A dark side of leadership: Corporate psychopathy and its influence on employee well-being and job satisfaction

Cynthia Mathieu [a,*], Craig S. Neumann [c], Robert D. Hare [b], Paul Babiak [d]

[a] Universite du Quebec a Trois-Rivieres, Canada
[b] University of British Columbia, Canada
[c] University of North Texas, United States
[d] Anubis-Research, United States

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ABSTRACT

Although psychopathy often is considered the most toxic of the "types" that make up the Dark Triad of personality (psychopathy, narcissism, Machiavellianism), its role in organizational leadership is the least explored. Using the B-Scan 360, a measure of corporate psychopathy, we investigated the relationships among employees' perceptions of psychopathic traits in their supervisors, employee psychological distress, work–family conflict, and job satisfaction. Participants in two different samples, one civic and the other financial, rated their supervisors with the B-Scan 360, and completed self-report measures of psychological distress, work–family conflict, and job satisfaction. Structural equation modeling (SEM) indicated that in each sample B-Scan 360 scores of supervisors were directly and negatively related to employee job satisfaction. The two samples differed somewhat in the associations of the B-Scan 360 with employee psychological distress and work–family conflict. Overall, the results illustrate the effects of perceived psychopathic traits in supervisors on employee well-being and job-related attitudes.

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1. Introduction

The "dark side" of leadership has been the topic of considerable research over the past decade or so. Researchers have described these "dark leaders" as toxic (Lipman-Blumen, 2008), abusive (Tepper, 2000), tyrannical (Ashforth, 1994), and destructive (Einarsen, Aasland, & Skogstad, 2007). Some of the common behaviors exhibited by these leaders are ridiculing and degrading employees, lying and deceptiveness, blaming others for their mistakes, harassment, and physical aggression. Furthermore, abusive leadership is associated with a decrease in employee work performance (Harris, Kacmar, & Zivnuska, 2007), increased employee workplace deviance (Mitchell & Ambrose, 2007), increased levels of psychological distress (Sosik & Godshalk, 2000; Tepper, 2000), lower levels of job satisfaction and organizational commitment (Duffy, Ganster, & Pagon, 2002; Tepper, 2000), and increased levels of work–family conflict (Tepper, 2000).

Although psychopathy has been identified as the most destructive of the dark personalities (Williams, Nathanson, & Paulhus, 2010), empirical research on the role played by psychopathic individuals in the corporate world has lagged behind that devoted to the impact of other dark personalities. The main problems in studying corporate psychopathy have been the absence of suitable measurement tools and the reluctance of some organizations to participate in research that evaluates their employees (Babiak & Hare, 2006).

1.1. Corporate psychopathy

Hogan and Hogan (2001) believe the reason for leadership failure or "derailment" lies in the personality disorder of the leader. Hogan and Kaiser (2005) extended their model to suggest that personality directly determines leadership style, which in turn affects employee attitudes and team functioning and ultimately organizational performance.

Psychopathy is a clinical construct defined by a cluster of personality traits and characteristics, including grandiosity, egocentricity, deceptiveness, shallow emotions, lack of empathy or remorse, irresponsibility, impulsivity, and a tendency to ignore or violate social norms (Hare & Neumann, 2008). We believe that psychopathic traits are a potent underlying factor for many of the deviant interpersonal behaviors displayed by dysfunctional leaders, and a cause of significant psychological distress in their employees (Babiak & Hare, 2006).

However, the prevalence and consequences of psychopathy among leaders and managers in various corporate and financial contexts only recently have been explored empirically. Babiak, Neumann, and Hare (2010) reported that the prevalence of

* Corresponding author. Address: Business Department, Universite du Quebec a Trois-Rivieres, P.O. Box 500, Trois-Rivieres, Quebec G9A 5H7, Canada.
E-mail address: cynthia.mathieu@uqtr.ca (C. Mathieu).

psychopathy in a sample of high-level managers was about 4%, which is considerably higher than the prevalence (about 1%) found in general population samples (Coid, Yang, Ullrich, Roberts, & Hare, 2009; Neumann & Hare, 2008). Babiak and colleagues (2010) concluded that in spite of their poor performance, psychopathic professionals were able to get promotions, function in high-level positions, and exert influence in business decision-making.

1.2. Measuring corporate psychopathy

The standard measures of adult psychopathy are the *Psychopathy Checklist-Revised* (PCL-R) and its derivative, the *Psychopathy Checklist: Screening Version* (see Hare & Neumann, 2009). For clinical and applied purposes their administration is restricted to those with the appropriate professional qualifications, making them unsuitable for use by many human resources personnel. For this reason, Babiak and Hare (in preparation) developed the *Business-Scan* 360 (B-Scan 360). The B-Scan 360 was modeled on a structural model of the PCL-R (Hare, 2003; Neumann, Hare, & Newman, 2007), which defines psychopathy as a multifaceted construct made up of four dimensions: Interpersonal, Affective, Lifestyle, and Antisocial. These first-order factors are significantly interrelated, suggesting that they are indicators for a second-order *superordinate* psychopathy factor (Neumann et al., 2007).

