



the center for ethics

“When the healthy pursuit of self-interest and self-realization turns into self-absorption, other people can lose their intrinsic value in our eyes and become mere means to the fulfillment of our needs and desires.”

— P.M. Forni, *The Civility Solution: What to Do When People Are Rude*

NARCISSISM AND NARCISSISTIC TRAITS

by Dan Verreault, Ph.D., Associate Professor, Accounting and Director, Center for Ethics



Dan Verreault, Ph.D.

Immanuel Kant would recognize in the quote from P.M. Forni a condemnation as an essentially unethical breach of duty in treating others “merely as means” whether that treatment comes from the narcissistic need for self-reinforcement, from greed or from some other cause. Forni also recognizes the “healthy pursuit of self-interest and self-realization.” Despite some controversy over measurement and the lack of cohort-based studies, we can be fairly certain that levels of narcissism in young people of college age have increased over the past thirty years.

A rough causal model might be as follows: Increase in Individualism + Decline in Social/Societal Bonds + Effects of the Self-Esteem Movement + Parental Coddling + Rise of Celebrity Culture + Technological Entrapments + Abundant Consumer Goods + Prosperity + Genetics = Rise in Narcissism.

What should we do about it? Building back societal bonds and strength of community would

likely help. Toning down the focus on the uniqueness and perfection of each individual would work in the same direction. More understanding of the difficult conditions of others may give more well off young people a different perspective. A change in each element in the equation, save genetics, could affect the level of narcissism in young people.

Narcissism as a personality disorder is composed of a bundle of traits, which are harmful at high levels. Harmful in this sense means that the individual is compromised in terms of social, family, or work functioning and others may be harmed by that person’s acts. Not all traits in the disorder may be present even in the diagnosed NPD population. Great care should be taken when inferring that all traits are present based on the subjective observation of one particular trait or one overall score on an instrument. It is likely not the best course to counsel that narcissistic traits can be helpful, for example, because you will be more “self-confident”. Is it not better to be self-confident based on training and preparation?

We hope that you enjoy this issue!

SELF-CONFIDENCE VERSUS NARCISSISM

by Deirdre Dixon, Ph.D., Assistant Professor, Management and Associate Director, TECO Energy Center for Leadership



Deirdre Dixon, Ph.D.

My time in Middle East combat zones led me to become interested in studying decision making in crisis situations. Today’s society seems more turbulent than the past. Crises

— circumstances that can lead to dangerous or unstable situations — affect individuals, communities and societies. Crises can be at the personal level (such as health emergencies of

family or self); at the community level (in corporate management or within the neighborhood); or at the societal level (terrorism, country conflicts). These critical events, characterized by their high stakes and little time to make decisions, can be challenging for leaders. Because crises can be all around us at various levels, research in crisis leadership is important to understand (Deirdre Dixon, Weeks, Boland, & Perelli, 2011).

Leadership in Crises

In extremis leadership, or leadership when the leader’s life is in danger, is vital to understand when thinking about a specific



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type of crisis leadership. This niche of the leadership area traditionally focuses on soldiers, law enforcement officers and firefighters (D. Dixon, Boland, Gaskin, Perelli, & Weeks, 2013). However, because leadership in crises situations involves people outside of their comfort zones, making critical life and death decisions for themselves and others, this article surveys research applicable to all forms and levels of leadership. Research suggests that leaders in dangerous situations who combine

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Self-Confidence versus Narcissism

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self-confidence with accurate “situational awareness” are more able to assess the circumstances and make better crisis decisions (Deirdre P. Dixon, Boland, Weeks, & Gaskin, 2015). This article specifically addresses self-confidence and accurate situational awareness, identifying how these factors differ from narcissism.

Self-Confidence

In crises situations, self-confidence shows up most frequently as an ability to exude calm and to control fear while accurately assessing a dangerous situation. A study of successful leaders in dangerous circumstances reveals that self-confidence was a necessary and vital characteristic of effective leadership. Self-confidence is necessary for effective leadership because it allows a leader to gain the trust of those who follow. Trust is essential to leadership because without it, leadership degenerates into mere domination through fear and intimidation. Domination, in contrast to leadership, offers only a short-term and transitory obedience, quickly overcome by self-preservation. In contrast, leadership attained through trust and willingness to obey is stronger and more effective.

