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The Leadership Trap and Contextual Dynamics: A Mediated Moderation Model

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Abstract

This study examines narcissistic leadership (NL) as an antecedent to workplace status and psychological well-being, with workaholism as a mediator. While also exploring the moderating role of competitive climate (CC) within these relationships. This research adopts a self-reported, cross-sectional field study approach, used to collect data from 165 professionals across a diverse array of sectors in Pakistan. Psychometrically validated scales were used to meticulously measure NL, competitive climate, workaholism, workplace status, and psychological well-being. Workaholism emerged as a significant mediator, amplifying the positive relationship between NL and workplace status, enhancing professional recognition but simultaneously escalating psychological distress among employees. While the moderating role of CC was not significant it highlighted potential direction for future research. Organizations should address NL's adverse effects by promoting sustainable leadership practices and balancing competitiveness with employee well-being. Leadership development programs and regulated competition can foster innovation and long-term success. Rooted in social exchange theory, this study highlights workaholism as a pivotal mediator, linking narcissistic leadership to workplace status and psychological well-being. It inspires us towards sustainable leadership while offering practical strategies to balance competitiveness with innovation and employee well-being across diverse organizational contexts.

Keywords: Narcissistic leadership, Workaholism, Workplace status, Psychological well-being, Competitive climate.



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1. Introduction

In contemporary times, there has been a deeper dive pertaining to the concept of narcissism as a personality trait. A trait which is part of the 'Dark Triad', amongst Psychopathy and Machiavellianism. It has been explored in various organizational settings as well. For example, some research has also looked into a more sensitive relationship between narcissism and leadership as well (Falco et al., 2020). Narcissism is characterized by leaders who exhibit grandiosity, which is a grasping need for admiration, and a serious lack of empathy (Rosenthal & Pittinsky, 2006). Such leaders would give priority to their own self-interest. As well as their personal status, over that of their subordinates or the organization as a whole. Their behavior can significantly influence not only the well-being of others but also a whole plethora of various organizational outcomes, including employee behavior and overall dynamics within the workplace (Grijalva & Harms, 2014). The entire concept of narcissistic leadership has attracted sizeable attention in organizational psychology in the contemporary world. Latest research indicates that narcissistic leaders can have both a positive and negative effect on the organization (Campbell et al., 2011). On one spectrum their charismatic persona and confident nature may well drive innovation and decisiveness (Maccoby, 2000). While on the other side of the table this lack of empathy can lead to a very toxic work environment. Which can become the leading cause of heightened stress among employees. Ultimately resulting in a higher turnover rate (Braun et al., 2018). Multiple other studies have also explored this relationship. Suggesting that leaders with such insatiable apathy may foster a culture where excessive work is the new norm. This may potentially impact an employee's psychological well-being as well as perceived workplace status (Balducci et al., 2020). Whereas existing literature may have explored the direct effects of such leadership on organizations; I believe there is a need to understand the grass root mechanism through which these effects occur. To be more specific, I urge the essential need to investigate how narcissistic leadership influences workaholism among employees. Furthermore, how this in turn would affect their psychological well-being and perceived workplace status. It is also Important to mention that the role of a competitive climate as a moderating factor in these relationships remains underexplored (Falco et al., 2020). This study specifically aims to explore the relationship between narcissistic leadership and employee workaholism. It also investigates the mediating link of workaholism and the moderating link of competitive climate, in the relationship between narcissistic leadership and employee psychological well-being as well as workplace status. This research will play a huge role in further building the stronghold of the existing body of knowledge. Thus, strengthening the pathways of narcissistic leadership affects employee outcomes. Through the identification of workaholism as a mediator and competitive climate as a moderator, the study will provide a more in depth understanding of these lucid relationships. The findings will not only inform organizational policies and leadership development programs, but also mitigate the adverse effects of narcissistic leadership. Which will help in fostering healthier work environments for a brighter future of the corporate world.

