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The influences of leaders' dark triad trait on their perception of CSR

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Abstract

The dark triad is a psychological term explaining individual negative dispositions. It is composed of Machiavellianism, which is a tendency to manipulate others to gain advantage, psychopathy, which is a general lack of empathy, and narcissism, which is excessive self-love. The negative effects of any leader's unethical behaviors on society necessitate an examination of the relationship between the leader's undesirable propensity and the corporate social responsibility (CSR). The literature reveals that the characteristics and traits of an organization's leader affect the ethics of the organization and that the leader's ethical perception and judgment can affect CSR. Accordingly, it is critical for a leader with the dark triad trait to check his or her perception of CSR. In addition, it is necessary to determine how the individual performance-based compensation system moderates the relationship between a leader's dark triad trait and CSR perception. Although a compensation system is useful in enhancing performance, it can have negative effects due to excessive and exclusive emphasis on performance. Empirical results have shown that Machiavellianism and psychopathy negatively affect the perception of CSR as a *prima facie* duty. Especially in this relation, the individual performance-based compensation system improves the negative relationship between Machiavellianism and CSR perception, and exacerbates the negative relationship between psychopathy and CSR perception. However, the psychopathy trait has only a negative relationship with the perception of CSR as a top priority, and the other traits have no significant relationship with the perception of CSR as a top priority. The study conclusions are summarized as follows: 1) the leader's perception of CSR is affected by his or her negative traits like Machiavellianism and psychopathy, 2) an organization needs to investigate the performance evaluation system and indicators for avoiding a negative influence of the system, and 3) it is necessary to find effective and practical managerial approaches capable of controlling the potential negative traits desirably.

Keywords: Compensation system, CSR, Dark triad, Machiavellianism, Narcissism, Psychopathy

Introduction

Since the end of the 1990s, considerable attention and research have been focused on the field of CSR worldwide. As the corporate influence on society grows, social demands are increasing for company to introduce CSR and instigate related activities. Now, CSR is focused on as a strategic management issue. Accordingly, more companies have introduced CSR to their management. In Korea, interest in and academic research on corporate sustainability and CSR have increased since 2000.

Most discussions on the original concept of CSR suggested by Bowen (1953) focused on whether a company's manager should take ethical responsibility for the social demand, i.e., whether an organization's CSR activities vary depending on the organizational leader's perception on ethics and social responsibility (Skouloudis and Evangelinos 2012). As a responsible leader is a major element in determining the relation with the organization and the stakeholders (Waldman and Galvin 2008) and since the leader's personality and values determine the perception of CSR, the leader is very critical in introducing, keeping and development CSR (Quazi 2003). Likewise, Waldman et al. (2006) also argued that the ethical leaders positively affect CSR.

Nevertheless, no attention has been directed at the relationship between the unethical traits of the company's leader and his or her perception of social responsibility. Moreover, media reports of company managers' delinquencies raise interest in the relationship between a leader's negative trait and the perception of CSR. In South Korea, the mass media widely covered big news stories about Namyang Dairy Product Co., Ltd.¹, Korean Air,² POSCO Energy³, Samsung semiconductor factory⁴, and the Scandal⁵ between President and Chaebols since 2010. These stories were related to ethical, social and leadership issues, and highlighted a need to consider the relationship. In this study, the dark triad (Machiavellianism, psychopathy and narcissism) was used as the representative negative trait. Those with this trait tend to deal with others unethically or manipulatively (Furtner et al. 2011). Other studies, however, have reported that their superficial attractions such as cool-headed or cold-blooded behavior help them to climb the corporate ladder (Babiak et al. 2010). Therefore, it is necessary to identify the relationship between the dark triad of an organization's leader and his or her perception of ethics and social responsibility.

Lastly, we have investigated whether the individual performance-based compensation system played any moderating role between the dark triad of an organization's leader and his or her perception of CSR. The human resource management system has experienced major changes in South Korea since the financial crisis of 1997. It is well known that, the individual performance-based compensation systems have been widely adopted in every aspect to firms, according to global standards (Yu and Park 2007). Bae and Park (2005) articulated that Korean firm has focused on short-term performance allowed the firm to set its goals. Therefore, the individual performance-based compensation has weakness in Korean context, although designed to be beneficial to all, owing to focusing on the achievement of business outputs. The system, thus, can lead to unethical behaviors at the expense of other value when a leader who has negative propensity exists in an organization. Therefore, it is necessary to determine whether the individual performance-based compensation system moderates the relationship between the dark triad trait and the perception of CSR.

