

PERCEIVED CORPORATE PSYCHOPATHY AND PSYCHOLOGICAL CONTRACT

Pranjali Rajesh Pate*

Abstract *Corporate life in India is getting increasingly lucrative and challenging, at the same time. Over the past couple of decades, in the wake of globalization, the collectivist country has gone through massive changes with respect to the organizational culture. This study aims to research some fresh and newly evolved concepts of personality and organizational psychology and their coherent effects. We conducted a study on 150 Indian corporate employees across various sectors. They filled out a survey, which essentially had two components: the first one denoting how much of corporate psychopathic tendencies do they observe in their immediate supervisors and the latter one gauging what type of psychological contract do they extend towards the organization. Results asserted that employees who rated their supervisors higher on corporate psychopathic tendencies showed significantly higher transactional contract with the organization as opposed to those who rated their managers lower and extended a relational contract. In addition, there was also no difference found with regard to gender in portraying corporate psychopathic tendencies.*

Keywords: *Corporate Psychopathy, Psychological Contract, Indian Corporates*

INTRODUCTION

“Not all psychopaths are in prison. Some are in the Boardroom.” Hare, 2002

Hare made this statement as a casual response to a question asked at the end of an address in the Canadian Police Association meeting in St. John’s. Emerged in the late 1980s, the concept of corporate psychopathy has picked up pace in the research world only at the advent of the 20th century. The Dark Triad theory which describes the negative side of leadership has been generated through a study done by Paulhus and Williams in 2002 and consists of corporate psychopathy, narcissism and Machiavellianism (Davis, 2016). Corporate psychopaths are individuals exhibiting psychopathic personality traits who work in the corporate sector (Boddy, 2010).

In modern organizations, relationships between employers and employees are characterized by low levels of trust and poor communication, much like a marriage under stress. It is not much of a challenge to get people to work, but the real task lies in motivating employees to go the ‘extra mile’ and perform for the organizations. Given the emerging importance of ‘Employee Experience’, organizations seek at developing a happier workplaces and keeping the employees motivated and enthusiastic. Building Positive Psychological Contract would help achieve these goals. Psychological contract refers to mutual unwritten expectations that exist between an employee and his/her employer regarding

policies and practices at their organization (Patrick, 2008). Levinson (1962) is the father of the concept and defined psychological contract as ‘unwritten contract, the sum of the mutual expectations between the organization and employees’. Psychological contracts are mental models or schemas that develop through an individual’s interactions and experiences.

Not all employees at the workplace interact with the CEO or management directly. Their primary point of contact of an authority in the organization are their immediate managers. Hence, the perceptions that are held by the employees about the organization and its management are highly coloured by the interactions they have with their supervisors. In a Gallop survey (2017), it was found that 75% of the reasons for employee turnover came down to factors that were influenced by managers. In the light of the aforementioned discussion of how critical the supervisor-subordinate relationship is and how vital it is for the organization to give their employees an enriching employee experience at workplace, we can infer that psychological contract of the employees towards the organization can be highly influenced with the kind of relationship the employee shares with his/her manager.

This study aims at assessing the psychological contract of employees in Indian corporates as a result of the corporate psychopathy of their managers as perceived by the employees. With the boom of start-ups and corporates in India today, competition has been taken to a completely new level. To sustain in this environment, majority of the organizations are

* Masters of Psychology, HRDM, Christ University, Bangalore, Karnataka. Email: pranjali.pate@psy.christuniversity.in

at power with each other with respect to technically sound employees. However, the psychological flip side to the same has been often overlooked. The purpose of this study is to dig in deep into the organizational issues, explore the extent of psychological contract that the employees hold towards the organization and shed light on them taking into account the leader-subordinate relationship, in particular, the dark leadership style of the manager. The primary objectives of the study would be to identify the levels of corporate psychopathy (perceived) existing amongst Indian corporates and the impact it has on the subordinates' psychological contract towards the organization. The implications can also be taken further and parallels can be drawn between psychological contract of employees and other relevant variables such as productivity, organizational citizenship behaviour, stress, commitment towards the firm, etc.

REVIEW OF LITERATURE

Corporate Psychopathy

Personality is ubiquitous in organizations affecting individual actions, group/team behaviour and organizational-level outcomes, and has a rich history of study within management research (Smith, Hill, Wallace, Recendes & Judge, 2017). Despite a wealth of research consistent with the notions that 'bright traits are beneficial' and 'dark traits are detrimental', the emerging evidence suggests that the effects of personality in organizations are far more complex than previously observed (Smith et al., 2017). There has been fair amount of research on both, the bright and the dark side of corporate psychopathy – more of the latter one though owing to the traditional research.

The Dark Triad Personality of leaders has been found to have an impact on the firms' performance and the well-being of the employees work as subordinates to them (Davis, 2016). Narcissists and psychopaths engage in less OCB than others low in the traits (Smith et al., 2017). Baysinger, Scherer and LeBreton (2014) investigated the impact psychopathy had on group processes and effectiveness, and found an indirect effect on group performance, commitment and cohesion through negative socio-emotional behaviour and task participation (Smith et al., 2017). On the other hand, it was also found that high psychopathy scores were associated with perceptions of good communication skills, strategic thinking, and creative and innovative abilities (Babiak et al., 2010). Psychopathic traits, especially those linked to fearless dominance, were positively and moderately associated with holding leadership and management positions, as well as high-risk occupations (Lilienfeld, Latzman, Watts, Smith, & Dutton, 2014).

