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

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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 (Mitchell & Ambrose, 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’’ (Tepper, 2000), 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...
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, Ulrich, 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-Revized (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/Agressive. 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; immorality; 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, Kompaier, 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 & Numemof, 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 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, 98 (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, 40.7% 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 = 15 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.
2.2.2. **B-Scan 360: corporate psychopathy**

Participants rated their immediate supervisor on each of the 20 B-Scan 360 items, using a 5 point Likert-like scale (1 = disagree strongly; 5 = agree strongly). On average, 7.3 employees rated 16 different supervisors in Sample 1, and 4.6 employees rated 104 different supervisors in Sample 2.

We used intraclass correlation (ICC) to assess the interrater reliability of the B-Scan 360 ratings. As reported in more detail elsewhere (Mathieu et al., under review), we estimated ICC(3), which, with more than one rater is equivalent to Cronbach's alpha for each rated supervisor (Ostroff, Atwater, & Feinberg, 2004; Shrout & Fleiss, 1979). We combined the two samples and calculated a separate alpha for each supervisor with a minimum of two employee B-Scan 360 ratings (total of 116 supervisors). The average ICC(3) value for employee ratings of supervisors was .81 for the B-Scan 360 total score. The average ICC(3) for the B-Scan 360 factors was .62 for Manipulative/Unethical, .74 for Callous/Insensitive, .58 for Unreliable/Unfocused, and .65 for Intimidating/Aggressive. These values are in line with those obtained in other studies in which employees rated their supervisors (Ostroff et al., 2004), and indicate that subordinates were capable of providing reasonably reliable evaluations of supervisory traits and behaviors related to psychopathy.

2.2.3. **GHQ-12: employees' psychological well-being**

The General Health Questionnaire-12 (GHQ-12; Goldberg & Williams, 1991) is a 12-item measure of psychological well-being frequently used to screen for symptoms of non-psychotic psychiatric disorders. The GHQ-12 has been found to have good reliability and validity for individuals in the workforce (Makowska, Merecz, Moscicka, & Kolasa, 2002). Items are rated on a 4 point Likert-type scale.

2.2.4. **Work–family conflict (WFC)**

The items used for this study were adapted from the work–family conflict, family–work conflict, and affective experiences questionnaire (Netemeyer, Boles, & McMurrian, 1996). While the full instrument measures family–work conflict (influence of family situations on work) as well as work–family conflict (influence of work situations on family life), we used only the five items pertaining to work–family conflict as we wished to study the influence of work on family life. In the original version (Netemeyer et al., 1996), the alpha coefficient for these five items was .88.

2.2.5. **Minnesota Satisfaction Questionnaire (MSQ): job satisfaction**

Job satisfaction was measured using a short version of the Minnesota Satisfaction Questionnaire (MSQ; Weiss, Dawis, England, & Lofquist, 1967). This well-validated instrument includes 20 items rated on a 6-point Likert-type scale (1 = very low level of satisfaction; 6 = very high level of satisfaction).

3. Results

3.1. **Correlations among study variables**

Table 1 presents the manifest-level correlations among the B-Scan 360, the GHQ-12, WFC and the MSQ measures variables. In addition, Table 1 shows that all four factors were highly positively related to one another and with the total B-Scan 360 score, consistent with the Hare four-factor model of psychopathy. Table 2 presents the correlations of these variables with demographic and work-situation characteristics (education level, time with company and work hours).

In Sample 1, higher employee ratings of their supervisor on the B-Scan 360 total score were associated with higher ratings of psychological distress (GHQ-12) and lower ratings of job satisfaction (MSQ). Of the B-Scan 360 variables, only the Manipulative/Unethical factor was significantly related to work–family conflict (WFC). However, all B-Scan 360 factors were significantly associated with job satisfaction (MSQ) scores. Scores on all B-Scan 360 factors, except for Factor 3 (Unreliable/Unfocused) were significantly associated with higher scores on the psychological distress measure (GHQ-12).

In Sample 2, higher employee ratings of their supervisor on the B-Scan 360 total score were associated with higher ratings of their own psychological distress (GHQ-12), work–family conflict (WFC), and lower job satisfaction (MSQ). Furthermore, three of the four B-Scan 360 factors were positively related to higher GHQ-12, WFC, and lower MSQ scores. Factor 4 (Intimidating/Aggressive) was not significantly correlated with WFC.