Dark triad trait

Kowalski (2001) regarded Machiavellianism, psychopathy and narcissism as social-aversive personality traits. Paulhus and Williams (2002) deemed them to be socially undesirable as an aggressive personality and termed them the 'Dark Triad' with a negative personality trait primarily. Machiavellianism has some characteristic ways of deceitful behaviors, wickedness, cunningness, and hypocrisy (Corral and Calvete 2000). According to Geis and

Moon (1981), Machiavellianism traits are self-beneficial behaviors, lack of empathy, deception and interpersonal manipulation (Jakobwitz and Egan 2006; Furtner et al. 2011). Those with a Machiavellianism trait attempt to gain advantage by any means necessary, with no consideration for ethics. Additionally, Machiavellianism suppresses other's feeling in order to establish and attain one's own purpose, emphasizes practicability, and has the strong desire for harsh power (Ali et al. 2009). Machiavellian leaders tend to ignore ethical issues without prudence and with no attempt to solve them (Ford and Richardson 1994). Machiavellianism has a negative relationship with the perception of business ethics (Simmons et al. 2009).

Psychopathy is divided into primary psychopathy (e.g., selfishness, deficiencies in interpersonal affect, remorselessness, superficial charm, exploitation) and secondary psychopathy (antisocial lifestyle and behaviors) (Karpman 1948). As argued later, Machiavellianism and primary psychopathy are essentially identical constructs (McHoskey et al. 1998). Nathanson et al. (2004) presented manipulation, a lack of affective experiences, and impulsive or irresponsible behavior as characteristics of psychopathy. It can be rendered as glibness and superficial charm, manipulation, cunning, coldness, grandiose sense of self-worth, lack of remorse and empathy, emotionally shallow, calculating, and refusing to take responsibility for their own actions (Boddy et al. 2010; Williams et al. 2002). Boddy (2011) mentioned that the global financial crisis in 2008 proceeded from the psychopaths who worked in firms and financial service providers.

The narcissism trait induces a strong desire to achieve recognition of one's superiority and, in order to prove it, attempts to gain attention and envy. Narcissistic supply appears out of compliment, affirmation and flattery, which are identified by others (Wallace and Baumeister 2002; Chatterjee and Hambrick 2007). The narcissism trait attempts to attain others' envy by means of fulfilling a hard or challenging mission voluntarily. Cognitively, the narcissism trait is presented in any constant personal differences (self-love, self-assessment, exaggeration, grandiosity) compared with others (Morf and Rhodewalt 2001; Campbell et al. 2006), such as in exaggerating, oppressive, egocentric and dominant personalities (Emmons 1987; Sedikides et al. 2002). Narcissists tend to overvalue their creativity, leadership, ability and intelligence compared with all others (Robins and John 1994; Farwell and Wohlwend-Lloyd 1998; Judge et al. 2006).

Theoretical background and hypothesis development

Leaders' dark triad trait and their CSR perception

The attitude of leaders is a salient component in establishing positive relationships with a variety of stakeholders (Waldman and Galvin 2008). Furthermore, the personality of the leader of an organization like a CEO is an important driver in deciding the perception of social responsibility, and his or her morality positively affects CSR (Quazi 2003; Waldman et al. 2006).

CSR is understood as a discretionary and strategic management (William and David 2011), and thus varies according to each company's unique situation (Marrewijk and Werre 2003; Peng 2008). The strategic CSR is in the area of a leader's personal decision-making (Robbins 2008; Thomas and Simerly 1994), and virtue of the leader's authority (Batra 2007). The CEO's trait has been dealt with as an important factor of organizational behaviors (Klann 2003). Therefore, a leader's ethical attitude is a critical point in determining the level of CSR which is performed discretionarily.

The dark triad has several common characteristics: callous, twofold, self-interested and exploitative personality. A leader with the dark triad trait may manipulate, exploit and deceive colleagues, and conduct morally inappropriate behavior while avoiding cooperation and collective solution with co-workers (Furtner et al. 2011). An ethical culture in an organization is an important element in a positive perception of CSR, and a leader's undesirable traits are related with individual attitudes in an organizational culture (Valentine and Fleischman 2008). Machiavellianism has a negative relationship with business ethics (Simmons et al. 2009). Similarly, a lack of empathy, which is a representative disposition of psychopathy, may negatively affect a company. Therefore, the probability that narcissism does not enrich the substance of CSR owing to regarding social responsibility as a superficial means to prove oneself and gratify self-attachment is presumed to be high. Narcissistic leaders aggrandize their power with self-conviction, although they may make irresponsible judgements and decisions (Hogan et al. 1990).