2. Theory and Literature

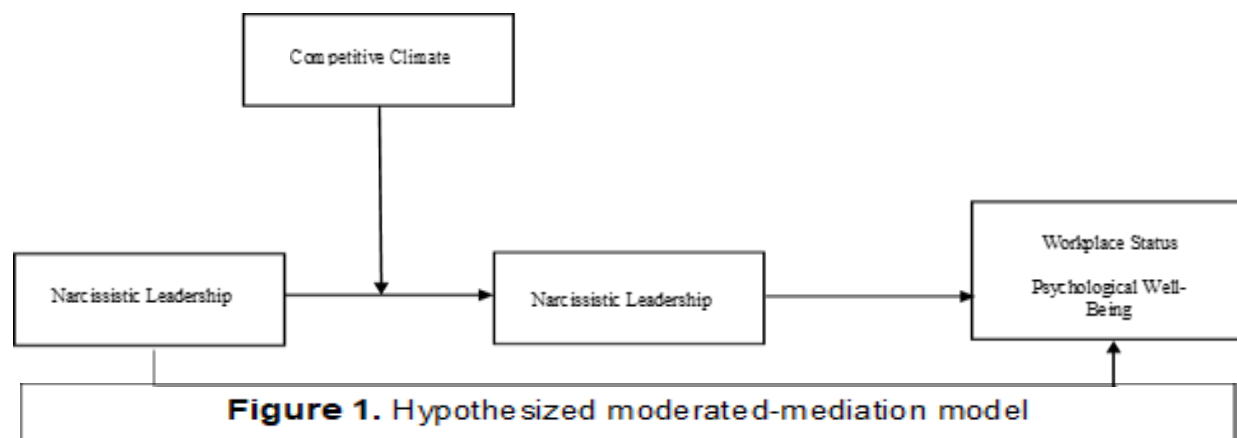
2.1. Social Exchange Theory

Linking Narcissistic Leadership to Employee Outcomes like workplace status and psychological well-being through Social Exchange Theory: Narcissistic leadership is characterized by grandiosity, dominance as well as a lack of empathy. This has profound and deep implications for employee psychological well-being as well as workplace status (Rosenthal & Pittinsky, 2006; Grijalva & Harms, 2014). The social exchange theory (SET) offers a wide framework in order to

understand these dynamics. Postulating that workplace relationships are built on a reciprocal exchange of resources, trust, and support (Blau, 1964). However, narcissistic leaders often disrupt this balance by prioritizing their own self-interest. This, in turn, undermines employee expectations of fairness and support. Creating an exploitative dynamic where employees feel compelled to meet unattainable demands. This is only possible to be achieved through workaholic behaviors, either in an attempt to gain approval or in other cases, to avoid criticism (Kashdan et al., 2023; Michel et al., 2012). These workaholic tendencies may on the one hand potentially increase workplace status through perceived dedication. But that comes at the expense of the psychological well-being of employees due to chronic stress (Schaufeli et al., 2022; Lichtenthaler & Fischbach, 2021). The mediating role of workaholism when aligned with the detrimental effects of a competitive climate, underscores the critical need for organizations to mitigate the adverse impacts of narcissistic leadership. Through the leveraging of SET, this study illuminates the necessity for leadership interventions; the likes that would promote more equitable and supportive workplace environments for employees.

2.2. The impact of narcissistic leadership on workplace status and employee psychological well-being

Narcissistic leadership can directly propagate how workplace status is distributed amongst employees. Workplace status specifically refers to an individual's perception of stature and influence. It is the level of respect which he/she receives within the hierarchy of an organization (Anderson et al., 2015). Narcissistic leaders would often assert their dominance and promote structures that are more hierarchical in nature. This would end up creating an environment where status is perceived as a reward for compliance and loyalty. Or in other settings, for exceptional performance (Nevicka et al., 2018).



Hypothesis 1a: Narcissistic Leadership Positively Affects Workplace Status.

While we explore the concept of ‘Social Dominance Theory’, which expands upon social strata’s that are formed upon through a status-based hierarchy. It might be plausible to say that narcissistic leaders are highly likely to elevate the employees who align with their values and goals. This is done by granting them higher workplace status in return as compensation (O’Reilly & Chatman, 2020). Employees may thus end up perceiving increased status as a direct outcome of fulfilling the leader’s expectations or in some way gaining their approval. Characterized by traits like self-entitlement and dominance; narcissistic leadership is a behavior ultimately arising from a lack of empathy (Maccoby, 2000). These behaviors more often than not would lead to the creation of toxic

workplace environments. Employees in such workplaces not only feel undervalued but overly scrutinized (Nevicka et al., 2018). Such leaders are often blamed for prioritizing their personal growth over the well-being of their subordinates. A situation which often results in mismanagement at the micro level and unrealistic expectations. All due to the climate of skewed and manipulative tactics created by narcissistic leadership (O'Reilly & Chatman, 2020).

Hypothesis 1b: *Narcissistic leadership negatively affects employee psychological well-being.*

The relationship between narcissistic leadership and psychological well-being can be explained through the lens of social exchange theory. Employees expect reciprocal respect and support from their leaders; however, narcissistic leaders often exploit employees, leading to emotional exhaustion and reduced morale (Kantabutra & Vimolratana, 2024). Studies have demonstrated that employees under narcissistic leaders report higher levels of stress, dissatisfaction, and turnover intentions, which are direct indicators of poor psychological well-being (Lichtenthaler & Fischbach, 2021). This theoretical connection forms the basis of H1b, which posits that narcissistic leadership negatively impacts employee psychological well-being.

