009*** (4.303)	0.009*** (4.201)	-0.004 (-0.203)	-0.007 (-0.309)	-0.007 (-0.332)
INDCOM	0.011 (1.328)	0.011 (1.340)	0.011 (1.336)	0.049** (2.565)	0.049** (2.571)	0.049** (2.567)	0.740*** (3.804)	0.734*** (3.791)	0.733*** (3.787)
FSIZE	0.002 (0.178)	0.001 (0.101)	0.000 (0.037)	-0.060** (-2.174)	-0.061** (-2.214)	-0.064** (-2.292)	0.804*** (2.824)	0.860*** (3.031)	0.855*** (3.012)
DER	-0.001 (-0.980)	-0.001 (-1.053)	-0.001 (-1.103)	-0.051*** (-26.880)	-0.051*** (-26.908)	-0.051*** (-26.983)	0.302*** (15.605)	0.305*** (15.840)	0.305*** (15.817)
BIG4	0.042*** (6.770)	0.043*** (6.936)	0.043*** (6.920)	0.066*** (4.598)	0.068*** (4.685)	0.067*** (4.665)	0.460*** (3.125)	0.392*** (2.666)	0.391*** (2.661)
FAGE	0.000 (1.568)	0.000 (1.447)	0.000 (1.409)	0.001* (1.900)	0.001* (1.833)	0.001* (1.787)	-0.009** (-2.132)	-0.008* (-1.862)	-0.008* (-1.869)
_cons	-0.086** (-2.468)	-0.088** (-2.550)	-0.100*** (-2.844)	0.004 (0.049)	0.000 (0.004)	-0.030 (-0.377)	-0.230 (-0.282)	-0.103 (-0.126)	-0.166 (-0.202)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
r2	0.081	0.083	0.084	0.219	0.219	0.221	0.107	0.115	0.115
r2_a	0.075	0.076	0.077	0.214	0.214	0.215	0.101	0.109	0.108
N	3141	3141	3141	3131	3131	3131	2924	2924	2924

Notes: t-statistics in parentheses; \*p < 0.1, \*\*p < 0.05, \*\*\*p < 0.01

Source: Processed by STATA application

**Table 12. Regression Result Moderation of CEO Ownership**

	(1) ROA	(2) ROA	(3) ROA	(4) ROE	(5) ROE	(6) ROE	(7) MTB	(8) MTB	(9) MTB
NARC_OW N			-0.119			-0.131			2.790
			(-1.318)			(-0.633)			(1.337)
CEOOWNE RSHIP		0.097**	0.135***		0.116	0.159		-	-
		(2.272)	(2.621)		(1.180)	(1.332)		3.164***	4.094***
CEONARCI SSISM	0.011***	0.011***	0.012***	0.034***	0.034***	0.035***	-0.002	-0.001	-0.019
	(4.957)	(4.983)	(5.155)	(6.751)	(6.764)	(6.703)	(-0.034)	(-0.023)	(-0.359)
BSIZE	0.004***	0.004***	0.004***	0.009***	0.009***	0.009***	-0.004	-0.009	-0.008
	(4.845)	(4.975)	(4.914)	(4.282)	(4.345)	(4.314)	(-0.203)	(-0.410)	(-0.354)
INDCOM	0.011	0.012	0.011	0.049**	0.050***	0.049***	0.740***	0.714***	0.719***
	(1.328)	(1.413)	(1.392)	(2.565)	(2.607)	(2.596)	(3.804)	(3.676)	(3.697)
FSIZE	0.002	0.002	0.002	-0.060**	-0.061**	-0.061**	0.804***	0.824***	0.821***
	(0.178)	(0.137)	(0.153)	(-2.174)	(-2.194)	(-2.187)	(2.824)	(2.896)	(2.887)
DER	-0.001	-0.001	-0.001	-0.051***	-0.051***	-0.051***	0.302***	0.304***	0.304***
	(-0.980)	(-1.056)	(-1.075)	(-26.880)	(-26.906)	(-26.910)	(15.605)	(15.727)	(15.753)
BIG4	0.042***	0.043***	0.043***	0.066***	0.067***	0.067***	0.460***	0.440***	0.439***
	(6.770)	(6.861)	(6.867)	(4.598)	(4.643)	(4.645)	(3.125)	(2.992)	(2.987)
FAGE	0.000	0.000	0.000	0.001*	0.001*	0.001*	-0.009**	-0.009**	-0.009**
	(1.568)	(1.616)	(1.619)	(1.900)	(1.925)	(1.926)	(-2.132)	(-2.175)	(-2.172)
_cons	-0.086**	-0.087**	-	0.004	0.002	-0.001	-0.230	-0.184	-0.132
	(-2.468)	(-2.524)	0.090***	(0.049)	(0.020)	(-0.013)	(-0.282)	(-0.226)	(-0.162)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
r2	0.081	0.083	0.083	0.219	0.219	0.219	0.107	0.110	0.110
r2_a	0.075	0.076	0.077	0.214	0.214	0.214	0.101	0.103	0.104
N	3141	3141	3141	3131	3131	3131	2924	2924	2924