In other words, the stronger a leader's dark triad trait in an organization, the more unethical management practices increase, and the higher others' stress (Fox 2000). Therefore, it can be anticipated that the dark triad is coupled with the level of perception of and concern for CSR negatively. The ethics of top managements works as an essential driver of a responsible corporate citizen's activities (Perrini 2006; Swanson 2006; Valentine and Fleischman 2008). The dark triad may not recognize CSR as a critical issue and may have little attention to solve social and environmental problems (Singhapakdi and Vitell 1991).

Because personal values, dispositions and characteristics determine the CSR perception (Quazi 2003), the leader as a decision-maker plays an important part in the initialization, maintenance and development of CSR. Therefore, it can be anticipated that the dark triad will result in forming a usual practice of ignoring ethics and social responsibility, and influence the level of CSR perception. Based on the above discussion, the following hypothesis can be proposed:

Hypothesis 1. The dark triad traits (Machiavellianism, psychopathy and narcissism) of a leader in an organization are negatively related to his or her perception of CSR.

The moderating effect of the individual performance-based compensation system

The individual performance-based compensation system is a market-based system which focuses on results of employees' tasks. It therefore must be developed and operated strategically in terms of human resource management. Especially, this system is an individual management system that is connected with organization goals, individual performance and team achievements, and that differentiates rewards. In terms of conventional organizational behavior, the offering of clear rewards to the related achievements can be a strong motivation (Heneman 1992; Milkovich and Newman 1996; Yu and Park 2007).

However, the motivation effect of individual performance-based compensation system is not always positive. If only exogenous reward with regard to task outputs is offered, the self-determination of a management implementer tends to be decreased, and intrinsic job-motivation will be further decreased accordance with developing an attention for rewards (Deci 1971; Eisenberger and Armeli 1997; Collins and Amabile 1999). Similarly, when the polarization of the compensation level becomes more serious, employees may lack their self-efficacy and job satisfaction, and thus lose self-respect and intrinsic motivation (Heneman 1992; Deci et al. 1999).

In accordance with the goal-oriented or egocentric disposition of dark triad traits, an individual performance-based compensation system can stimulate the disposition. Nearly one-third of financial services professionals reported that their bonus or compensation plans created pressure to engage in unethical or illegal behavior, according to the *New York Times*⁶. Because the dark triad trait tends to neglect cooperation and communications with others, a leader with the trait will manipulate others much more and give little attention to ethics or CSR in order to maximize his or her profits.

Bazerman and Tenbrunsel (2011) articulated that compensation systems are usually designed with good intentions, but it is a possibility that their goals will not be achieved, because no one can predict accurately how employees will respond to the rewards system. The performance-based compensation system of Korean companies has concentrated on the typical business performance (Park 2007), thus, the desirable perception of ethics or social responsibility which is excluded from the reward system is suppressed (Bazerman and Tenbrunsel 2011). Moreover, supposed to the dark triad traits of self-beneficial behavior and lack of empathy, the compensation system can be expected to exacerbate the perception of CSR, and consider visible outputs more importantly. Therefore, the CSR that is connected with not direct and short-term results but long-term value may be dealt with unimportantly. As mentioned above, the following hypothesis on the individual performance-based compensation system can be made:

Hypothesis 2. The individual performance-based compensation system moderates the relationship between the dark triad trait of a leader and his or her perception of CSR

Research methods

Sample

In order to conduct an efficient survey process, an online survey method was employed, and the questionnaire was completed using the online methodology of the KSDC (Korea Social Science Data Center⁷) was utilized. The questionnaires were sent to the person in charge of each company by e-mail, and were completed on-line. The demographic variables like gender, age, educational background, service period of employee, position level in an office and task assignment were taken into account to remove any response bias, and then the survey was conducted after calling every respondent. The analysis of unit of this study was the individual level, however, as great a variety of companies as possible was included.

The survey was conducted in April and May 2014. Total 207 valid responses were received. All responses were checked to avoid duplication by telephone, e-mail and IP address of respondents. In the sample, 83.09% of respondents (172) were men, 57.01% (118) had been working for more than 5 years, 92.27% (191) had graduate or post-graduate degrees, and everyone, from directors to assistant manager, were evenly participated in the survey. The industries, the task assignments and the position levels in an office included in the sample are tabulated in Table 1. These data were utilized as a control variable.

