



When confidence is detrimental: Influence of overconfidence on leadership effectiveness

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ABSTRACT

Confident leaders are seen as competent and capable by others. However, excessive amounts of confidence may be detrimental to a leader's performance. The purpose of the current study was to identify indicators of overconfidence and examine the influence that overconfidence has on certain kinds of leader performance. Results indicated two elements of overconfidence: seeing deficiencies and expectations of positive outcomes. Low levels of confidence associated with seeing many deficiencies, is beneficial to performance in leader planning and vision formation. However, high levels of confidence associated with expectations of positive outcomes, are related to effective vision statements. Implications for results are discussed.

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Self-confidence is traditionally viewed as valuable to leadership performance. Leaders who are confident welcome challenges and set difficult goals (Luthans, Luthans, Hodgetts, & Luthans, 2001). Not only is confidence said to help leaders take the risks needed to persevere in working towards their visions and objectives (Black & Porter, 2000; Northouse, 1997), but a leader's confidence increases the follower's willingness to work toward the leader's objectives (Luthans & Peterson, 2002). The question arises as to whether this leader characteristic is always beneficial. Confidence, when in excess may be the underlying cause for leaders making poor decisions, continuing with failing plans, and ignoring obvious flaws. The repercussions of these actions are more than inconvenient, but quite detrimental as seen throughout history in incidents like the Bay of Pigs debacle and Napoleon's March on Moscow. Given the potentially detrimental consequences of overconfidence in leadership, exploring this topic further is warranted.

Although leadership researchers have not focused specifically on excessive confidence, related topics have been explored in the literature on destructive leadership. Leadership hubris is one such area that has received some attention. Hubris reflects individuals with not only excessive self-confidence, but also puffed up egos and highly positive, unrealistic self-evaluations (see Judge, Piccola, & Kosalka, 2009). Thus, hubris includes overconfidence, but it also extends beyond just overconfidence into constructs like pride and self-worth. Owen and Davidson (2009) described how certain American presidents have demonstrated hubristic behaviors, including Kennedy with the Bay of Pigs fiasco, Nixon with the Watergate scandal, and Bush with the decision to invade Iraq.

Destructive leadership researchers have acknowledged that even leader traits that are considered beneficial can become destructive. Along these lines, theories of charismatic leadership were originally proposed to describe a positive and effective leadership style (e.g., Bass, 1985; Bass & Avolio, 1994; House & Howell, 1992; Yukl, 2002), however, charisma can have a 'dark side' where it becomes destructive and ineffective (Conger, 1990; Howell & Avolio, 1992; Padilla, Hogan, & Kaiser, 2007). The destructive charismatic leader may pursue personalized objectives at the expense of others, identify so heavily with his/her vision that gross errors and miscalculations are made, and manipulate others to maintain control (Conger, 1990). Deluga (2001) proposed that destructive charismatics share a similar feature as Machiavellians, which is self-confidence. Machiavellianism is another destructive leadership approach that involves pursuing one's own self-interests using manipulation and deceit (Christie & Geis, 1970).

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Narcissism is another destructive leader characteristic related to confidence. Narcissism is characterized by inflated views of oneself and excessive self-confidence (Campbell, Goodie, & Foster, 2004; Watson & Biderman, 1994). While there can be negative outcomes associated with hubristic leaders, charismatic leadership, Machiavellianism, and narcissism these characteristics can in fact provide certain benefits to individuals by drawing them to leader roles, encouraging others to look to them for direction and guidance, and giving them perseverance in pursuing risky projects (Bochner, di Salvo, & Jonas, 1975; Brunell et al., 2008; Geis, Krupat, & Berger, 1970; Gervais, Heaton, & Odean, 2007; Glad, 2002; House, 1977; Okanes & Stinson, 1974; Rim, 1966; Trice & Beyer, 1986; Tucker, 1970).

Given that self-confidence is a feature of hubristic leaders (Hayward & Hambrick, 1997), charismatic leadership (Conger & Kanungo, 1987; House, 1977; Shamir, House, & Arthur, 1993), Machiavellianism (Jameson, 1945; Martin & Sims, 1956; Pfiffner, 1951), and narcissism (Campbell et al., 2004; Post, 1993) and knowing that destructive leadership is possible with these types of leaders, it appears that confidence is linked to destructive leadership under some circumstances. The destructiveness or the 'dark side' of confidence may be overconfidence. Leaders who are on the 'dark side' of confidence may be prone to destructive leadership patterns that impede their leadership effectiveness.

