



Risk in the face of retribution: Psychopathic individuals persist in financial misbehavior among the Dark Triad



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ABSTRACT

Psychopathy is related to parasitic behavior that is both antisocial and high-risk. Such individuals are unlikely to consider consequences when engaging in selfish financial behavior, even in the face of punishment and financial loss. After completing Dark Triad measures (psychopathy, Machiavellianism, and narcissism), participants were told that everyone could gamble (in a clearly biased game) with the next person's bonus. Participants were then randomly assigned to think their bonus was still intact or nearly depleted. Participants were then given the option to punish the previous participant. Finally, participants were given the option to gamble with the next participant's bonus. Wins benefited current participants, and losses hurt the next participant. Participants were reminded that they could be punished by the next participant and lose everything. Results indicated that all three Dark Triad traits correlated with attempting one round of gambling. However, only individuals high in psychopathy persisted in gambling, leading to greater financial loss of the next participant. These findings highlight the importance of screening for malevolent traits in the financial world, particularly psychopathy.

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1. Introduction

White Collar Crime (WCC) is a growing problem in modern society (Benson & Simpson, 2009). Although definitions of WCC vary (Benson & Simpson, 2009) a common theme across most definitions is that WCC consists of engaging in illegitimate financial behaviors through legitimate financial means. For example, investment bankers misusing funds under their control would be guilty of WCC, however, robbing someone and misusing those funds would not be. The statistics surrounding the perpetration and punishment of WCC are staggering. Wells (2007) estimates more than \$680 Billion is lost annually, with future estimates likely to increase. In fact, WCC is more costly than burglaries, armed robberies, and non-white collar financial offenses (Benson & Simpson, 2009). Worse still is that over 43% of those arrested for WCC are never prosecuted (Ivancevich, Duening, Gilbert, & Konopaske, 2003). In addition, Ivancevich and colleagues found that the majority of those who are successfully prosecuted spend less than 3 years in prison.

In addition to crime, there are a variety of financial behaviors that are selfishly harmful, but not illegal. For example, disguising contract changes or portfolio risks is unethical, but straddles the line of legal behavior (Lacznia & Inderrieden, 1987). The present paper will focus on *financial misbehavior*, which includes WCC

but is not limited to legal definitions. Although most theories discussing financial misbehavior have been social in nature (e.g., Strain Theory, Learning Theory, and Rational Choice Theory), there are strong theoretical arguments suggesting that individual differences play a role as well (Babiak & Hare, 2006). For example, individuals with antisocial dispositions seem disproportionately attracted to and over-represented in financial positions (Babiak, Neumann, & Hare, 2010).

One trait consistently associated with poorly motivated deviant behavior is psychopathy (Cleckley, 1976). Individuals high in psychopathy lack empathy, honesty, consistency, and respect for rules (Hare & Neumann, 2008). Such individuals are prone to high risk behavior (Newman & Kosson, 1986; Newman, Patterson, & Kosson, 1987). They are also callous, which means their reckless behavior often harms others (Hare, 1996). Furthermore, individuals high in psychopathy are unresponsive to punishment (Newman, 1987) and do not learn from their mistakes (Losel & Schmucker, 2004). As a consequence, such individuals are likely to ignore the risks inherent in certain decisions and misjudge risk of punishment.

Psychology has identified two other personality traits that lead to financial misbehavior: Machiavellianism and narcissism. These three subclinical traits (psychopathy, narcissism, and Machiavellianism) together, have been called the Dark Triad of personality (Paulhus & Williams, 2002). The Dark Triad have each (on their own) been linked to financial misbehavior in business (Babiak, 1995; Johnson, Kuhn, Apostolou, & Hassell, 2013; Tang, Chen, & Sutarso, 2008) and laboratory settings (Berg, Lilienfeld, &

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Waldman, 2014; Brown, Sautter, Littvay, Sautter, & Bearnes, 2010; Gunnthorsdottir, McCabe, & Smith, 2002). In addition, they have been linked with counterproductive behaviors (O'Boyle, Forsyth, Banks, & McDaniel, 2012). These traits are also associated with making selfish financial decisions with other people's money (Jones, 2013a). For example, individuals high in Machiavellianism and psychopathy were likely to risk someone else's money for personal gain. However, among those who took such risks, narcissism predicted the highest losses. In an anonymous and ever-borrowing market, it is critical to know who has access to other people's money. These findings suggest that all three Dark Triad traits would have a toxic impact on the financial system.

As aforementioned, all three traits have been independently associated with financial misbehavior and WCC. For example, Machiavellianism is a contributing factor to unethical business behaviors (Trevino & Youngblood, 1990). However, Machiavellianism differs from psychopathy and narcissism in several key ways. First, unlike psychopathy and narcissism, Machiavellianism has no unique relationship with aggression (Jones & Paulhus, 2010) or impulsivity (Jones & Paulhus, 2011a). Moreover, Machiavellianism is associated with normal levels of executive functioning (Jones, 2014). As a consequence, individuals high in Machiavellianism generally take political or strategic roads to malevolence, rather than aggressive or violent ones (Jones, 2013b). Thus, their strategic disposition leaves individuals high in Machiavellianism likely to engage in planful and cautious misbehavior (Cooper & Peterson, 1980; Williams, Nathanson, & Paulhus, 2010). In sum, Machiavellianism is associated with strategic manipulation, whereas psychopathy and narcissism are not.

