

# The Effects of Psychopathic Traits on Buyer – Seller Relationships

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## Abstract

The effects of personality traits on business performance have long been of interest to both practitioners and academics alike within a variety of commercial contexts (e.g., Sager & Ferris, 1986). Whilst positive personality characteristics such as empathy have been identified as being related to customer orientation (e.g., Widmier, 2002), there is increasing evidence to suggest negative personality traits may be problematic within many business contexts (e.g., McNally, Durmusoglu, Calantone, & Harmancioglu, 2009). Indeed, management literature suggests that some business leaders may present personality traits reminiscent of psychopathic behaviour. This may manifest itself in specific behaviours such as lying, deception, manipulation, and engendering a confrontational atmosphere (Boddy, 2014). Whilst similar behaviours have been reported among marketers within business-to-business relational marketing contexts, such findings have generally been tangential to the main focus of research projects and hence remain an underexplored area in this arena (e.g., Hunt & Chonko, 1984; Jakobwitz & Egan, 2005).

This research addresses this void in the business-to-business relational literature by specifically investigating the extent to which psychopathic traits and behaviours are present among buyers and sellers and examining the potential consequences of these on the development and maintenance of constructive business relationships. We hypothesise that both professional buyers and key account managers that show psychopathic traits, as construed by their counterparts, diminish trust endangering the construction of relationship and reducing, overall, opportunities for value co-creation and innovation. The affected party becomes more cautious and less committed to continue working with the psychopathic partner and increases its search for alternative suppliers/customers.

The parties may be able to separate individual behaviour from corporate identity, thus, replacing the psychopathic employee may save the relationship if the threat is identified on time.

## Introduction

A Company's ability to be innovative is a strategic imperative to sustaining competitive advantage. Co-creation processes within networks of companies may enable and optimise this ability. Indeed innovation and innovation networks are a strategic imperative to sustaining competitive advantage in the global market place. Such inter-organisational activities entail the engendering of trust through behaviours such as sharing information, assuming risks, and reliance on others. However, the presence of corporate psychopaths within such networks may have a deleterious effect on such activities through behaviours such as lying, deception, and manipulation. This may manifest in suppressed inter-organisational innovation effectiveness. This research intends to investigate how the presence of such individuals impacts on organisational innovation ability within business-to-business networks.

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The research focus on personality traits in business studies has been in general on the effects of salespeople's personality traits and sales effectiveness. Both positive and negative traits have been identified and associated to a particular outcome, also in general salespeople's effectiveness or performance. On the positive side, variables such as empathy, Widmier (2002) argues, foster customer orientation and hence favour the formation of sustainable business relationships. On the negative side research is more extensive and cover variables such as Machiavellianism, Narcissism and Psychopathy, that Jakobwitz & Egan(2005) referred to as the 'dark triad' of personality, and are found to have negative effects on salespeople performance. Nevertheless, taking a broader perspective of business marketing, where the salesperson (sales representative, or key account manager) represents only half of the dyad that interacts in exchange, the study of professional buyers' (supply chain managers, or supplier managers) psychological traits and the effects of either party's personality traits on the ability of business to form relationships and co-create value is, arguably, also of importance.

Recent research has been paying attention to psychopathic traits in business managers in general and not only among sellers and buyers. A senior executive that shows signs of psychopathy would be referred to as a corporate psychopath. By looking at within the organisation this research finds that the presence of corporate psychopaths appears to deteriorate organisational morale and consequently decrease business efficiencies. Drawing on these grounds, we hypothesise that if corporate psychopaths affect the climate within the organisation, they also may affect partnerships decreasing the ability of companies working together to create and realise value, and to innovate. This research aims to shed light to the problem of understanding the effects of the presence of psychopathic traits in buyers, sellers, or both, in the formation of sustainable relationships and in the parties' ability to co-create value and innovate. To achieve these goals, a survey instrument was developed and distributed to a sample of buyers and sellers across several industrial sectors. Buyers and sellers at these organizations were asked to think of two different partners, one with whom interaction delivers significant value and other with whom little value is achieved through interaction, as perceived by respondents. Informants are also asked to assess a number of dimensions of the relationship their companies have with these parties. A model of the conditions of relationship that lead and do not lead to value co-creation activities is studied.