Self-confidence must be tempered and combined with a dedication to the group’s survival and well-being. This type of self-confidence is characterized by the willingness of the leader to submit his or her own self-interest to the group’s benefit. In other words, a good leader must be willing to put his life on the line for the group’s benefit. My personal experiences in Iraq showed this to be true; I had to assume the same risks I asked of others by role modeling.

Situational Awareness

In addition to tempering self-confidence with self-sacrifice, a good leader also needs accurate situational awareness — the ability to identify and understand critical information and apply it to the future. Therefore, another vital component to effective leadership is “reading and understanding” the situation.

Research shows that effective leaders use others to help them gather data about the circumstances to improve their situation awareness (Dixon et al., 2013). Research also shows that more information and additional points of view are usually better in formulating plans. The key point in my discovery is that effective leadership requires a “give and take” between leaders and followers. A leader both directs and listens to subordinates simultaneously, such that there is a flow of information between them in a circular pattern (Dixon, Weeks, Boland, & Perelli, 2016). This “give and take” is necessary

for effective leadership not only because it improves communication, but also because it helps the leader to make better decisions with more accurate information.

Narcissism

Narcissism is over-interest in one’s self, an extreme selfishness with an idealized view of one’s own talents and a desire for recognition. The term originated from the Greek mythology, where Narcissus fell in love with his own image, which was reflected in a pool of water. Thus, a narcissist would have trouble listening to, understanding, or valuing another person’s point of view. In addition, a narcissist’s self-value and self-preservation would prohibit such a person from valuing the group over self. These characteristics would be deadly to effective in extremis leadership.

How Self-Confidence and Narcissism are Different

Self-confidence and narcissism, although rooted in the same idea of believing in yourself, differ in important respects. The narcissist requires affirmation from others, while the self-confident leader possesses internal self-confidence. Individuals with high self-confidence, also known as self-esteem, tolerate and benefit from situations where those around them are also confident. A self-confident leader is not threatened by others’ competence.

Narcissism, on the other hand, involves arrogance because the narcissist leader believes in only his view, and believes that his self-view is superior to all others. A narcissist is threatened by others’ competence and seeks to destroy or discredit other’s views, perceiving them to be a threat. Therefore, narcissists tend to be surrounded with sycophants – people who agree with the leader merely to curry favor. The narcissist, therefore, will not receive honest assessments or opinions, and anyone providing those would be removed. Narcissistic leaders tend to gather their own data, believing themselves to know best. They are further hindered by their inability to see another’s point of view or empathize with others. A narcissist

sees situations and people only through their own filters, which are narrow, limited and biased.

A leader who does not see the value of different perspectives and who does not seek others’ input will not be effective in the long-term. The failure of a narcissist to participate in the “give and take” of information severely limits a narcissist’s “situational awareness,” one of the most critical components of an effective leader.

A narcissistic leader will also fail to engender trust among his or her followers. Such a leader will be unable to submit his or her own interests to that of the greater good of the group. This inability to engender trust damages the narcissist’s ability to lead. At best, the narcissist will be followed by others possessing a sense of duty to authority or respect for the office that the narcissist holds. Such a position is not one of true leadership.

Conclusion

Lessons learned from in extremis leadership can be extrapolated to leaders in many organizational situations. Today’s tempestuous society makes it prudent for leaders to be ready for any type of crisis. Leaders who have self-confidence tempered with a willingness to sacrifice for the greater good will possess greater situational awareness, giving them a head start in responding in an effective manner. Narcissism has no place in leadership, especially during crises situations. The essence of good leadership is listening to differing perspectives from others to help the leader make sense of the situation.

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THE SYKES COLLEGE OF BUSINESS’ PROFESSIONAL EXPECTATIONS PARTNERSHIP IS NOW A DECADE OLD!