Given this duality of results, the fact that Corporate Psychopathy does impact organizations and its employees

still stands true. Hence, exploring into the depths of it becomes extremely pivotal.

Psychological Contract

Rousseau classifies psychological contract into two aspects: transactional contract and relational contract (Zhou, Plaisent, Zheng, & Bernard, 2014). The former is based on the material benefits' satisfaction for both sides; in contrast, relational contract is based on the satisfaction of social affection of both sides, such as organizational support and organizational loyalty (Zhou et al., 2014). Various studies have proved the significant impact of psychological contract on other relevant organizational factors. Psychological contract is unique to each employee and it concerns less-tangible expectations between the organization and employee, and its implicit nature makes it particularly delicate (January et al., 2016). In a recent study, the two dimensions of psychological contract were found to have a significant positive correlation with organizational commitment and work satisfaction (Zhou et al., 2014). Relational contract is found to be more common in the Indian companies where 'trusted and loyal' employees manage most of the senior managerial/supervisory work in the organization, as opposed to the transactional contract, where the employment arrangement is of a short-term or limited duration, primarily focusing on exchange of work in lieu of money, with a specific and definite description of the duties and responsibilities and limited involvement in the organization (Patrick, 2008).

RATIONALE

Given the consequential subordinate-supervisor relationship and the prominence of psychological contract in the organizational settings, the relationship between the two is of interest to be explored. Research has identified 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 (Mathieu, Neumann, Hare & Babiak, 2014). Adhering to this novel emerging leader characteristic, in this study, we consider corporate psychopathy of the managers, as perceived by their subordinates as an independent variable and would further explore the impact it holds on the psychological contract of the employees. Transactional and relational terms are fundamental components of most employment contracts (Patrick, 2008) and, therefore, we consider only these two dimensions in the study as opposed to the four proposed by Rousseau originally.

Moreover, the majority of the research carried out in this field has either been an exploratory study of corporate psychopathy and the dark side of leadership or correlational studies between psychological contract and other organizational variables. Also, these studies have been majorly conducted in the western countries, leaving a huge

research gap in the Asian countries given the collectivist culture here which might affect the organizational cultures and in turn the psychological contract of their employees. An attempt would be made to address all these issues in the purview of this research.

HYPOTHESIS

The testable hypothesis in this research would be as follows:

'There is no significant relationship between perceived corporate psychopathy and psychological contract of employees'.

METHODOLOGY

Sample

Data was collected from 155 corporate working professionals from different cities across India. The sampling methods incorporated were random and snowball sampling. The inclusion criteria for all employees who were a part of the research were as follows: (a) All the employees had at least 1 year of work experience and (b) have completed a tenure of more than 6 months working with his/her current supervisor.

Tools Used

Psychological Contract Scale

Milward and Hopkins (1998) develop this scale. One section from this scale – the one assessing relational and transactional contract would be used herewith. It has a total of 17 statements and is measured on a Likert Scale of 1 to 7. The Cronbach's reliability test has revealed that reliability is acceptable, being in the range 0.73 to 0.89.

B-Scan 360

The B-Scan 360 (Business Scan), a recent scale developed by Babiak and Hare (2014), is used to rate psychopathic traits in others, typically supervisors, subordinates and employees. The scale has 20 items and uses a 5-point Likert-type scale (1 = disagree strongly; 5 = agree strongly). Alpha coefficients for Samples 1 and 2, respectively, were as follows: B-Scan Total (.90, .80), Manipulative/Unethical (.74, .76), Callous/Insensitive (.86, .71), Unreliable/Unfocused (.63, .77) and Intimidating/Aggressive.

Procedure

An integrated questionnaire of both the scales along with the demographic form was presented to the participants, either as a hard copy or a soft copy. Given the sensitivity of the topic, a slight deception would be manifested in the introductory part of the survey form (not mentioning 'Corporate Psychopathy', but 'Personality traits of the supervisor'). However, all the variables measures would be made clear in the debriefing section at the end where a detailed description of the constructs and the rationale of studying the same would be mentioned.

Ethical Consideration

The rudimentary ethical aspects of confidentiality of the research participants' profiles and their responses would be maintained. Participants would be asked to mention their initials, and then their full names in order to instil a sense of comfort in them. Given the nature of the traits tested, initial deception was used in the form where words like 'psychopathy' were not directly used but in-turn rephrased as 'personality traits'. However, all these things were clarified at the end of the form in the debrief note, which was displayed before the participants could submit their results. The debrief form also included the information about the non-disclosure of personal responses and the overall results of the research shall be furnished to the participants on requests.