2.3. Narcissistic leadership and workaholism

Workaholism, defined as a compulsive drive to work excessively and an inability to disconnect from work, is often influenced by workplace culture and leadership styles (Clark et al., 2016). Narcissistic leaders frequently set high and unrealistic expectations for their teams, driven by their desire to showcase exceptional performance and personal success (Kashdan et al., 2023). Employees, in turn, may feel compelled to meet these expectations, often sacrificing their work-life balance in the process. The connection between narcissistic leadership and workaholism can also be explained through self-determination theory. This theory posits that individuals' motivation to engage in certain behaviors stems from a desire to satisfy basic psychological needs, such as competence and relatedness. Under narcissistic leadership, employees may work compulsively to gain the leader's approval, enhance their perceived competence, or avoid criticism (Schaufeli et al., 2022). This drive fosters a workaholic culture, thereby forming the rationale for:

Hypothesis 2: *Narcissistic leadership is positively related to employee workaholism.*

2.4. The impact of workaholism on workplace status and employee psychological well-being

Employees who engage in workaholism often demonstrate behaviors such as long working hours, exceptional productivity, and unwavering dedication, which are typically rewarded with higher workplace status. Workaholism, defined as a compulsive drive to work excessively, aligns with organizational cultures that value extreme commitment and output (Schaufeli et al., 2022).

Hypothesis 3a: *Workaholism positively influences workplace status.*

From a signaling theory perspective, workaholism signals competence and reliability to peers and leaders, often resulting in increased recognition and elevated status (Clark et al., 2016). In organizational contexts where effort and commitment are key evaluative criteria, workaholism is positively correlated with perceived workplace status (Kashdan et al., 2023). Workaholism is a double-edged sword. While it may temporarily boost productivity, it often leads to significant psychological and physical consequences for employees. Excessive work behaviors driven by workaholism are associated with stress, burnout, and emotional exhaustion (Clark et al., 2016). Employees who engage in workaholic behaviors frequently experience a lack of recovery time, leading to chronic fatigue and a diminished sense of well-being (Lichtenthaler & Fischbach, 2021). The relationship between workaholism and well-being can also be explained through conservation of resources (COR) theory. This theory suggests that individuals strive to retain and protect their

resources (e.g., energy, time, emotional capacity). Workaholism depletes these resources without adequate recovery, causing significant harm to psychological well-being (Schaufeli et al., 2022). This theoretical connection supports;

Hypothesis 3b: *Workaholism negatively impacts employee psychological well-being.*

2.5. The mediating role of workaholism

The influence of narcissistic leadership on workplace status may occur indirectly through its effect on workaholism. Narcissistic leaders often set high expectations and foster a culture of extreme dedication, pushing employees to work compulsively (Michel et al., 2012). Employees who meet these expectations through workaholic behaviors are often rewarded with higher workplace status as a signal of their commitment and alignment with leadership goals (Nevicka et al., 2018).

Thus, I hypothesize;

Hypothesis 4a: *Workaholism mediates the relationship between narcissistic leadership and workplace status.*

This mediation can be understood through the job demands-resources (JD-R) model, which suggests that employees respond to high job demands (e.g., those imposed by narcissistic leaders) by increasing their efforts to meet those demands (Schaufeli et al., 2022). In turn, these efforts (manifested as workaholism) are recognized by leaders and peers, leading to elevated workplace status.

Hypothesis 4b: *Workaholism has a mediating role in the relationship between narcissistic leadership and employee psychological well-being.*

Given the links between narcissistic leadership, workaholism, and psychological well-being, it is reasonable to hypothesize that workaholism acts as a mediator in this relationship. Narcissistic leaders create high-pressure environments with elevated expectations, which foster workaholic behaviors among employees (Kashdan et al., 2023). In turn, these workaholic tendencies lead to stress, burnout, and decreased psychological well-being (Clark et al., 2016). This mediation can be explained through the job demands-resources (JD-R) model, which posits that excessive job demands (e.g., long hours, high expectations) lead to burnout unless balanced by adequate resources (e.g., support, recognition). Narcissistic leadership often exacerbates job demands without offering corresponding resources, leading employees to adopt workaholic behaviors to cope (Michel et al., 2012). These behaviors, while initially perceived as adaptive, ultimately harm employees' psychological health, forming the basis for H4b.

2.6. The moderating role of competitive climate

The competitive climate of an organization may moderate the effect of narcissistic leadership on workplace status. In highly competitive environments, narcissistic leaders are likely to emphasize individual performance and reward employees who excel, further heightening the link between leadership and perceived workplace status (O'Reilly & Chatman, 2020). Conversely, in less competitive environments, this emphasis on individual performance diminishes, weakening the effect of narcissistic leadership on status. Social comparison theory provides a framework for understanding this interaction, as employees in competitive environments are more sensitive to status differentiation and recognition (Festinger, 1954). Competitive climates amplify the visibility of high performers, making narcissistic leaders more likely to reward them with elevated workplace status.

Hypothesis 5a: *Competitive climate moderates the relationship between narcissistic leadership and workplace status in such a way that the relationship will be stronger when competitive climate is high than when it is low.*

A deeper understanding of this relationship may be crucial for developing targeted strategies to protect employee well-being in various organizational contexts (Zhang et al., 2017). The competitive climate within an organization can intensify the impact of narcissistic leadership on employees' well-being. In highly competitive environments, employees face increased pressure to meet demanding goals, often exacerbated by narcissistic leaders who thrive in such settings (Nevicka et al., 2018). This heightened pressure can amplify the negative effects of narcissistic leadership, leading to greater stress and reduced well-being among employees.