## **Literature Review**

In this section we review firstly the literature on the presence of personality traits in business contexts, secondly we briefly refer to the literature on business interaction within networks that derive in the portrayal of the structure of business relationship that is believed to support quality relationships, and thirdly we end with a review on activities of value co-creation that foster innovation.

The gap between recent press coverage of "toxic bosses" aggravated by the global financial crisis and empirically based research into business psychopathy is 'both substantial and troubling' (Smith & Lilienfeld, 2013, p. 205). That said, the effects of personality traits on business performance have long been of interest to both practitioners and academics alike within a variety of commercial contexts (e.g., Sager & Ferris, 1986). Whilst positive personality characteristics (e.g., empathy) have been identified as being related to constructive organisational climates and business performance (e.g., Garry, 2008; Sager & Ferris, 1986), there is increasing evidence to suggest negative personality

traits may be problematic within many business contexts (Widmier, 2002). Indeed, some business leaders may exhibit personality traits reminiscent of psychopathic behaviour (McNally et al., 2009). This may manifest itself in specific behaviours such as lying, deception, manipulation, and engendering a confrontational atmosphere (Boddy, 2014; Smith & Lilienfeld, 2013). A number of researchers propose contemporary 'chaotic and transitional' organisational climates afford stimulation and excitement (Babiak, 1995) that may be particularly attractive environments for psychopaths (e.g., Boddy, 2006; Furnham, 2007).

Despite popular perceptions of psychopathy as being invariably maladaptive and prone to 'impulsive, violent criminal behaviour' (Boddy, 2010, p. 301), it is increasingly being recognised within the psychology literature that its component traits may be adaptive within particular settings including business contexts (Lykken, 1995). Indeed, Babiak (1995) hypothesises that psychopathic traits coupled with such 'adaptive functioning' (Skeem, Polaschek, Patrick, & Lilienfeld, 2011) predispose psychopaths with the ability to rise up the corporate ranks whilst 'concealing their dark side with poise and charm' (Smith & Lilienfeld, 2013, p. 206). Consequentially, a number of researchers (Board & Fritzon, 2005; Boddy, Ladyshevsky, & Galvin, 2010) posit that there is an elevated prevalence of psychopathy in the higher echelons of corporations than that of the general population (3-4% as compared with 1% in the general population).

Whilst there is an increasing body of literature examining the manifestation and consequences of psychotic behaviours such as workplace bullying, employee exploitation and aggressive behaviour within organisations (e.g., Smith & Lilienfeld, 2013), research into how the presence of corporate psychopaths impacts inter-organisational effectiveness is scant. This is surprising given that psychopathy is positively associated with traits such as 'charisma', 'superficial charm', 'superior presentational style', adeptness at 'gaining confidence' and 'sociability' (Babiak, Neumann, & Hare, 2010; Boddy, 2011). Having individuals displaying such traits in key roles that encompass customer interaction is a priority for most organisations within business-to-business contexts (e.g., Barrick, Stewart, & Piotrowski, 2002). Given the nature of interaction between two or more companies engaged in co-creating innovative business solutions, the presence of corporate psychopaths may have serious deleterious effects. Such co-creation processes usually encompass integrating multiple parties with multiple interests endeavouring to achieve a mutually agreed set of objectives. This entails behaviours such as sharing information, assuming risks, and reliance on others (Biggemann, 2012; Driessen & Hillebrand, 2013; Gummesson & Mele, 2010). This in turn necessitates the engendering of trust between parties which may be significantly compromised by the presence of corporate psychopaths (Andersen & Kumar, 2006; Denize & Young, 2007).

