PURE Insights

Volume 1 Article 9

2012

The Devil in the Boardroom: Corporate Psychopaths and Their Impact on Business

Sophia Wellons
Western Oregon University, swellons08@wou.edu

Follow this and additional works at: http://digitalcommons.wou.edu/pure

Part of the Cognitive Psychology Commons, Industrial and Organizational Psychology Commons, Other Psychology Commons, and the Personality and Social Contexts Commons

Recommended Citation
Wellons, Sophia (2012) "The Devil in the Boardroom: Corporate Psychopaths and Their Impact on Business," *PURE Insights*: Vol. 1, Article 9.
Available at: http://digitalcommons.wou.edu/pure/vol1/iss1/9

This Article is brought to you for free and open access by Digital Commons@WOU. It has been accepted for inclusion in PURE Insights by an authorized administrator of Digital Commons@WOU. For more information, please contact digitalcommons@wou.edu.

The Devil in the Boardroom: Corporate Psychopaths and Their Impact on Business

Abstract
While most research focuses on the incarcerated psychopath, there is a limited body of work that centers on the non-criminal psychopaths that might even appear successful in their careers. The aim of this review was to compare and contrast research on non-incarcerated, "Corporate Psychopaths" to distinguish who they are and where they are most likely to be found. It was discovered that Corporate Psychopaths, while retaining a higher executive functioning than their incarcerated counterparts, displayed many psychopathic traits that relate back to disruptive behavior in the business world. Based on a review of the literature we have concluded that these individuals mainly reside in higher management, high power roles in companies, and that this information is of particular use for human resource hiring and promoting personnel in order to maintain a healthy business that abides by accepted ethical standards

Keywords
psychopath, corporate bullying, business ethics

Cover Page Footnote
I would like to thank Dr. Winningham and Dr. Keulks for the help and assistance I received on this project as well as the American Psychiatric Association for permission to include copyrighted diagnostic criteria for Antisocial Personality Disorder.

This article is available in PURE Insights: http://digitalcommons.wou.edu/pure/vol1/iss1/9

The Devil in the Boardroom: Corporate Psychopaths and Their Impact on Business

Sophia Wellons Western Oregon University
Faculty Sponsor: **Dr. Rob Winningham**

While most research focuses on the incarcerated psychopath, there is a limited body of work that centers on the non-criminal psychopaths that might even appear successful in their careers. The aim of this review was to compare and contrast research on non-incarcerated, "Corporate Psychopaths" to distinguish who they are and where they are most likely to be found. It was discovered that Corporate Psychopaths, while retaining a higher executive functioning than their incarcerated counterparts, displayed many psychopathic traits that relate back to disruptive behavior in the business world. Based on a review of the literature we have concluded that these individuals mainly reside in higher management, high power roles in companies, and that this information is of particular use for human resource hiring and promoting personnel in order to maintain a healthy business that abides by accepted ethical standards.

Keywords: psychopath, corporate bullying, business ethics

Introduction

Most images about psychopaths have to do with criminals: the serial killer, the gang leader, the con man, and the general career criminal. However, known criminals are not the only psychopaths. A senior level manager, for example, is not exempt and could also portray psychopathic traits. With the same lack of empathy but seemingly higher executive functioning than criminal psychopaths, these Corporate Psychopaths may be particularly well suited for the business world (Mahmut, Homewood, & Stevenson, 2008). Possibly more able to avoid legal repercussions for their actions, these psychopaths may function undetected within society, covertly spreading suffering wherever they may go, causing problems on both micro and macro levels in business.

Measuring Psychopathy

The only diagnosis formally recognized in the Diagnostic Statistical Manual IV-TR (DSM-IV-TR) for an individual that portrays psychopathic traits is called Antisocial Personality Disorder (APD). Clinically similar to Narcissistic Personality Disorder, APD is characterized by an inability or lack of interest in others' welfare. Frequently, Narcissism and APD are found to co-exist or be dually diagnosed (Port, 2007); however, APD would be the primary diagnosis. To be diagnosed with APD according the DSM-IV-TR, a person must meet certain criteria:

A. There is a pervasive pattern of disregard for and violation of the rights of others occurring since age 15 years, as indicated by three (or more) of the following:
   (1) failure to conform to social norms with respect to lawful behaviors as indicated by repeatedly performing acts that are grounds for arrest
   (2) deceitfulness, as indicated by repeated lying, use of aliases, or conning others for personal profit or pleasure
   (3) impulsivity or failure to plan ahead
   (4) irritability and aggressiveness, as indicated by repeated physical fights or assaults
   (5) reckless disregard for safety of self or others
   (6) consistent irresponsibility, as indicated by repeated failure to sustain consistent work behavior or honor financial obligations
   (7) lack of remorse, as indicated by being indifferent to or rationalizing having hurt, mistreated, or stolen from another
B. The individual is at least age 18 years.
C. There is evidence of Conduct Disorder with onset before age 15 years.

 ©2012

D. The occurrence of antisocial behavior is not exclusively during the course of Schizophrenia or a Manic

(Reprinted with permission from the American Psychiatric Association [DSM-IV-TR], 2000).

According the DSM-IV-TR, most of these traits will manifest themselves in disordered conduct or misbehavior. Because of this, APD mostly describes the criminal element. Indeed, according to Fazel and Danesh (2002), 47% of male inmates and 21% of female inmates have APD. However, Hare (1993) has suggested that there may be a more severe subset of remorseless and manipulative personality traits that form another disorder not listed in the DSM-IV-TR.

Psychopathy, the term Hare gave for this subset, may not necessarily display itself solely through antisocial behavior. According to Babiak and Hare (2006) psychopathy compared to APD, occurs in only 10-15% of the prison population. Furthermore, Babiak and Hare (2006) suggest that psychopathy can be found in 1% of the general population. More importantly, he suggests 3.5% of business executives fit the psychopathy profile.

By focusing only on the behavioral aspects of a psychopathic person, the DSM-IV-TR seems to be unable to account for psychopathic persons without a criminal record and who may, by all means, seem to be functioning legally within society. In order to remedy that, Robert Hare, expert on psychopathy, revised Cleckley's original Psychopathy Checklist, a 16-item list describing common characteristics, personality traits, and actions of a psychopath, and created one of the most reliable and valid Psychopathy assessment tools known today (Hare, 1993).

Hare's Psychopathy Checklist-Revised is a well used diagnostic tool to assess or diagnose individuals with psychopathic traits. Glibness and superficial charm, grandiose sense of self, need for stimulation, pathological lying, cunning and manipulativeness, lack of remorse or guilt, shallow affect, lack of empathy, poor behavioral controls, and failure to accept responsibility for one's own actions are just a few of the 20 traits assessed by the PCL-R (Hare, 1993). The PLC-R categorizes these traits into two factors: Factor 1, aggressive narcissism, and Factor 2, socially deviant lifestyle. These twenty traits have been further categorized into four domains for the Psychopathy Checklist- Screening Version (PCL-SV). They are the Interpersonal domain, including superficiality and deceitfulness; Affective domain, including lack of remorse and empathy; the Lifestyle domain, which includes impulsivity, lacking of goals, and irresponsibility; and the Antisocial domain, which includes poor behavior controls and deviant, possibly criminal, behavior (Hare, 1993; and Babiak & Hare, 2006).

Heterogeneity in Psychopaths

Not all psychopaths are created equally, however. Based on self-report tests like the Psychopathic Personality Inventory (PPI) and the use of the PCL-R, it has been found that there appears to be two distinct subtypes of psychopathy: primary psychopathy and secondary psychopathy (Corr, 2010; Sadeh and Verona, 2008; Sellbom and Verona, 2007). Primary psychopathy is distinguished by mostly having Factor 1 interpersonal-affective traits from the PCL-R, which includes personality characteristics like arrogance, callousness, and manipulative behavior that might be seen in psychopathic business executives. Secondary psychopathy includes more characteristics from the Factor 2 impulsive-antisocial lifestyle traits in the PCL-R.

The idea of a heterogeneous psychopath population was further supported by Sellbom and Verona (2007), who found that certain cognitive deficits were associated with different types of psychopathy. Through the use of the Psychopathic Personality Inventory, 95 noncriminal, only mildly psychopathic undergraduate participants were divided into mostly primary and mostly secondary psychopathic groups. Primary psychopaths scored better on measures of enhanced cognitive functioning and did not score low on response inhibition. Those participants who were seen as secondary psychopaths, however, scored lower on executive cognitive functioning *and* response inhibition suggesting that individuals would be higher in the social deviance aspects of psychopathology and might be more likely to act in impulsive, irresponsible, and law-breaking ways while primary psychopaths were cognitively capable of functioning within society.