Social comparison theory provides a theoretical framework for this hypothesis. In competitive climates, employees are more likely to compare themselves with peers, creating additional stress and anxiety, particularly under narcissistic leadership. Conversely, in less competitive environments, employees may feel less pressured to compete and may be better able to buffer the negative effects of narcissistic leadership (Zhang et al., 2017).

Hypothesis 5b: *The indirect relationship between narcissistic leadership and employee psychological well-being, through workaholism, is moderated by competitive climate, such that the relationship is stronger at higher levels of competitive climate*

3. Methodology

3.1. Sample and data collection:

The data was compiled from a wide array of self-reported sources, including respondents from the public health, education, development, banking, accounting, telecom, engineering, military and defense, as well as manufacturing and retail sectors, among others. But these varied industries provided a broad representation of employees across different fields, enhancing the study's generalizability. Respondents were guaranteed anonymity and secrecy to minimize social desirability bias, and participation was completely voluntary (Spector, 2006). Participants were urged to provide truthful responses to a standardised survey. A popular technique in the social sciences, non-probability convenience sampling, was used to disseminate surveys through personal and professional networks (Memon et al., 2020). Constructs such as managerial practices, employee psychological well-being, and workplace status were measured using surveys. This cross-sectional design offers important insights into the organizational backgrounds of the chosen sectors, notwithstanding its limits in proving causation. Though the data was collected on a cross-sectional basis rather than longitudinal or time-lag basis, which introduces the possibility of the common method bias (Podsakoff et al., 2012). Despite this limitation, the rule-of-five methodology for sampling (Suhr, 2006) was applied, with a final total of 165 respondents participating in the study. Out of these participants 35.8% were above the age of 40.23% were 26-30, 15.8% were 31-35. 15.2% were 35-40, 10.3% were 21-25; the average age being 36 years. Whereas 50.3% were male and 49.7% were females. 36.4% were Master's degree holders, 28.5% were Bachelors, 14.5% were MPhils, and 10.3% were PhD's and Post-Docs. 50.9% were Mid-Line Designation holders, whereas 27.3% were Top-Line Managers and 21.8% were First-Line Managers. 43.6% were from the Private sector, 22.4% were from the Government sector, 10.9% were from the Semi-Government sector, 10.3% were from NGO's and 8.5% were from Public-Private Partnerships. Finally, their experience in the relative workplaces ranged from 31.3% that were above 20 years in experience, 30.1% were 1-5 years in experience, 15.3% were 6-10 years

in experience, 14.1% were 16-20 years in experience, and 9.2% were from 11-15 years in experience.

3.2. Measures

To test my hypotheses, I utilized validated scales which were previously used in prior research. All focal variables were measured using a five-point Likert scale.

3.2.1. Narcissistic Leadership

Employee perceptions of narcissistic behaviors and traits among their respective leaders or managers were assessed using a very well-renowned 6-item scale developed by (Hochwarter & Thompson, 2012), also referred to in research populace by the name “Mirror, mirror on my boss’s wall”; on a 5-point Likert scale ranging from “strongly disagree = 1 to strongly agree = 5”. Sample item included “My boss always has to be the center of attention no matter what”. The Cronbach alpha of this scale was 0.90.

3.2.2. Competitive Climate

The competitive climate within the workplace was gauged using a very well-established 4-item scale by (Brown, Cron, & Slocum, 1998) on a 5-point Likert scale ranging from “strongly disagree = 1 to strongly agree = 5”. Sample item included “My manager frequently compares my results with those of my other peers” (Alpha reliability: 0.77)

3.2.3. Workaholism

The extent of workaholism within the individuals were measured using a 10-item scale by (Schaufeli, Shimazu, & Taris, 2009) on a 5-point Likert scale ranging from “Never True = 1 to Mostly True = 5”. Sample item included “I spend more time working than on socializing with friends, on hobbies or on leisure activities”. (Alpha reliability: 0.80)

3.2.4. Workplace Status

The level at which employees attained workplace status within their relative organization/fields/sectors was assessed using a well-known 5-item scale by (Djurdjevic et al., 2017) on a 5-point Likert scale ranging from “strongly disagree = 1 to strongly agree = 5”. Sample item included “I have a position of prestige in my organization” (Alpha reliability: 0.88)

3.2.5. Psychological Well-Being

The respondent’s psychological health and well-being was assessed using a distinguished 8-item scale by (Diener et al., 2010) on a 5-point Likert scale ranging from “strongly disagree = 1 to strongly agree = 5”. Sample item included “I am competent and capable in the activities that are important to me” (Alpha reliability: 0.87)

3.2.6. Control Variables

In order to examine the possible effects of the control variables, I conducted a one-way ANOVA test. Data was collected on a multitude of demographic factors including the respondents age, gender, qualification level, classification of designation at the current job placement, the type of organization they are working for, the sector within which it falls and their total overall job experience in number of years. Based on the results of one-way ANOVA, I controlled three demographic variables due to their significant effects; namely: age, designation and experience.