In business markets customers are not only limited in number but take part in long-term and stable buyer-seller relationships, (Ford & Håkansson, 2006). Relationships between firms are initiated, maintained, and potentially reconfigured through interaction (Biggemann & Buttle, 2009); interaction sits at the very centre of IMP research. For Olkkonen, Tikkanen and Alajoutsijärvi (2000) business relationships result as a consequence of interlinked exchange of acts and episodes that are contextually interpreted. Earlier, Duck (1976) suggested that business relationships evolve as a result of interpersonal communication in a particular environment, while Ford, McDowell and Tomkins (1996) explain that the effects of the interaction are influenced by previous experiences of participants and their evaluation of their relationship position. All in all, little dispute exist about the importance of interaction and the parties' interpretation of each other's acts in the evolution of

relationship. However, the structure of such relationship could be a composition of several complex constructs.

Aiming to conceptualise a quality relationship, service marketing scholars (e.g., Liljander & Strandvik, 1996; Naudé & Buttle, 2000) proposed the idea of relationship quality inspired in the idea of product quality, that later evolved onto service quality, hence the next stage was relationship quality. Most conceptualisations of relationship quality and contributions to relationship marketing spin around trust, commitment, and satisfaction, (e.g., Crosby, Evans, & Cowles, 1990; Morgan & Hunt, 1994). Nevertheless, a few additional constructs are proposed to be relevant for describing business relationship, for example Mohr and Spekman (1994) ascribe importance to trust, commitment, communication and coordination whilst Langerak (2001) endorses trust, satisfaction, goal congruence, and cooperative norms. Johanson and Vahlne (1990) emphasize the relevance of social, cultural, technological and geographical distance. We side with Biggemann (2010) and study five constructs to describe structure of business relationship, they are: trust, commitment, information sharing, bonds, and distance. Each one of these constructs is multidimensional and complex to define, see for instance Seppänen, Blomqvist, & Sundqvist (2007), who found 27 different dimensions of trust. Thus, we selected first the dimensions of each one of this constructs that literature references more often, or sub-dimensions for commitment, and then articulated working definitions for dimensions and sub-dimensions of each construct for our survey instrument; this way, respondents are more likely to provide valid information.

An expected benefit of quality relationships is the ability of a business and their partner to perform co-creation activities. Value co-creation is a shared creation of value where parties in interaction perform activities such as exchange of information that allow the exchange of abilities (what companies know) with uncertainties (what companies do not know) and discover new forms of solving problems which value is higher than before. Ramaswamy and Ozcan (2014) abridge the idea of co-creation as parties engaged in platforms of interaction designed for creative collaboration to develop win-win strategies that enhance wealth, welfare, and well-being. It could be argued that co-creation activities deliver innovation, however, they need some conditions of relationship that allow the parties trust each other and thus take the necessary risks to allow ground-breaking results. Figure 1 illustrates the structure of this research. We address the research question of to what extent does the presence of corporate psychopaths suppress inter-organisational innovation effectiveness? The purpose of this research is two-fold. First, we will investigate the extent to which psychopathic traits and behaviours are present among network partners. Second, we will examine the consequences of these on inter-organisational climates. Specifically we will assess how these suppress the development and maintenance of constructive business relationships that are crucial for enabling co-creation activities and consequential collective innovation capabilities.