Congratulations to Lee Hoke, professor of economics, who can rightly be considered the father of the Sykes COB Professional Expectations Partnership (PEP). The PEP provides a series of expectations generated by students, and discussed and accepted by faculty, that guides interactions between students as well as faculty and students in our classrooms. The full story of PEP and the expectations are posted on the Center for Ethics website. No sign of narcissism here! www.ut.edu/centerforethics



Lee Hoke, Ph.D.
Professor, Economics

An Interview with Keith Campbell, One of the World's Leading Experts on Narcissism

by Dan Verreault, Ph.D.



W. Keith Campbell, Ph.D.

W. Keith Campbell, Ph.D., is a nationally recognized expert on narcissism, society and generational change. His work and lectures expose the rise of narcissism — and individualism more generally — and its influence on every level of society. Campbell is professor and chair of the Department of Psychology at the University of Georgia. His many publications include the popular book *The Narcissism Epidemic*. He also edited *The Handbook of Narcissism and Narcissistic Personality Disorder*, the definitive collection of research on narcissism.

Verreault: What spurred your interest in narcissism as a field of study?

Campbell: I became interested in narcissism as a field of research for a few reasons. In graduate school I was really interested in the phenomenon of self-enhancement. There was the idea that most people wanted to enhance themselves at the expense of others — that they would take credit from people that deserved it, I started looking at narcissism as a moderator of that effect and found that self-enhancement really wasn't a generalized phenomenon. It was a phenomenon that was limited to people who are more narcissistic. In fact, low narcissists were often other-enhancing. Another reason for my study of narcissism was my interest in more Buddhist and Taoist ideas of the self as empty or non-self. I wasn't smart enough to figure out how to study that so I ended up studying narcissism. Narcissism illustrates the bold, over-the-top, noisy self and uses that as a small window to see what the non-self, or at least quieter self, might look like. Finally, narcissism continues to be such an interesting topic because of emerging cultural forms. Social media, for example, made people very interested in narcissism — and it turns out narcissism and social media support each other. People wanted to understand why we were taking millions of photos of ourselves every day. Now it is leadership — I get asked about narcissism and leadership constantly. I'm lucky because I am able to study a trait that has been of long-lasting interest. On the other hand I wish that other traits like openness or compassion were of greater general interest because that would make the world more awesome.

Verreault: Much of the literature, both popular and scholarly, documents an increase in narcissism in younger people over the past 50 years. Can this be an artifact of the focus on measuring narcissism? If not, do you think that the trend is continuing?

Campbell: In terms of the increase of narcissism over time I believe the increase from the 1960s to the mid-2000s is pretty reliable. That is, I'm confident that there has been a change over that time period. The bigger question is what happened with the Great Recession, and I'm leaning towards the idea that narcissism it's actually trending back down. Several lines of research suggest that is the case — that with the collapse in opportunities and the job market people's narcissism has been somewhat constrained. I don't know if we will have a really solid answer to that question for a few years but I think that we are experiencing a turnaround.

Verreault: If you were limited to cite the three most important causes of increased narcissism in American culture, what would those causes be?

Campbell: If I think of three causes of increasing narcissism I would select the self-esteem movement which started really in the early 1970s and late 1960s for adults. Then in the 1980s we decided that self-esteem was good for children. Prior to the self-esteem movement there was really a focus on self-actualization. I think self-actualization was hard for people and self-esteem seemed more attainable and I think people thought reasonably that increasing self-esteem might help success in life. Second, I think the economic bubble which was really made possible by a few things: fiat currency and computers to keep track of the debt ledger that is the commodification of debt. All those things together allow people to live far beyond their means and society to depend on people living far beyond their means. I'm not saying that going back on the gold standard or abandoning Bretton Woods would somehow remove narcissism, but I do think there's a tie between those two things in the sense that that debt allows people to expand how they see themselves and how others perceive them. Finally, I think the democratization of fame has made a difference. There was the reality television idea that celebrity was within anyone's reach with a big enough personality. And then the early years of social media allowed people to promote themselves, and get attention for who they are. I think that promoted narcissism at a cultural level but I think that might be changing as well. With social media we are going to see some of the more negative effects in terms of social isolation and maybe anxiety emerging.