The results indicated that age was significantly related to workplace status ($F = 2.93$, $p = 0.02$), psychological well-being ($F = 2.62$, $p = 0.04$). Designation was highly significantly related to

workplace status ($F = 13.36$, $p < 0.01$), psychological well-being ($F = 5.02$, $p = 0.01$). Finally, experience was significantly related to workplace status ($F = 3.61$, $p = 0.01$) and workaholism ($F = 2.81$, $p = 0.03$). All these demographic variables were controlled in the subsequent analysis.

4. Results

4.1. Correlations and descriptive statistics

(Table 1) represents the bivariate correlations, descriptive statistics, and Cronbach alpha reliabilities for the key variables in this study. Narcissistic leadership shows a significant positive correlation with workaholism ($r = 0.32$, $p < 0.01$) and competitive climate ($r = 0.38$, $p < 0.01$), indicating that narcissistic leadership is associated with increased workaholic tendencies and the perception of a competitive organizational environment. Workaholism is positively correlated with workplace status ($r = 0.30$, $p < 0.01$) and psychological well-being ($r = 0.20$, $p < 0.01$), suggesting that workaholic behaviors may contribute to higher perceived status and psychological well-being.

Additionally, workplace status is positively correlated with psychological well-being ($r = 0.53$, $p < 0.01$) and competitive climate ($r = 0.31$, $p < 0.01$), indicating that employees who perceive higher workplace status also report better well-being and operate in more competitive environments. The psychological well-being variable is not significantly correlated with narcissistic leadership ($r = 0.00$, $p > 0.05$), in fact its value is above 0.6. But upon conducting VIF, the variance inflation factor concluded multicollinearity between the two variables to be below 5, which is moderate and within the acceptable range. On the other hand, it does shows significant association with other variables, such as workplace status and workaholism as mentioned above. Competitive climate exhibits significant correlations with both workaholism ($r = 0.46$, $p < 0.01$) and workplace status ($r = 0.31$, $p < 0.01$), reinforcing its role as a key contextual factor in these relationships. All variables demonstrate acceptable internal consistency, with Cronbach alpha reliabilities ranging from 0.77 to 0.90, confirming the reliability of the measures.

Table 1: *Correlations, Descriptive Statistics, And Alpha Reliability*

Sr. No.	Variables	Mean	SD	1	2	3	4	5
1	Narcissistic Leadership	3.02	1.09	(0.90)				
2	Workaholism	3.46	0.73	0.32**	(0.77)			
3	Workplace Status	3.56	0.85	0.13	0.30**	(0.80)		
4	Psychological Well-Being	3.87	0.71	0.00	0.20**	0.53**	(0.88)	
5	Competitive Climate	3.42	0.96	0.38**	0.46**	0.31**	0.10	(0.87)

Note: N = 165; Cronbach alpha reliabilities are in parenthesis. * $p < 0.05$, ** $p < 0.01$.

4.2. Direct and Indirect Effects

I used the Process Macro by Preacher and Hayes (2004) to conduct the mediation analysis represented by (Table 2). The bootstrap technique was utilized to test the mediation hypotheses. The direct path model revealed no significant direct effects of narcissistic leadership on workplace status ($b = 0.00$, $SE = 0.06$) or psychological well-being ($b = -0.07$, $SE = 0.06$), in the absence of the mediator (workaholism). However, narcissistic leadership significantly influenced workaholism ($b = 0.22$, $p < 0.05$), supporting Hypothesis 2. Furthermore, workaholism demonstrated significant positive effects on workplace status ($b = 0.32$, $p < 0.001$) and vice versa

on psychological well-being ($b = 0.22$, $p < 0.001$), confirming Hypotheses 3a and 3b. The bootstrap results for indirect effects (Hypotheses 4a and 4b) were significant. Narcissistic leadership indirectly influenced workplace status ($b = 0.07$, $SE = 0.03$, 95% CI: [0.02, 0.14]) and psychological well-being ($b = 0.05$, $SE = 0.03$, 95% CI: [0.01, 0.11]) in the presence of workaholism. Since both the Boot LLCI and Boot ULCI figures are positive the mediation effect has passed. These findings highlight the true mediating role of workaholism in linking narcissistic leadership with employee outcomes.