Using exploratory and confirmatory factor analyses of a pool of potential B-Scan 360 items, Mathieu, Hare, Jones, Babiak, and Neumann (2013) derived a reliable 20-item, four-factor model that is consistent with the PCL-R structural model. They labeled the four factors as follows: *Manipulative/Unethical*; *Callous/Insensitive*; *Unreliable/Unfocused; and Intimidating/Aggressive*. A confirmatory factor analysis conducted on the B-Scan 360 item scores of the participants in the current studies (Samples 1 and 2 pooled; *N* = 591) replicated this four-factor structure (Mathieu, Neumann, Babiak, and Hare (under review).

1.3. Corporate psychopathy and leadership behavior

Babiak and Hare (2006) described common leadership failures, or "red flags," that may be manifestations of corporate psychopathy. These include difficulty in forming a team and in sharing ideas and credit with others; disparate treatment of staff; deceptiveness; immodesty; inability to accept blame; acting unpredictably and impulsively; and acting aggressively. Similarly, Leslie and Van Velsor (1996) described four aspects of leader behaviors that lead to career "derailment": poor interpersonal skills (i.e., being arrogant, cold, insensitive and overly ambitious); inability to get work done (i.e., betraying trust, not following through); inability to build a team; and inability to make an effective transition following a promotion. These features are similar to those suggested by Babiak and Hare (2006) as indicative of corporate psychopathy.

Regardless of their exact nature and style, such psychopathic-like bosses have a significant impact on employees' mood, psychological well-being, and job performance (Spector, 1997). They also contribute to work–family conflict, which in turn is strongly related to higher psychological distress (De Lange, Taris, Kompier, Houtman, & Bongers, 2003; Simon, Kümmerling, & Hasselhorn, 2004) and lower job satisfaction (Bruck, Allen, & Spector, 2002; Grandey, Cordeiro, & Crouter, 2005). *Abusive* supervision (i.e., hostile verbal and non-verbal behaviors, indifference and rudeness) has been shown to be related to lowered levels of job satisfaction, less normative and affective commitment, and increased psychological distress (Tepper, 2000). Other studies indicate that various forms of employee psychological distress are associated with leaders who are unpredictable in showing integrity (Nyberg, Westerlund, Hanson, & Theorell, 2008), who adopt an autocratic leadership style (i.e., high initiating structure and low

consideration; Seltzer & Numerof, 1988), are controlling, have an unsupportive management style, do not provide supportive feedback, or fail to clarify responsibilities (Sosik & Godshalk, 2000).

The similarities between corporate psychopathy and abusive leadership suggests that B-Scan 360 ratings of supervisors by their employees would be positively associated with employee reports of psychological distress and work–family conflict, and negatively associated with employee reports of job satisfaction. We examined these associations in the present study by using structural equation modeling (SEM).

2. Material and methods

2.1. Participants and procedure

This project was part of a larger study on well-being in the workplace for which the first author has received ethics approval. The survey, including all of the measures for the larger project, was accessible online during work hours and took about 45 min to complete. In each of two samples, participants rated their immediate supervisor on the B-Scan 360, and completed questionnaires describing their psychological well-being, job satisfaction and work–family conflicts.

2.1.1. Sample 1

All of the employees (including managers) from a branch of a large Canadian financial institution (*N* = 136) were asked to participate in this project by completing a series of assessments. In total, 116 completed the surveys, a participation rate of 85%. Of these, 17 (13.9%) were men, 99 (86.1%) were women, and 16 (2 men, 14 women) were managers. Age varied from 19 to 60 (mean = 41.4). With respect to level of education, 37.7% had completed high-school, 43.3% had completed a two-year Associates degree, 22.0% had completed a Bachelor's degree and 1.0% had completed a Master's degree. On average, employees and supervisors had been in their current jobs for 4.9 years and had been employed by their company for 14.2 years (minimum = 6 months and maximum = 43 years). The employees had been supervised by their current superior for an average of two years (minimum = 6 months and maximum = 15 years).

2.1.2. Sample 2

All of the employees (including managers) from a public service organization (*N* = 515) were asked to participate in this project by completing a series of assessments. In total, 476 employees completed the surveys, a participation rate of 92%. Of these, 301 (63.3%) were men, 175 (36.8%) were women, and 99 (23 women, 76 men) were managers. Age varied from 19 to 66 (mean = 45.3). As for the level of education, 5.3% had not completed high-school, 36.8% had completed a high-school diploma, 40.73% had completed a two-year Associate's degree, 14.18% had completed a Bachelor's degree, and 2.5% had completed a Master's degree. On average, employees and supervisors had been in their current jobs for 8.5 years and had been employed by their company for 14.2 years (minimum = 2 months and maximum = 39 years). On average, the employees had been supervised by their superior for 3.51 years (minimum = 2 months and maximum = 31 years).

2.2. Measures

2.2.1. Personal demographics and work situation characteristics

Education level, time with the company, and hours worked per week were measured by single items.