Verreault: High score levels on one of the narcissism instruments indicate a personality disorder called Narcissistic Personality Disorder or NPD. Some of the traits associated with the subtype grandiose narcissism may result in behaviors such as callously discarding a business associate, personal friend, or romantic interest based on lack of gratification of the narcissist's needs. Is it legitimate to call these actions unethical? If not, what role might ethics play in discussing narcissism and other disorders such as Machiavellianism or psychopathy?

Campbell: The link between narcissism and ethics is complex. People who are narcissistic, more callous and self-promoting put themselves before others. Obviously that decision process can lead to ethical problems. Research on presidents and business leaders illustrates that narcissism predicts a lot of ethical challenges. That said, I don't think narcissistic is the same as unethical. I believe that in the right context narcissism can be in the interest of ethical ends. If you can align the goals of self-enhancement and ethical goals so that by being self-enhancing people can also be ethical. One example of this was the ice bucket challenge that was a very popular and short-lived campaign to increase interest in ALS or Lou Gehrig's disease. People who are narcissistic actually participated more in that kind of behavior because it offered the opportunity to be self-promoting. So, I think it is important to consider narcissism as a risk for poor ethical decision-making but one that might be amenable to certain constraints or direction.

Verreault: Should recruiters be concerned about narcissism levels in their hiring process? If so, what should recruiters do?

Campbell: The issue of narcissism and hiring is challenging as well. We don't have any tools for assessing narcissism as part of a hiring process because of legal implications. However, there are some tools that get at traits linked to narcissism. I also think there are certain performance areas where some amount of narcissism might be helpful, especially areas that include public speaking or promotion, and even leadership. So, the key would be finding people with some of these narcissistic traits but where socially toxic outcomes are minimal, such as poor ethics or low engagement in activities that help the organization but not the individual directly. This also might mean introducing coaching or some sort of boundary setting for more narcissistic employees to align narcissistic and organizational goals. Unfortunately, if employee narcissism gets out of hand and the toxic interpersonal outcomes damage others in the organization, I would try some significant HR interventions and perhaps termination.

Verreault: Keith, your visit to UT was very well-received by all who attended your events. We wish you the best. Thank you.

RESEARCH INSIGHTS: THE EFFECTS OF EXECUTIVE-LEVEL NARCISSISM ON ORGANIZATIONS

by Robert Marley, Ph.D., Assistant
Professor, Accounting and Associate
Director, Center for Ethics



Robert Marley, Ph.D.

The simplest definition of a leader is somebody who others follow (Maccoby 2004). The question of whether narcissistic leaders are good or bad for organizations has been the subject of decades of academic research, providing insights that are interesting, unexpected — and frequently controversial. This article highlights the key findings from academic research studies that examine executive-level narcissism. A quick overview of narcissism and the characteristics associated with narcissistic personalities are discussed next.

The Narcissistic Personality

Narcissism is defined as an individual's inflated self-view. Narcissists tend to view themselves as "special," possessing a sense of entitlement that leads them to believe that others should admire them. At the same time, narcissists have difficulty empathizing with others, which leads them to pursue shallow, uncommitted relationships. To maintain their inflated sense of self, narcissists exploit opportunities for attention and admiration, often engaging in bragging, exaggeration, and mind-games (Campbell, Hoffman, Campbell, Marchisio 2011).

Why Narcissists Gravitate Towards Leadership Positions

Narcissists gravitate towards positions of leadership because such positions command respect, attention and offer power over others — attributes craved by narcissists. Aiding in their rise, narcissists are frequently selected for leadership positions because others misinterpret their confidence as competence, propelling them into positions of authority (Chamorro-Premuzic 2016). While societal levels of narcissism have been rising for decades, they have been especially pronounced among business leaders. In other words, it is more than coincidence that the rise of our celebrity culture has also given way to "celebrity CEOs" (Chamorro-Premuzic 2016). Thus, our society's growing admiration of celebrities, coupled with narcissists' powerful self-confidence and assertiveness, provides narcissists with a natural "leadership advantage" (Paulhaus 1998).