Table 2: Direct and Indirect Effects

Standardized direct path coefficients of the hypothesized model					
	Path	Estimate	SE		
H1a	NL → WS	0.00	0.06		
H1b	NL → PW	-0.07	0.06		
H2	NL → W	0.22*	0.05		
H3a	W → WS	0.32***	0.09		
H3b	W → PW	0.22***	0.08		
Bootstrap results for indirect effects (Mediator)					
Indirect Effect (Bias Corrected Confidence Interval)					
	Paths	Effect	Boot SE	LLCI 95%	ULCI 95%
H4a	NL → W → WS	0.07	0.03	0.02	0.14
H4b	NL → W → PW	0.05	0.03	0.01	0.11

Note: N = 165. Unstandardized regression coefficients. Bootstrap sample size = 5,000. LLCI: Lower limit confidence interval; ULCI: Upper limit confidence interval, NL = Narcissistic Leadership, W = Workaholism, WS = Workplace Status, PW = Psychological Well-Being * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

4.3. Moderation Analysis

The data in (Table 3) presents the results of the moderated regression analysis examining the role of competitive climate as a moderator in the relationship between narcissistic leadership and workaholism. The analysis tests the hypothesis that competitive climate moderates this relationship.

Step 1

The initial model revealed that both competitive climate ($b = 0.32$, $SE = 0.06$, $p < 0.001$) and narcissistic leadership ($b = 0.12$, $SE = 0.05$, $p < 0.05$) were significant predictors of workaholism, accounting for 24% of the variance ($R^2 = 0.24$). These results indicate that higher levels of competitive climate and narcissistic leadership are independently associated with increased workaholism.

Step 2

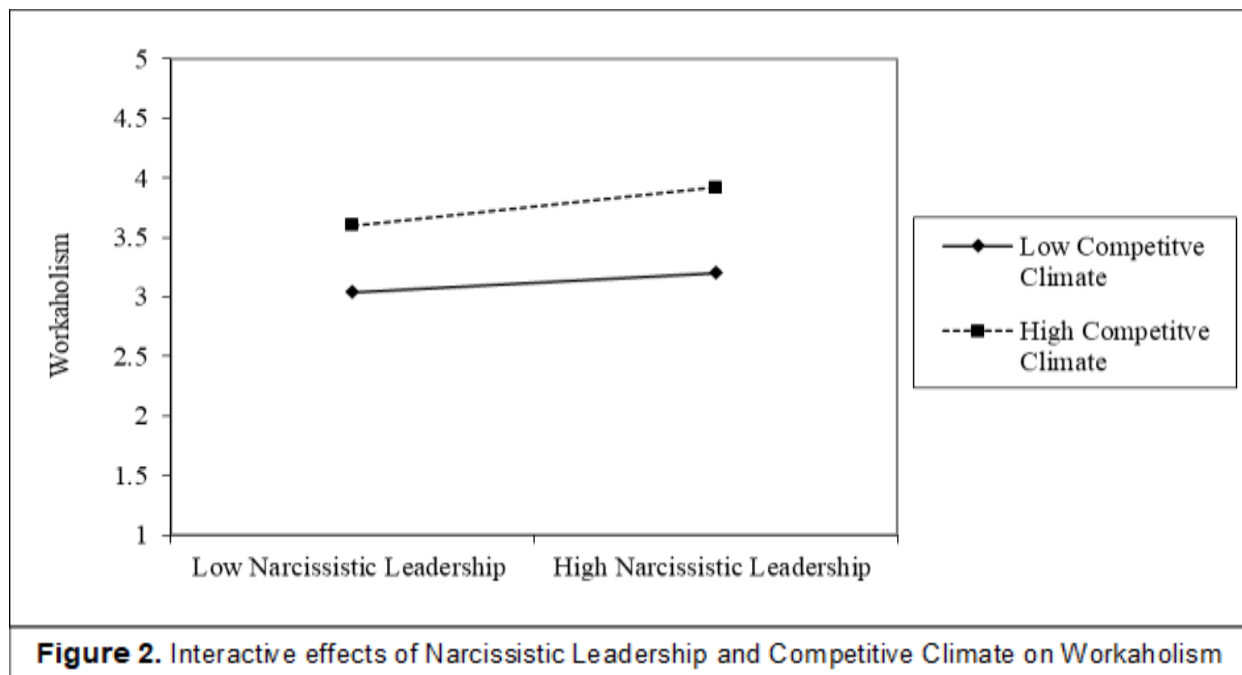
The interaction term (NL × Competitive Climate) was added to the model in Step 2 to test the moderation effect. The results show that the interaction term was not significant ($b = 0.04$, $SE = 0.05$, $p > 0.05$, 95% CI [-0.05, 0.13]), and the change in explained variance was minimal ($\Delta R^2 = 0.0041$). This suggests that a competitive climate does not significantly moderate the relationship between narcissistic leadership and workaholism.