DATA ANALYSIS

Table 1: Test of Normality

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PsychContractTotal	.073	154	.045	.986	154	.122
CorporatePsychopathy	.046	154	.200*	.988	154	.208

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Data from 154 participants was collected. A normality test was run in order to test the variables. As observed in the As observed in Table 1 the significance value for Shapiro-Wilk test is more than .05 level. Given that we found a normal distribution within these variables, we further wanted to analyse if there exists any relationship between them. Hence, a correlational test was done.

Table 2: Pearson Correlation

Correlations				
		Corporate Psychopathy	Transactional	Relational
Corporate Psychopathy	Pearson Correlation	1	.284**	-.214**
	Sig. (2-tailed)		.000	.008
	N	154	154	154
Transactional	Pearson Correlation	.284**	1	.097
	Sig. (2-tailed)	.000		.233
	N	154	154	154
Relational	Pearson Correlation	-.214**	.097	1
	Sig. (2-tailed)	.008	.233	
	N	154	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

A Pearson correlation was run between the three variables: perceived corporate psychopathy, relational psychological contract and transactional psychological contract. It was observed from the results that the perceived corporate psychopathy had a significantly positive relationship with transactional psychological contract ($p = .284, p < 0.01$) and a significantly negative relationship with relational psychological contract ($p = -.214, p < 0.01$). This denotes

that employees who felt their managers showed psychopathic traits were more likely to develop a transactional feeling towards the organization and less likely to have sentimental bond.

In order to infer if there were any differences within gender in accordance to the traits portrayed, we ran a two-tailed t-test. The results showed no significant difference in perceived corporate psychopathy or psychological contract when it came to either males or females.

Table 3: Showing Mean, SD, t- Test Score and Leven’s Equality of Variance

		Leven’s Test for Equality of Variances	t-test for Equality of Means		
		Sig.	t	df	Sig. (2-tailed)
Corporate Psychopathy	Equal variances assumed	.956	.553	152	.581
	Equal variances not assumed		.551	81.568	.583
Psychological Contract	Equal variances assumed	.131	-2.126	152	.035
	Equal variances not assumed		-2.307	99.232	.023

RESULTS

In order to ensure that we could draw strong inferences from the derived results, a normality test was first conducted and it was derived that the scores are equally distributed, and there was no skewness observed. Hence, the further analysis could be conducted. The results derived in this research were in synchronization with what has been found previously. Employees’ perception of the organization is highly influenced by their immediate supervisor. Hence, the results indicate that ones who have observed psychopathic traits in their managers are unable to form a social or affective affiliation towards their organization.

DISCUSSION

Taking into consideration that India is a collectivist culture as opposed to other individualistically driven countries where corporate psychopathy was found to be more significant, there were fair chances of other variables such as work culture, team dynamics, nature of work, etc., mediating the contract that an employee extends towards

the organization. However, in the wake of other numerous variables, perceived psychopathy of the supervisor has shown to have enormous impact on the contract formed from an employees’ side. These results further strengthen the research findings, which reinstate that 65 to 80 percent of the employees’ affective notions of the organization are influenced by his/her immediate supervisor.

In addition, the research has also shown that women portray higher emotional intelligence as opposed to men. However, in the results for this study, we have found no significant difference. Gender has not played a role when people portray psychopathic traits in the organization or even while sensing them in their immediate supervisors. Irrespective of the gender roles, psychopathic tendencies are pure personality traits and are showcased as per individual’s choices and conditions.

LIMITATIONS AND FUTURE IMPLICATIONS

The participants of this research were primarily from the Tier 1 cities, which are Bangalore, Mumbai, Delhi and Pune.

A more definite sample would have been to ideally have at least 70 percent of the sample from Tier 1 and the rest from Tier 2 cities. Sample could have also been segregated in proportion to the industry they work in which could have yielded more accurate results. Another scope of study could also have been with mapping out the level of seniority of the managers, e.g., this study can be further conducted on employees who have had total work experience of 20-22 years as opposed to those of 5-6 years and find out the difference with trends that occur in the psychopathic traits that they display. Since this entire study was based on 'perceived' corporate psychopathy of one employee for his/her manager, the results are purely in accordance to the judgement of one person for another. In addition, the results can be strengthened by running the same survey on another employee from the organization reporting to the same manager and the collated numbers for corporate psychopathy can be considered. This will give a more unbiased score and put numerous other things into perspective.

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APPENDIX

Debrief Note

This note was shown to all the participants in the end, while submitting the final responses. They were given an option of opting out prior to submission of the ratings.

This research measured the perceived 'Corporate Psychopathy' (psychopathic traits shown at workplace) of the managers and its consequent effect on the 'Psychological Contract' (mutual unwritten expectations that exist between an employee and his/her employer regarding policies and practices in their organization) of the employees. Previous research has proved that Corporate Psychopathy does have a consequential relationship with various work related attitudes of employees, however, these variables weren't studied in the Indian context. This research aims at finding out a relationship between Corporate Psychopathy and Psychological contract - if there is any - and would suggest implications for better organizational culture, hence.

The overall results of the research shall be shared post analysis. However, due to the confidentiality contract, NO individual scores shall be furnished.