The Effects of Narcissistic Leadership on Investment and Innovation

Capital investment spending is directly related to levels of CEO narcissism. That is,

more narcissistic CEOs spend more money on long-term investments than less-narcissistic CEOs. While this might seem desirable, since capital investments should provide the organization with long-term benefits, research finds that capital investments made by narcissistic CEOs are less innovative, result in fewer patents and provide less return on assets than those made by non-narcissistic CEOs (Ham, Seybert, and

Wang 2013). These findings suggest that the elevated levels of capital spending made by narcissistic CEOs may largely be wasted on endeavors such as over-paying for acquisitions that do not work out as expected, research and development initiatives that do not yield innovative deliverables, or expanding into product and service lines that are not valued by the marketplace.

The Effects of Narcissistic Leadership on Accounting Practices, Financial Reporting and Share Price

While an in-depth discussion of earnings management is beyond the scope of this article, it suffices to say that earnings management is often perceived to be distasteful, potentially deceptive and even unethical. Earnings management is the practice of choosing an accounting method simply because it provides a favorable view of the organization's financial performance. However, earnings management is not illegal, nor is it fraudulent. With that caveat in mind, numerous studies demonstrate that executive narcissism is associated with earnings management (Ham, Lang, Seybert, and Wang 2013; Buckholz, Lopatta, and Maas 2017; Chatterjee and Hambrick 2007; Frino, Lim, Mollica, and Palumbo 2015). This may explain why companies led by narcissistic CEOs report higher earnings per share, more frequently beat stock analyst earnings expectations, and in turn, sport higher share prices than firms led by less narcissistic CEOs (Olsen, Dworkis, Young 2014). However, narcissistic CEOs are also more likely to delay reporting bad news and their firms are more likely to restate earnings (Ham, Lang, Seybert, and Wang 2013). Research also indicates that auditors perceive companies led by narcissistic CEOs to be riskier, thus charging them more to conduct financial statement audits (Judd, Olsen, and Stekelberg 2015).

The Effects of Narcissistic Leadership on Executive Compensation

While it may seem logical to expect executive pay to be linked to performance, research finds that more narcissistic leaders receive more pay than less narcissistic leaders (Ham, Seybert, and Wang 2013; Hales, Hobson,

and Resutek 2013). Although research does not fully explain why executives' level of narcissism is found to be related to pay, a suggested explanation is that because narcissists exaggerate their performance, they receive greater pay because they convince others that they have accomplished more than they actually have. Another suggested explanation is that because people often misinterpret confidence for competence, narcissistic leaders receive more pay because they display more confidence than non-narcissistic leaders.

The Effects of Narcissistic Leadership on Employees

While narcissistic executives may increase earnings per share and their company's share price in the short-term, they inflict serious damage upon an organization's employees — which are arguably a firm's most valuable assets. Narcissistic executives tend to be arrogant, self-centered, and entitled. These traits are the opposite of humility, which facilitates employee learning, retention, and job satisfaction (Owens, Johnson, and Mitchell 2013). Consequently, although it may take some time for employees to find positions elsewhere, narcissistic executives eventually repel talented employees. This may explain why firms led by narcissistic CEOs begin to under-perform those led by less narcissistic CEOs after approximately three years.

Summary

Narcissistic individuals seek (and often attain) leadership positions within organizations because their self-confidence is frequently misinterpreted as competence. While narcissistic leaders bring certain positive short-term benefits, such as higher earnings per share and higher stock prices, the long-term negative consequences outweigh the short-term benefits, as narcissistic leaders end up wasting money on low-performing capital investments and cause talented employees to depart, leading to high employee turnover. Maccoby (2004) notes that the negative long-term consequences of narcissistic leadership often cause both the narcissistic leader, and his organization, to self-destruct.