Table 3: Moderated regression analysis (Moderator: Competitive Climate)

Predictors	Workaholism				
	R ²	Estimate	SE	LLCI	ULCI
<i>Step-1</i>	0.24				
Constant		3.44	0.05	3.34	3.55
Competitive Climate		0.32***	0.06	0.20	0.44
Narcissistic Leadership		0.12*	0.05	0.02	0.22
<i>Step-2</i>		ΔR^2 0.00			
NL x CC		0.04	0.05	-0.05	0.13

Note: N = 165. Unstandardized regression coefficients. Bootstrap sample size = 5,000. LLCI: Lower limit confidence interval; ULCI: Upper limit confidence interval, *p < 0.05; **p < 0.01; ***p < 0.001

(Figure 2) illustrates how competitive climate moderates the relationship between narcissistic leadership and workaholic behavior. Even though the interaction term was not ‘statistically’ significant, the graph reveals two key trends: Firstly, in a highly competitive climate, the relationship between narcissistic leadership and workaholism is stronger. As narcissistic leadership increases, workaholism significantly rises. This is indicated by the steeper slope for the high competitive climate line (i.e dashed line), suggesting that competitive environments amplify the effect of narcissistic leadership on driving excessive work behaviors. Thus, the findings are in-line with Hypothesis 5, which posited that competitive climate moderates the relationship between narcissistic leadership and workaholism, such that this relationship would be stronger in highly competitive climate conditions. Competitive climates create heightened pressure for performance and recognition, intensifying employees’ efforts to align with their leader’s demands. This is also consistent with Social Comparison Theory (Festinger, 1954), which explains how employees in competitive climates strive to outperform peers, leading to increased vulnerability to workaholism under narcissistic leadership. Secondly, low competitive climates induce contrasting effects, as the relationship between narcissistic leadership and workaholism becomes weaker. Which is illustrated below as the slope of the low competitive climate (i.e solid line) is relatively flatter, indicating that increase in narcissistic leadership has a lower impact on workaholism in less competitive environments.



5. Conclusion and Discussion

The motivation behind this study aimed to examine the impact of narcissistic leadership on employee outcomes, namely workplace status and psychological well-being, mediated by workaholism and moderated by competitive atmosphere. This research, grounded on Social Exchange Theory (SET), sought to elucidate the processes by which leadership styles affect workplace dynamics. The results yield numerous significant insights, since all presented hypotheses were corroborated by the data. The study posited a clear correlation between narcissistic leadership and employee behavioral results. The findings indicated that narcissistic leadership had a substantial impact on workaholism, however it did not directly affect workplace status or psychological well-being. Narcissistic leaders often cultivate workaholic tendencies in workers, consistent with prior research indicating that the high expectations and self-serving inclinations of narcissistic leader's drive employees to overexert themselves (Kashdan et al., 2023; Schaufeli et al., 2022). This interaction underscores the exploitative characteristics of narcissistic leadership, when employees are compelled to fulfil unreasonable demands, frequently to the detriment of their well-being (Lichtenthaler & Fischbach, 2021).

This research focused on the mediating function of workaholism. The findings established that workaholism is a crucial mechanism connecting narcissistic leadership to professional prestige and psychological well-being. Employees exhibiting workaholic behaviors frequently indicate dedication and proficiency, perhaps elevating their perceived standing in the company (Clark et al., 2016). Nonetheless, this incurs a cost, since workaholism is linked to stress, burnout, and reduced psychological well-being (Balducci et al., 2020). These findings highlight the dual aspect of workaholism as a catalyst for professional progression and a hindrance to employee welfare. Furthermore, this study examined the moderating influence of competitive atmosphere on the relationship between narcissistic leadership and workaholism. The competitive atmosphere alone affected workaholism, however the relationship between narcissistic leadership and competitive climate was not statistically significant. Nonetheless, the descriptive patterns suggest that personnel in highly competitive settings may face increased pressures to fulfil the excessive expectations of narcissistic bosses. This in turn intensifies workaholic behaviors, which is consistent with Social Comparison Theory that asserts that competitive contexts amplify status distinction and acknowledgement (Festinger, 1954). These findings enhance the theoretical knowledge of the interaction between leadership styles and organizational circumstances in influencing employee outcomes. The research expands the use of Social Exchange Theory by illustrating that narcissistic leadership undermines reciprocal workplace interactions. This results in an environment conducive to workaholism and its related consequences (Blau, 1964). This research underscores the necessity for organizations to confront competitive environments that may unintentionally exacerbate the detrimental impacts of narcissistic leadership. In summary, whereas narcissistic leadership may enhance workplace prestige through excessive labor, it simultaneously jeopardizes employee psychological well-being. Organizations must establish leadership development programs and foster equitable competitive settings to alleviate these detrimental consequences. Promoting healthy work behaviors and cultivating supportive leadership styles are essential for enhancing employee well-being and achieving organizational success. Future study may investigate other moderators, such as organizational support or employee resilience, to enhance comprehension of the intricate dynamics of narcissistic leadership across various working situations.