Narcissism has also been associated with unethical financial behavior (Duchon & Drake, 2009). However, unlike individuals high in psychopathy or Machiavellianism, those high in narcissism are identity focused (Jones & Paulhus, 2011b), have impulsivity stemming from overconfidence rather than poor self-control (Jones & Paulhus, 2011a), and only respond aggressively to ego threat (Jones & Paulhus, 2010). In addition, individuals high in narcissism are self-deceptive (Paulhus & Williams, 2002), charming in short-term encounters (Paulhus, 1998), and overconfident (Campbell, Goodie, & Foster, 2004). Because of their ego focus, individuals high in narcissism tend to engage in financial misbehaviors stemming from overconfidence and entitlement (Foster, Reidy, Misra, & Goff, 2011) rather than strategy (i.e., Machiavellianism) or erratic antisociality (i.e., psychopathy).

2. Summary and predictions

Individuals high in psychopathy are predicted to behave selfishly when they have access to someone else's money. Although all three Dark Triad traits are selfish, individuals high in psychopathy are also reckless, antisocial, and unresponsive to potential punishment. Thus, individuals high in psychopathy are likely to impulsively harm others for selfish gain, making them likely to engage in antisocial risk in the face of punishment. By contrast, individuals high in Machiavellianism do not engage in needless risks because of their strategic disposition (Jones & Paulhus, 2009), making them unlikely to persist in financial misbehavior in the face of punishment. Finally, it is unclear what the association between narcissism and financial misbehavior in the face of punishment will be.

3. Methods

3.1. Participants

A Mechanical Turk (MTurk) sample of 237 adults (50.2% men; 69% European Heritage; $M_{age} = 30.88$ $SD = 10.75$) were recruited

for an online study entitled “bankers and betting – a game for real money.” However, as noted below, participants who did not follow instructions were removed, leaving a final sample of 187 adults (49.7% men; $M_{age} = 31.97$ $SD = 10.97$; 79% European Heritage). MTurk is a rich source of diverse and reliable adult participants (Buhrmester, Kwang, & Gosling, 2011; Paolacci, Chandler, & Ipeirotis, 2010). MTurk was also ideal for the present study because of its pay structure and the ability to “bonus” workers.

3.2. Measures

3.2.1. Psychopathy

In order to briefly assess psychopathy, the 28-item short form of the Self-Report Psychopathy Scale (SRP) was used (Paulhus, Neumann, & Hare, 2014). This short SRP assesses the four inter-correlated facets of psychopathy (manipulation, callousness, erratic lifestyle, and antisocial behavior), using seven items per facet. This short form can be obtained by contacting the authors of the SRP manual. Items for all measures were assessed on a 1 (*Strongly Disagree*) to 5 (*Strongly Agree*) Likert scale unless otherwise indicated, and all items were properly reverse coded before being averaged into a composite. The SRP-SF had good internal consistency ($\alpha = .92$, $Mean = 2.04$, $SD = .60$), and was correlated positively with Machiavellianism, $r = .70$, $p < .001$, and narcissism, $r = .46$, $p < .001$.

3.2.2. Machiavellianism

The Mach-IV was used to assess Machiavellianism (Christie & Geis, 1970). The Mach-IV is a 20-item assessment focusing on three aspects of the Machiavellian character: Amorality, tactics, cynical worldview. The Mach-IV is widely used and has strong validity evidence behind it (Jones & Paulhus, 2009). The Mach-IV had good internal consistency in the present study ($\alpha = .87$, $Mean = 2.76$, $SD = .55$), and was positively correlated with narcissism, $r = .38$, $p < .001$.

3.2.3. Narcissism

Narcissism was measured using the NPI-16 (Ames, Rose, & Anderson, 2006). The NPI-16 is a shortened version of the full 40-item Narcissistic Personality Inventory (NPI; Raskin & Hall, 1979). The NPI-16 asks participants to choose which of two statements (one narcissistic and one non-narcissistic) is more self-descriptive. Narcissistic items were coded as “2” and non-narcissistic items were coded as “1.” After reverse scoring appropriate items, all items were then averaged into an internally consistent composite ($\alpha = .79$, $Mean = 1.27$, $SD = .21$).

3.3. Design and procedure

The procedures followed closely that of Jones (2013a). Participants first filled out basic personality and demographic assessments. On MTurk, bonuses can be given to workers for exceptional work, which is payment above and beyond the agreed upon payment for a task. However, in the present research, the bonuses were used as part of the study. Participants were also told that everyone received a \$2.50 bonus, just for being in the study. Participants were told, however, that every participant was able to gamble with the *next* participant's bonus. In this game of risk, losses (–\$0.25 for losing a round) cost the next participant (but did not affect the current participant), and wins (+\$0.50) were deposited into the current participant's bonus (and did not affect the next participant). Participants were told that, if they chose to gamble, there would be five “companies” in which they could invest (represented by question mark icons on the screen; no

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