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FACULTY IN THE SPOTLIGHT

by Dan Verreault, Ph.D.

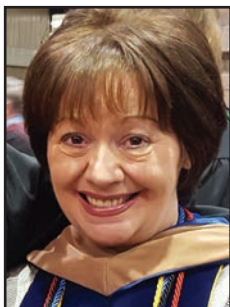
Teresa Pergola teaches the Ethics and Governance course in The University of Tampa's Master in Accounting program and has won numerous teaching and service awards. She is currently measuring narcissism and moral development in her classes over many semesters.

Verreault: What spurred your interest in narcissism?

Pergola: There were a lot of articles coming out about the potential damage that a high narcissism individual might do. We are training young people to someday take leadership roles in CPA and commercial firms. What if we had significant numbers of students with high scores? What would that mean to their job performance? It wasn't clear what we might find, but it seemed important to know.

Verreault: What did you find?

Pergola: We measured narcissism in eight sections over seven semesters. We used the NPI and the short version of the NPI. In general, we have low narcissism scores. Our demographics



Teresa Pergola, Ph.D.
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are strong in the percentage of women and international students. We do not have a worry about high narcissism scores, but wonder if some of our students are too self-effacing and may be subject to influence by high-narcissism managers. There is value in self-reflection and knowing where you stand on the scale. However, there is also value in understanding narcissism and its impact on accounting. For example, high narcissism in an audit client would contribute to client risk

and potentially change the decision to accept a client and/or extend the audit work to bring the risk to an acceptable level. It is also an important aspect of organizational culture, which is a strong determinant of ethical behavior.

Verreault: Have you ever encountered a narcissist in your teaching?

Pergola: Yes, and the experience was exactly as described in the AICPA white paper. Aggressive, manipulative, not respecting of personal space etc. I think I would rather work with the low narcissism students, for sure!

Verreault: Thank you for your support of the CFE events, and your contributions to ethics education.

STUDENT ETHICS AWARD

by Dan Verreault, Ph.D.

On Friday, April 14, The University of Tampa Center for Ethics recognized the contributions of Amjad AISheikh to the University and Tampa Bay communities at a luncheon in Binnicker Board Room. The Student Ethics Award annually recognizes a student's contributions in the classroom, through extra-curricular service and through engagement with the larger community. The honoree receives a plaque and a \$500 scholarship. AISheikh plans to enroll in the MBA program upon graduating with his International Business and Management degree. www.ut.edu/StudentEthicsAward

AISheikh gave this reflection on his award:

"I am honored to be the recipient of the 2017 Student Ethics Award from Sykes College of Business. I have had an outstanding experience at The University of Tampa over the last three years. I have thrived at UT because of its excellent professors and friendly campus culture. In particular, I would like to thank Dr. Natasha Vetlri, who taught me Management Information

Systems and nominated me for this award, and Dr. Mary Martinasek, who mentored me and gave me excellent advice while I was serving as student president of UT's Phi Kappa Phi chapter, the nation's oldest and most prestigious honor society. UT has given me many wonderful opportunities to excel in the classroom, to serve others in projects with Metropolitan Ministries, and to make friends that I hope to keep for a lifetime."



Student Ethics Award recipient, Amjad AISheikh (second from right), stands with COB leaders at the Student Ethics Award Luncheon

ETHICS IN THE NEWS

by Robert Marley, Ph.D.

- In response to a class-action lawsuit from customers suing the bank over the opening of unauthorized accounts, Wells Fargo has requested that a federal court order the lawsuit be resolved in private arbitration instead of court. Wells Fargo has already agreed to pay \$185 million in penalties and \$5 million to customers for opening up 2 million accounts in their name without their permission. Although customers agree to arbitration when they open an account at Wells Fargo, there is some question regarding whether the arbitration clause is binding when an unrelated account is opened without the customer's authorization. Wells Fargo has declined to comment on this motion.