5.1. Strengths, limitations and future research directions

This research paper possesses several strengths that highlight its theoretical and practical significance. The study utilizes Social Exchange Theory (Blau, 1964) and Social Comparison Theory (Festinger, 1954) to provide a comprehensive framework for examining the relationships between narcissistic leadership, workaholism, and employee outcomes. This study employs these concepts to enhance understanding of workplace dynamics and the impact of leadership styles on employee behavior and well-being. The inclusion of workaholism as a mediator and a competitive climate as a moderator improves the analysis. These characteristics, underexamined in the said combination, offer a distinctive contribution to the collection of literature on organizational behavior and leadership. The research's principal strength is in its varied sample. The collecting of data from 165 respondents across several sectors, such as healthcare, education, banking and defense etc. enhances the generalizability of the results. This variety mitigates the possibility of industry-specific biases and guarantees that the results are widely applicable. The study offers significant empirical insights into the dual effects of narcissistic leadership. Narcissistic leadership may promote workaholism that elevates workplace prestige, while jeopardizing psychological well-being. The results have practical ramifications for leadership development and organizational policies designed to alleviate the negative impacts of competitive work settings (Clark et al., 2016; Schaufeli et al., 2022). Notwithstanding its merits, the study had limitations. The employment of a cross-sectional design limits the capacity to deduce causation among variables, a constraint frequently acknowledged in organizational research (Podsakoff et al., 2012). Utilizing longitudinal studies in the future may elucidate the dynamic interactions of these factors over time, so providing more rigorous causal findings. A further difficulty is the restricted support for competitive climate as a moderator. The hypothesized interaction term between competitive atmosphere and narcissistic leadership was not 'statistically' significant, suggesting the possible impact of other moderators, such as organizational support or employee resilience. Furthermore, the study's geographic and cultural emphasis on Pakistani respondents restricts its generalizability across the global spectrum. Hofstede's cultural dimensions reveal notable disparities in workplace behaviors among cultures; hence, repeating this study in Western or other non-collectivist areas may yield comparative insights and augment the cross-cultural relevance of the findings (Hofstede, 2010). Finally, although the study examines essential outcomes such as occupational status and psychological well-being, supplementary variables like turnover intentions, career advancement, or mental health outcomes (e.g., burnout, stress) could be incorporated in future research to yield a more comprehensive understanding of the effects of narcissistic leadership. Future studies may explore various plethora of recommendations. Initially, alternative moderators such as transformational leadership, organisational justice, or team cohesiveness should be examined to ascertain their possible mitigating effects against the adverse consequences of narcissistic leadership. Secondly, including other theoretical frameworks such as Conservation of Resources (COR) Theory would offer a more holistic viewpoint, especially in elucidating how competitive environments intensify resource depletion among employees (Hobfoll, 1989). Third, broadening the research to encompass other global avenues and cultural situations would enhance the generalizability of the results. Ultimately, employing longitudinal designs or experimental methodologies would enable researchers to document the dynamic influence of leadership on employee outcomes across time, so strengthening the validity of future investigations. Everything considered this study establishes a robust foundation for further research focused on cultivating a healthier and supportive workplace culture.

5.2. Managerial Implications

The findings of this study provide valuable insights for managers, policymakers, and organizational leaders. The dual effects of narcissistic leadership highlight the need for careful intervention to balance its potential benefits. These benefits include increased workplace status, against its detrimental impacts on employee psychological well-being. Organizations must prioritize preventing exploitative behavior to reduce the harmful effects of narcissistic leadership. Promote emotional intelligence and empathy-focused leadership development programs. To avoid workaholism, reduce individual performance (Braun et al., 2018; Lichtenthaler & Fischbach, 2021). Organizations may also consider competitive workplace climates. Workplaces with narcissistic leadership exacerbate workaholic tendencies. A supportive, collaborative culture that prioritizes cooperation over competition can promote healthy work habits (Brown et al., 1998; Zhang et al., 2017). Managers should be educated to spot severe workaholism and intervene when required. Work-life balance programs and policies that reward sustainable achievement rather than overburdening employees can achieve this (Schaufeli et al., 2022). Organizations must implement clear and equitable policies to mitigate workplace stresses linked to competitive situations, hence enhancing employee well-being. Transparent feedback systems, equitable performance assessments and explicit communication may diminish ambiguity and cultivate trust among employees. (De Clercq et al., 2021). For employees susceptible to workaholism, targeted interventions such as stress management programs, and flexible work arrangements can help mitigate its harmful effects while enhancing growth. Most importantly, the results of this study underscore the importance of steering organizations toward sustainable leadership practices. The goal: to balance the nuanced interplay between competitiveness, innovation, and employee well-being. This research provides practical strategies for leaders to channel high-performance cultures without compromising on psychological health. It also accentuates inclusive decision-making, by maintaining a climate that values collaboration over relentless competition. This promotes both organizational effectiveness and human sustainability in unison. Such an approach is not only applicable across diverse organizational contexts but can also champion leadership styles that are more focused on long-term resilience over short-term gains (Avolio & Walumbwa, 2014). To conclude, this research emphasizes the necessity of cultivating an inclusive organizational culture that prioritizes well-being in conjunction with performance. Enabling workers to express concerns, fostering equal recognition and offering avenues for professional development helps mitigate the adverse impacts of narcissistic leadership. These measures not only improve employee psychological well-being but also foster the longevity of organizational success (Clark et al., 2016; Kashdan et al., 2023).

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