To further understand the differences in professional success among psychopaths, Gao and Raine (2010) divided previous study findings by the population studied: community psychopaths, psychopaths found in temporary employment agencies, college students, industrial psychopaths, and serial killers. Comparing the neurological differences between psychopaths who were successful (i.e., not having been arrested or avoided arrest for some time) and unsuccessful (i.e., having been arrested), they found that successful psychopaths do not show impairments to the prefrontal cortex, the amygdala, or hippocampus; however, both unsuccessful and successful psychopaths demonstrate the hallmark of psychopathy, lack of empathy. The successful population, while not able to feel it, seemed to conceptually understand empathy and was able to use this comprehension to their advantage. The enhanced cognitive functioning and lack of empathy of the successful psychopath helps them avoid illegal behavior. It also makes them rather skilled for the business world. While still showing impulsivity and self-regulation problems (Gao

and Raine, 2010), they were better able to focus and deceive in a way that helped them achieve their goals.

Corporate Psychopaths

Successful psychopaths are found to be more prevalent in the corporate section of society than in the general population. Babiak, Neumann, and Hare (2010) studied 203 corporate professionals that had been selected to participate in a management development program by their companies. The PCL-RV and the PCL-SV were administered. A score of 30 or more on the checklist, which indicates psychopathy, occurred in 3.9% of the sample, much higher than the 1% that is estimated to occur in the general population. Furthermore it was found that co-workers perceived the psychopathic individuals as creative, good strategic thinkers, and good communicators, but as having poor management skills, failure to act as a team player, and had poor performance appraisals. Yet, in spite of poor reviews, managers seemed to view the psychopathic population as having leadership potential. Most of those with high psychopathic traits were high-ranking executives. Indeed Boddy, Ladyshewsky, and Galvin (2010) found that significantly more senior level managers portray psychopathic traits compared to their lower level employees. Babiak et al. concluded that charismatic and manipulative traits have allowed the corporate psychopaths to "talk the walk" and that this charisma, manipulativeness, aggressive self-promotion, and single minded determination (Babiak & Hare, 2006) may put these individuals at an advantage to climb the corporate ladder.

Impact of the Corporate Psychopath

While charisma, manipulation techniques, and the ability to make rational, emotionless decisions would appear to benefit a company, Boddy (2005) emphasized that Corporate Psychopaths are first and foremost self-serving opportunists. Thus, any decisions are made with the Corporate Psychopath's self (not the company's) interest. Without a conscience, the idea of forgoing profit in order to fulfill social responsibility or fairness (e.g., banning child labor, or meeting environmental standards) would not occur. Under a psychopath's management, Corporate Social Responsibility might not be a priority and this would damage the company. Corporate Social Responsibility (CSR), defined by Holme and Watts (2000) as business's commitment to behave ethically and contribute to economic growth, quality of life for workforce and families, and improve quality of the local community and larger society, has become an important aspect to business success (Doebele, 2005). The Economist Intelligence Unit (Doebele, 2005) found that 81 percent of professional investors said CSR was "central" or "important" and expected companies to emphasize CSR. More importantly, companies lacking in CSR were thought to be disastrous. By contributing to employee, community, and society possibly in spite of maximizing profits, businesses are able to create a loyal customer and investor base that could eventually provide for success. This is not something a Corporate Psychopath would thoroughly consider (Boddy,2005).

For example, Boddy (2010) found corporate psychopaths had lower perceived levels of corporate social responsibility (CSR). He stated that the government and financial sectors had higher levels of psychopaths and lower CSR. He concluded that because of power and money, certain organizations will attract Corporate Psychopaths, and they will have a negative impact on productivity and CSR, which could negatively affect the business productivity as well as have a negative impact on the society as a whole. One of the ways the presence of Corporate Psychopaths negatively affects companies internally is through workplace bullying and unfair supervision, which were defined as the unfair treatment of others and lack of interest in employee feelings. It has previously been seen the Corporate Psychopaths have poorer management skills (Boddy et al., 2010), but Boddy (2011) also found that the presence of Corporate Psychopaths was positively correlated with the existence of bullying, and Corporate Psychopaths were responsible for a greater proportion of the bullying. The one percent of the employee population that scored as Corporate Psychopaths accounted for 26% of the bullying in the organization. They seem to account for micro level, in-house employee problems as well as macro level, organizational success and failure issues.