- Uber has announced it will stop using Greyball, an electronic software application that was deployed to evade local regulators. When moving into a new city, Uber appointed a manager whose responsibility included trying to spot municipal law enforcement officers. Using a variety of techniques, Greyball would indicate that no cars were available or display a fake set of cars to individuals suspected of being enforcement officers. Uber says the use of Greyball was originally intended to protect drivers in some countries where taxi companies targeted and attacked new Uber drivers.

- Facebook has announced it will no longer give advertisers the ability to exclude specific races and ethnic groups from receiving ads on its social media site. Accordingly, advertisers will no longer be able to target or exclude different racial groups from advertisements featuring employment, credit offers or housing. Facebook's decision came shortly after it was the target of a lawsuit alleging the company's practices violated the Fair Housing Act and Title Eight of the Civil Rights Act of 1964.

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ETHICS SPEAKER SERIES

by Jessica Luce, Associate Editor

Spring Ethics Hot Seat: "An Evening with the Infiltrator" featuring Robert Mazur, known as the "Infiltrator" to law enforcement and Hollywood alike, shared his experiences undercover investigating drug cartels and dirty banks. Mazur infiltrated the Medellín Cartel and the Cali Cartel, two of the world's deadliest criminal organizations. He also infiltrated one of the largest banks in the world, gathering evidence leading to the bank's demise and the imprisonment of bank officials for money laundering. His book, *The Infiltrator*, was on the *New York Times* bestseller list and became a major motion picture released in 2016 (starring Bryan Cranston). Mazur runs a consulting business, provides expert witness testimony and speaks about money laundering and security. The event was held on March 16 in the Vaughn Center Crescent Club at The University of Tampa. www.ut.edu/centerforethics/speakerseries

Spring Ethical Leadership Speaker Series: "The HealthSouth Story: A Case of Malpractice and the Importance of Ethical Leadership"

featuring Weston Smith, Fraud Prevention and Ethics Advocate at ChalkLine Solutions Inc., shared his experience as a whistleblower in the HealthSouth financial statement fraud that ran for more than 15 years, with an earnings overstatement of more than \$3 billion. Smith voluntarily exposed the fraud and accepted the consequences of his actions. The event was co-sponsored with the TECO Energy Center for Leadership on March 28 in the Vaughn Center Board Room at The University of Tampa. www.ut.edu/cfl/speakerseries



Guest speaker, Weston Smith (second from left), stands with COB leaders at the Ethical Leadership Speaker Series

NOTES FROM THE BOARD

Thoughts on Ethics Hotlines

by Bill Geiger, Retired, formerly Corporate Counsel and Group VP-Compliance, Transamerica/AEGON

In a full page letter in USA Today, April 6, 2017, Timothy J. Sloan, the new CEO of Wells Fargo, discussed the considerable steps the bank has recently taken to strengthen the organization's integrity. His list includes: (a) "adding protections so anyone can feel safe reporting their concerns to our ethics line"; and (b) "expanding training for our managers and bankers, so they can better respond".

I couldn't agree more with Sloan. In my career as Corporate Counsel and Compliance Officer, I found that "feeling safe" and "training managers" are absolutely essential components to an effective ethics hotline. But they are easily overlooked or under-emphasized. To achieve "feeling safe", the organization must nurture a speak-up culture where individuals can "raise their voices" and believe their concerns will be listened to and taken seriously – without fear of retaliation from management or co-workers. More easily said than done... Proper training of managers on handling concerns of employees should include both the basics and the subtleties. The "basics" include: recognizing when an incident might involve an ethics or compliance issue; where and how to report

or escalate it; what to say to the employee; and what to do if you may be part of the problem. The subtleties for managers include: creating an open atmosphere and environment for reporting; appreciating the courage required to speak up; avoiding sending mixed messages; recognizing signals of retaliation against the employee from others; avoiding "shunning" the employee; and ensuring the ongoing safety of the employee's career.

As Sloan suggests, ethics hotlines will be highly effective where employees "feel safe" and managers are well trained.



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