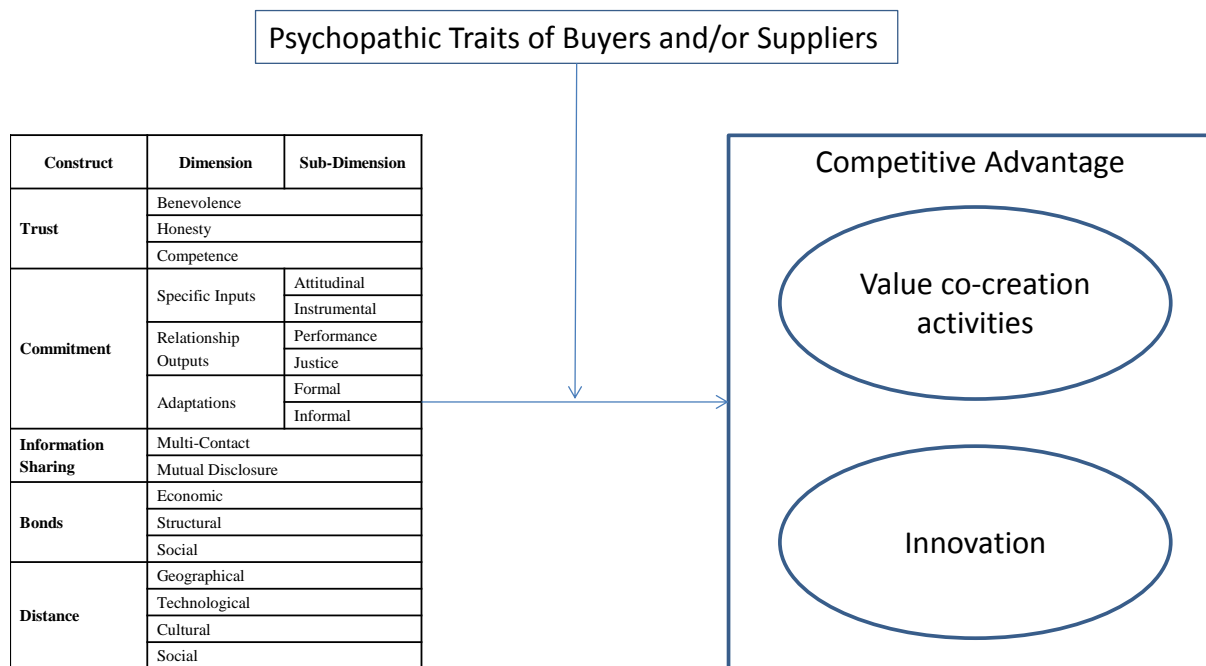


Figure 1. Effects of Psychopathic Traits on Buyer-Seller Relationships and Value co-creation activities for Innovation

### Methodology

The research comprises three stages. Firstly, drawing on qualitative research we will develop a scale to assess value co-creation processes and their connection to innovation effectiveness. Secondly, we will run a survey to test the model to uncover different configurations of co-creation activities that foster and suppress innovation controlled by the presence of corporate psychopaths. Thirdly, we will investigate intervention strategies through action research to further test the findings of the second phase.

Although psychology lends a reliable scale to assess psychopathic traits, establishing the connection between the presence of such traits among professional business collaborators requires a multi-step approach that includes an initial phase of inductive research. This phase provided insights into the most relevant items to assess the effectiveness of co-creation activities, its effects on enhanced innovation capabilities and how this relationship is affected by potentially dysfunctional intercompany relationships and maladjusted organisational climate. This phase gathered qualitative data for creating a reliable scale that was subsequently used in the preparation of a survey instrument for data collection. A second deductive research stage is ongoing. The research instrument was designed with the intention of using its data in two ways. Initially, to apply traditional statistical manipulation. Subsequently, to adopt configurational comparative methods, most likely fsQCA. Qualitative Comparative Analysis (QCA) is an innovative methodological approach for research in business marketing which delivers more meaningful results than traditional methods (Tóth, Thiesbrummel, Henneberg, & Naudé, 2015; Vis, 2014). QCA enables the identification of multiple conditions that can explain a similar output, thus, better addressing the equifinality of complex business problems. Finally, the findings of this research stage will be used to inform

intervention strategies and consequential modified organisational behaviour in a number of business networks using action research methods.

This research project aims to contribute to the international literature in this area; first, by researching the relationship between co-creation and innovation capabilities under the presence of senior managers that exhibit traits of corporate psychopathy, and second, by identifying appropriate intervention strategies to manage these.

## Results

Results are still in preparation as the survey results continue arriving. It is expected that by the time of the conference presentation phase 2 of the research will be concluded and results will be available.

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