Conclusion

With enhanced executive cognitive functioning as well as lack of empathy and remorse, successful psychopaths are able to hide very well within society and businesses. Interested in self-gratification, personal success, money, and power, the Corporate Psychopath may perhaps care little for the success of others in the company or even the company itself (Clarke, 2007). These remorseless individuals are able to work their way up the corporate ladder to high level manager positions where they are trusted with a great deal of money and company resources. They are toxic to companies and the work environment, yet they are able to go undiscovered throughout the hiring process. This is a problem that Human Resource personnel as well as those in charge of promotions need to confront.

While previous research has begun to identify traits and signs of Corporate Psychopaths, further research is

needed to identify possible personality constructs or assessments Human Resource personnel could potentially use to identify high risk applicants. Knowing that Corporate Psychopaths affect CSR and the rate of bully, vetting out Corporate Psychopaths from the hiring as well as promotion pool would benefit businesses overall.

References

American Psychiatric Association. (2000). Diagnostic and statistical manual of mental disorders (Revised 4th ed.). Washington, DC: Author.

Babiak, P., & Hare, R. D. (2006). *Snakes in suits: when psychopaths go to work* NewYork: Regan Books.

Babiak, P., Neumann, C. S., & Hare, R. D. (2010). Corporate psychopathy: Talking the walk. *Behavioral Sciences & The Law*, *28*(2), 174-193. doi:10.1002/ bsl.925

Boddy, C. R. (2010), Corporate Psychopaths and organizational type. *Journal of PublicAffairs, 10*(4), 300-312. Doi: 10.1002/pa.365

Boddy, C. R. (2011). Corporate psychopaths, bullying and unfair supervision in the workplace. *Journal of Business Ethics*, *100*(3), 367-379. doi:10.1007/s10551-010-0689

Boddy, C. R., Ladyshewsky, R., & Galvin, P. (2010). Leaders without ethics in global business: Corporate psychopaths. *Journal Of Public Affairs*, *10*(3), 121-138. doi:10.1002/pa.352

Clarke J. 2007*. The Pocket Psycho.* Random House: Australia, Sydney.

Corr, P. J. (2010). The psychoticism–psychopathy continuum: Aneuropsychological model of core deficits. Personality And Individual Differences, 48(6), 695-703. :10.1016/j.paid.2009.12.023

Doebele, J. (2005). The importance of corporate responsibility. *Economist Intelligence Unit, 1-45.* retrieved www.eiu.com

Fazel, S. & Danesh, J. (2002) Serious mental disorder in 23 000 prisoners: a systematic review of 62 surveys. *Lancet*, **359**, 545-550

Gao, Y., Raine, A., & Phil, D. D. (2010). Successful and psychopaths: A neurobiological model. *Behavioral Sciences & The Law*, *28*(2), 194 -210.

Hare, R. D. (1993). *Without conscience: the disturbing world of the psychopaths among us*. New York: Pocket Books.

Holme, R., & Watts, P. (2000). Corporate Social Responsibility: Making good business sense. *World Business Council for Sustainable Growth*.

Mahmut, M., Homewood, J., & Stevenson, R. (2008). The characteristics of non-criminals with high psychopathy traits: Are they similar to criminal psychopaths? *Journal of Research in Personality*, *42*(3), 679-692.doi:10.1016/j.jrp.2007.09.00

Port, T. (2007). Similarities Between Antisocial & Narcissism: Dr. Duane Dobbert Interview: What Do ASPD and NPD Have in Common*? Disorders@Suite101.com.* Retrieved from http://tami-port.suit101.com/antisocial-narciissism-similarity-a36130

Sadeh, N., & Verona, E. (2008). Psychopathic personality traits associated with abnormal selective attention and impaired cognitive control. *Neuropsychology*, *22*(5), 669-680. doi: 10.1037/a0012692

Sellbom, M., & Verona, E. (2007). Neuropsychological correlates of psychopathic traits in a non-incarcerated Sample. *Journal of Research in Personality41*(2), 276-94.