While related destructive leadership characteristics have received some attention by leadership researchers, a specific focus on overconfidence is lacking. In this respect, a clear conceptualization of overconfidence has not been proposed. In order to develop a clear conceptualization, relevant literature on overconfidence must be explored to inform predictions as to what the dimensions of overconfidence are within the context of leadership. The first purpose of this study is to identify these indicators by reviewing literature on confidence, overconfidence, and related traits and behaviors associated with destructive leadership.

The influence that overconfidence has on leadership effectiveness may be detrimental, but this relationship has not been explored in the literature. While leaders who exhibit confidence to others tend to be perceived as more effective than leaders who do not, the question arises as to whether leaders are confident when engaged in intrapersonal, cognitive activities. In order to answer this question, a distinction must be made between perceptions of leadership effectiveness and actual leadership performance (Kaiser, Hogan, & Craig, 2008). Therefore, the current study considers it critical to measure leadership effectiveness without relying on perceptions in an effort to better explain the true relationship between overconfidence and leadership effectiveness. In sum, the second purpose of the current study is to explore what influence overconfidence has on leadership effectiveness in a purely cognitive activity as well as in an activity involved in interpersonal influence.

1. Leader self-confidence: defining and measurement

While self-confidence in leaders is considered helpful (Bass, 1990; Yukl, 2002), the clarity of the concept is rather vague. Generally speaking, self-confidence involves belief in one's capability to be successful and self-perceptions of competence in knowledge, skills, and abilities. Put more simply, confidence involves a judgment as to whether an individual believes they can do something (Hollenbeck & Hall, 2004). Self-efficacy, on the other hand, is described as an estimate of one's capability to perform successfully in order to obtain one's objectives (Bandura, 1997; Gist & Mitchell, 1992). Clearly self-confidence and self-efficacy are related concepts. The general trend appears that self-confidence and self-efficacy can be considered one and the same (Hannah, Avolio, Luthans, & Harms, 2008; Yukl, 2002), therefore, for the purposes of this study they are considered synonymous.

Researchers have taken different approaches to conceptualizing leader self-confidence or self-efficacy. Popper, Amit, Gal, Mishkal-Sinai, and Lisak (2004) described self-confidence as composed of several personality traits: internal locus of control, low neuroticism, and general self-efficacy. Another trait self-confidence is said to be related to is self-esteem (Blaine & Crocker, 1993), where those with low self-esteem tend to have lower self-confidence. These researchers describe confidence in terms of the related personality traits. While self-confidence may be correlated with certain personality traits, this relationship may be relatively weak since leader efficacy tends to be specific to the leadership domain (Chemers, Watson, & May, 2000). More recently, Hannah et al. (2008) took a different approach and described the areas that a leader may be confident: thought, action, self-motivation, and means. Palis and Green (2002) took a behavioral approach and proposed a three-part taxonomy of behaviors associated with a confident leader: direction-setting, gaining commitment, and overcoming obstacles. Thus, these behaviors are indicators of confidence in a leader.

Although there are variations for understanding self-confidence, the measurement is often relatively consistent. Researchers rely heavily on self-report measures (e.g., Paulson & Betz, 2004) where leaders indicate level of certainty in their ability to accomplish a given task or act as a leader in general. In Chemers et al. (2000) study leaders rated how confident they were in different leadership skills such as communication, initiative, and influence. Additionally, leaders rated how confident they were in their general leadership ability (e.g., "I am confident of my ability to influence a group I lead"). While self-reports are useful in some settings, a different approach might be more appropriate to assess a leader's overconfidence. An actual measure of overconfidence based on indicators within the leader's activities may limit the social desirability influences associated with self-reports.

2. Conceptualizing Leader Overconfidence

To develop a definition of overconfidence, recall the simple description of confidence suggested by Hollenbeck and Hall (2004), that is, confidence is a judgment of whether one is capable to do something. Those who are confident judge themselves to be capable whereas those who are not confident have low estimates of their capabilities. The question arises as to how this definition of confidence translates to overconfidence. Given that confidence involves a judgment it is possible to be more or less accurate in this judgment. Overconfidence comes from inaccuracies in one's confidence judgment. Thus, overconfidence can be defined as

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