3.2. **SEM results**

We conducted an SEM to examine the predictive relations among the B-Scan 360, WFC, GHQ-12, and MSQ variables, as well as to determine how much variance the B-Scan 360 accounted for in WFC, GHQ-12 and MSQ. Specifically, we used the four B-Scan 360 sub-scale scores as indicators for a single B-Scan 360 latent variable. We then used this latent variable to predict the total scale score of the WFC, GHQ-12 and MSQ manifest variables. Also included in this SEM were those variables that showed a significant correlation with the B-Scan 360: education, time with company, WFC, GHQ-12, and MSQ. Education was coded as follows: 1 = high-school not completed, 2 = high-school diploma, 3 = two-year Associate's degree, 4 = Bachelor's degree, 5 = Master's degree.

All model analyses were conducted with Mplus (Muthén & Muthén, 1998–2010) maximum likelihood estimation for the SEMs, given the continuously distributed data (i.e., scale scores). As recommended by Hu and Bentler (1999), we used a two-index strategy to assess model fit: The incremental Comparative Fit Index (CFI), and an absolute fit index, the Root Mean Square Error of Approximation (RMSEA). Traditionally, CFI at or above .90 and RMSEA at or below .08 suggest acceptable model fit (Hoyle, 1995).

The same structural equation model (SEM) was specified and tested for each sample separately, to take into account the possibility that supervisors with psychopathic traits may have differential effects in different work settings. Model fit for the SEM was excellent for both Sample 1 ($X^2(28) = 34.8$, $p = .17$, CFI = .97, RMSEA = .04), and for Sample 2 ($X^2(28) = 50.3$, $p = .01$, CFI = .96, RMSEA = .04).

For Sample 1, the B-Scan 360 predicted work–family conflict and job satisfaction directly. However, it predicted psychological distress only through work–family conflict. Moreover, work–family conflict significantly predicted job satisfaction but psychological distress did not. Finally, hours worked per week was a significant predictor of both work–family conflict and job satisfaction in this professional sample.

For Sample 2, the SEM results indicated that the B-Scan 360 was a significant predictor of job satisfaction as well as work–family conflict, consistent with the findings for Sample 1. Similarly, work–family conflict significantly predicted psychological distress. However, the SEM results for Sample 2 revealed that the B-Scan 360 also significantly predicted psychological distress in this public sector sample. Furthermore, psychological distress was a significant predictor of job satisfaction, which contrasts with the findings for Sample 1. Notably, for both models the strongest predictor of job satisfaction was the B-Scan 360.

Overall, the SEMs were able to account for 38–42% of the variance in job satisfaction scores, as well as 19–24% of the variance in psychological distress (GHQ-12) scores, and 2–8% of the variance in work–family conflict (WFC) scores. Figures 1 and 2 depict the SEM results with standardized model parameters.
Table 1
Model variables: Means, standard deviations, reliability and intercorrelations for Sample 1 (n = 116) and Sample 2 (n = 476).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sample 1 (Financial)</th>
<th>Sample 2 (Civic)</th>
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<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
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<tr>
<td></td>
<td>3</td>
<td>4</td>
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<tr>
<td></td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Mean (SD)</td>
</tr>
<tr>
<td>B-Scan factor 1</td>
<td>(.78)</td>
<td>2.60 (.76)</td>
</tr>
<tr>
<td>B-Scan factor 2</td>
<td>.63** (.81)</td>
<td>1.93 (.72)</td>
</tr>
<tr>
<td>B-Scan factor 3</td>
<td>.45** (.75)</td>
<td>2.08 (.54)</td>
</tr>
<tr>
<td>B-Scan factor 4</td>
<td>.70** (.78)</td>
<td>2.07 (.58)</td>
</tr>
<tr>
<td>B-Scan total</td>
<td>.86** (.87)</td>
<td>2.17 (.57)</td>
</tr>
<tr>
<td>GHQ-12</td>
<td>.19** (.11)</td>
<td>2.21 (.52)</td>
</tr>
<tr>
<td>WFC</td>
<td>.40** (.46)</td>
<td>8.61 (4.82)</td>
</tr>
<tr>
<td>MSQ</td>
<td>.43** (.49)</td>
<td>.32** (.24)</td>
</tr>
<tr>
<td></td>
<td>(.91)</td>
<td>74.00 (10.5)</td>
</tr>
</tbody>
</table>

Note: GHQ-12 = General Health Questionnaire-12; WFC = work–family conflict; MSQ = Minnesota Satisfaction Questionnaire; B-Scan = B-Scan 360. Alpha reliability is on the diagonal.

* p < .05.
** p < .01.