Notes: *t*-statistics in parentheses; \**p* < 0.1, \*\**p* < 0.05, \*\*\**p* < 0.01

Source: Processed by STATA application

**Table 13. Regression Result Moderation of Board Size**

	(1) ROA	(2) ROA	(3) ROE	(4) ROE	(5) MTB	(6) MTB
NARC_BS			-0.001			-0.006
			(-1.400)			(-0.314)
CEONARCISSISM	0.011***	0.014***	0.034***	0.038***	-0.002	0.017
	(4.957)	(4.301)	(6.751)	(4.974)	(-0.034)	(0.213)
BSIZE	0.004***	0.005***	0.009***	0.010***	-0.004	-0.001
	(4.845)	(5.007)	(4.282)	(4.228)	(-0.203)	(-0.064)
INDCOM	0.011	0.012	0.049**	0.050***	0.740***	0.746***
	(1.328)	(1.460)	(2.565)	(2.625)	(3.804)	(3.816)
FSIZE	0.002	0.001	-0.060**	-0.061**	0.804***	0.799***
	(0.178)	(0.111)	(-2.174)	(-2.206)	(2.824)	(2.802)
DER	-0.001	-0.001	-0.051***	-0.051***	0.302***	0.302***
	(-0.980)	(-0.990)	(-26.880)	(-26.882)	(15.605)	(15.600)
BIG4	0.042***	0.042***	0.066***	0.066***	0.460***	0.460***
	(6.770)	(6.777)	(4.598)	(4.601)	(3.125)	(3.125)
FAGE	0.000	0.000	0.001*	0.001*	-0.009**	-0.009**
	(1.568)	(1.585)	(1.900)	(1.908)	(-2.132)	(-2.130)



	(1)	(2)	(3)	(4)	(5)	(6)
	ROA	ROA	ROE	ROE	MTB	MTB
_cons	-0.086** (-2.468)	-0.097*** (-2.718)	0.004 (0.049)	-0.009 (-0.116)	-0.230 (-0.282)	-0.286 (-0.342)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
r2	0.081	0.082	0.219	0.219	0.107	0.107
r2_a	0.075	0.075	0.214	0.214	0.101	0.100
N	3141	3141	3131	3131	2924	2924

**Notes:** *t*-statistics in parentheses; \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$   
**Source:** Processed by STATA application

## CONCLUSION

This study analyzed the impact between CEO narcissism and long-term firm performance. We found that CEO narcissism has a significant positive impact on current and future firm performance. This is because narcissistic CEOs tend to be more daring in taking risks, obtaining external funding more easily, and effectively motivating employees. Narcissistic CEOs also tend to be more confident and inclined to make bold decisions oriented toward company growth. Furthermore, we used a robustness test and additional analysis test to confirm the main results and hypothesis. The results of the robustness test show results that strengthen the results of the main analysis where CEO narcissism has a significant positive impact on ROA and ROE firm performance. In additional analysis, we examined the moderating effect of CEO tenure, CEO ownership, and board size on the relationship between CEO narcissism and firm performance. CEO tenure weakens the association between CEO narcissism and firm performance. Meanwhile, CEO ownership and board size do not moderate the relationship.

Overall, this study makes the following contributions: (1) for academics, this research advances the understanding of the upper echelons theory by providing empirical evidence of how CEO narcissism affects historical, current, and future firm performance in the Indonesian context; (2) for policymakers, this research findings emphasize the need for policies that strengthen the supervisory roles of independent directors and commissioners.

Policies should ensure balanced governance structures to mitigate the potential risks associated with overly dominant CEOs, particularly those with high narcissistic tendencies, while leveraging their strategic vision to drive performance; (3) for management, this study underscores the importance of carefully evaluating the traits of CEOs during recruitment and succession planning. Organizations should develop frameworks to harness the positive aspects of narcissistic CEOs, such as innovation and bold decision-making, while mitigating their potential risks, such as excessive self-promotion and short-term focus. This can be achieved through structured board oversight and performance monitoring mechanisms.

This study has limitations that may disrupt the research results as well as act as a direction for future research, including: (1) the measurement of CEO's narcissism in this study is confined to the utilization of the CEO's photo from the annual report. This approach, while providing a visual indicator, may not capture the entirety of CEO narcissism. Relying solely on visual representation limits the depth and comprehensiveness of the narcissism measurement. Future research could consider including additional methods, such as behavioral assessments or self-report surveys of narcissism in individual CEOs. Assessments or surveys are a big challenge, so this study could not include such measurements. Future research is expected to consider such methods so as to provide a more comprehensive and precise understanding of the influence of CEO

narcissism. (2). Follow-up studies could attempt to identify a causal relationship between levels of CEO narcissism and firm performance. The research can ask whether the CEO narcissism cause changes in firm performance or whether the poor firm performance cause CEOs to become more narcissistic. Research could look

for mediating mechanisms such as corporate risk-taking variables and organizational culture that link CEO narcissism to corporate performance. Follow-up studies could also explore the long-term impact of CEO narcissism on firm performance.

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