Table 2
Correlations among demographic, work-related variables, and GHQ-12, WFC, MSQ, and the B-Scan-360 for Sample 1 (n = 116) and Sample 2 (n = 476).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sample 1 (Financial)</th>
<th>Sample 2 (Civic)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GHQ-12</td>
<td>WFC</td>
</tr>
<tr>
<td>Education</td>
<td>-.01</td>
<td>.17</td>
</tr>
<tr>
<td>Work hours</td>
<td>.07</td>
<td>.20</td>
</tr>
<tr>
<td>Time with company</td>
<td>.02</td>
<td>-.02</td>
</tr>
</tbody>
</table>

Note: GHQ-12 = General Health Questionnaire-12; WFC = work–family conflict; MSQ = Minnesota Satisfaction Questionnaire; B-Scan = B-Scan 360.

* p < .05.
** p < .01.

4. Discussion

The current research had two objectives. The first objective was to test the manifest-level relations between employee ratings of their supervisors on a measure of corporate psychopathy and measures of their own psychological distress, work–family conflict, and job satisfaction. In each sample there was a significant positive relationship between employees’ ratings of psychopathy traits in their supervisors and employee’s self-reported psychological distress and job satisfaction. However, the pattern of associations between the employee ratings of their supervisors on corporate psychopathy traits and work–family conflict differed somewhat in the two samples, which could be due to differences in sample characteristics. For example, Sample 2 was much larger than Sample 1, and the difference in results might reflect a difference in statistical power. It also is possible that employee perception of psychopathy traits in their supervisors and work–family conflict relate differently in private sector financial services companies.
(Sample 1) versus public organizations (Sample 2). However, there was a fair amount of concordance between the two samples for the manifest-variable correlations.

Our second objective was to propose and test a structural equation model that describes the associations between employees' reports of their direct supervisor on a corporate psychopathy measure and a variety of variables, including work–family conflict, psychological distress, job satisfaction, education, time with company, and hours worked per week. Overall, the results indicated that supervisor B-Scan 360 scores most strongly predicted employee job satisfaction. Furthermore, for both samples, the SEM results revealed that the (latent) B-Scan 360 variable had a significant negative association with work–family conflict. The latter results are in-line with previous findings that non-supportive supervision increases work–family conflict (Frye & Breaugh, 2004; Thomas & Ganster, 1995). On the other hand, the B-Scan 360 was not able to predict psychological distress in the professional sample.

Although these specific findings will require replication, they suggest that perceived psychopathic features in supervisors had less of a direct impact on employee psychological distress in a private sector sample than in a public sector sample. Furthermore, the financial sample consisted primarily of women while the public sample consisted primarily of men. Research has indicated that work–family conflict affects women more than men, and perhaps there are also sex-related differences in the ways in which psychopathic supervisors affect psychological distress in their employees. That is, the effect may be relatively direct with male employees and more indirect (e.g., through work–family conflict) in female employees. This possibility warrants further investigation.

Taken together, the SEM results are consistent with the general management literature on the contributions of negative supervisory behaviors to psychological distress, work–family conflict, and job dissatisfaction (Ashforth, 1994; Sosik & Godshalk, 2000; Tepper, 2000). As noted above, Hogan and Kaiser (2005) have argued that personality is a major determinant of leadership style. Here, we suggest that psychopathy may play a particularly important role in explaining the dynamics of dysfunctional and destructive leadership styles.

4.1. Limitations

The structural equation models described were based on two organizations willing to participate in our research on corporate psychopathy. Although the results were much the same in each organization we do not know the extent to which they will generalize to other similar and diverse organizations. Because employees provided the information used to score all study variables, our results may reflect the effects of common-source variance. Some commentators have suggested that the effects of common-source variance may be overstated (Brannick, Chan, Conway, Lance, & Spector, 2010). However, it is important to minimize these effects as much as possible (Podsakoff, MacKenzie, & Podsakoff, 2012).

In this study, the participants remained anonymous, giving them the freedom to express their “true” perceptions, attitudes and intentions. We used robust measurement scales, with the B-Scan 360 and the dependent variables being placed in different sections of the questionnaire. The participants themselves were not aware that this was a study of “psychopathy” as it was not mentioned in any of their participants' materials (as agreed upon with their management who approved the project). Also, the B-Scan 360 was conceptually distinct from the other study variables, helping to reduce the risk attributable to common-source variance (Brannick et al., 2010).

4.2. Conclusions and future research

It clearly is important to understand the role played by psychopathy in the workplace. The B-Scan 360 allows human resources personnel to assess psychopathic traits and behaviors in employees. In this study we found that employee ratings of their supervisors on this instrument were associated in predicted ways with self-reported job satisfaction and psychological well-being in two corporate samples. Future research would benefit greatly from the addition of (1) independent assessments of employee performance, attitudes, experiences, and well-being; (2) a full range of B-Scan 360 assessments in which employees at various levels rate their corporate subordinates, peers, and superiors; and (3) a broad range of corporate settings.

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References