Measurements

The individual items of the questionnaire were derived from several established scales in preceding studies after being translated into Korean from the original English. The Dirty Dozen scale (Jonason and Webster 2010) was used for the dark triad trait of a

Table 1 Demographic variables

Industries	Portion	Sample size	Task assignments	Portion	Sample size	Position levels in an office	Portion	Sample size
Petrochemical industry	9.7%	20	HR/labor	4.8%	10	Above directors	11.6%	24
Metal and minerals production	3.9%	8	Furnace and accounting	6.8%	14	Managers	44.5%	92
Electronic manufacturing	9.2%	19	Planning and strategy	10.6%	22	Assistant managers	43.9%	91
Vehicle manufacturing	5.8%	12	R&D	10.1%	21			
Food and beverage manufacturing	3.4%	7	Marketing and sales	35.7%	74			
Information and telecommunication industry	9.7%	20	Production and procurement	3.9%	8			
Other manufacturing	4.8%	10	Management supports	20.3%	42			
Construction and real estate	7.2%	15	Audit, evaluation and consulting	7.7%	16			
Retail and distribution industry	7.2%	15						
Financial and banking business	20.8%	43						
Public services	3.4%	7						
Other services	15.0%	31						
Total	100%	207	Total	100%	207	Total	100%	207

leader as the independent variable. This scale is composed of 12 items with four items each used to identify Machiavellianism, psychopathy and narcissism. Among the various scales (Raskin and Hall 1981; Levenson et al. 1995; Lee and Ashton 2005; Ames et al. 2006; Paulhus et al. 2006) for the dark triad, the Dirty Dozen scale is the simplest scale, and therefore is appropriate for this study which has a number of other items. The response is from 1 to 6 for each item (from 1 not at all to 6 very much). The leader's perception of CSR was estimated with the Perceived Role of Ethics and Social Responsibility (PRESOR) developed by Singhapakdi et al. (1996). This scale has been widely used as a measurement method for manager's perception of ethics and social responsibility (Etheredge 1999; Vitell, and Paolillo 2004; Promislo et al. 2012). The same 6-point scale was used as in the Dirty Dozen scale. Higher scores also indicated that the respondents felt that they placed greater importance on ethics and social responsibility.

For the moderator, the individual performance-based compensation system, this paper utilized the measurement method used by Kim and Kim (2006). This scale consists of seven items that deal with annual payments, performance-based incentives, and substantial salary gap etc. The respondents checked a score of 0 (no) or 1 (yes). Owing to the dichotomous scoring method, Therefore, the maximum score was seven and the minimum score was zero. All the items of these variables are in Table 2.

The common method bias was controlled. The dependent variables and the independent variables were conducted through the survey, and therefore all of the questionnaires were rearranged in order to prevent respondents from interpreting the meaning of questionnaires differently (Converse and Presser 1986; Park et al. 2007). Social desirability

Table 2 Scales

Dirty dozen scale	PRESOR
1. I tend to manipulate others to get my way. 2. I have used deceit or lied to get my way. 3. I have used flattery to get my way. 4. I tend to exploit others towards my own end. 5. I tend to lack remorse. 6. I tend to be unconcerned with the morality of my actions. 7. I tend to be callous or insensitive. 8. I tend to be cynical. 9. I tend to want others to admire me. 10. I tend to want others to pay attention to me. 11. I tend to seek prestige or status. 12. I tend to expect special favors from others. 1 ~ 4: Machiavellianism 5 ~ 8: Psychopathy 9 ~ 12: Narcissism	1. Being ethical and socially responsible is the most important thing one can do 2. While output quality is essential to corporate success, ethics and social responsibility are not. 3. Communication is more important to the overall effectiveness of an organization than whether or not it is concerned with ethics and social responsibility. 4. Corporate planning and goal setting sessions should include discussions of ethics and social responsibility. 5. The most important concern for a firm is making a profit, even if it means bending or breaking the rules. 6. The ethics and social responsibility of a firm are essential to its long-term profitability. 7. The overall effectiveness of a business can be determined to a great extent by the degree to which it is ethical and socially responsible. 8. To remain competitive in a global environment, business firms will have to disregard ethics and social responsibility. 9. Social responsibility and profitability can be compatible. 10. Business ethics and social responsibility are critical to a company's survival. 11. A firm's first priority should be employee morale. 12. Business has a social responsibility beyond making a profit. 13. If survival of a business enterprise is at stake, then ethics and social responsibility should be ignored. 14. Efficiency is much more important than whether or not it is seen as ethical or socially responsible. 15. Good ethics is often good business. 16. If the stockholders are unhappy, nothing else matters.
Individual Performance-based Compensation System 1. My company has a practical annual salary system. 2. My company contracts annual salary every year. 3. The basic salary of my company includes the amount of pay which is commensurate with individual abilities such as competence level or skills. 4. My company considers the last annual salary. 5. My company uses the last salary level as a criterion for current measurement. 6. My company pays a performance-based bonus (merit pays) every year. 7. There is a wage differential within the same job class and seniority in my company.	

was also controlled for, because many survey items included the cognitive aspect. SDS-17 (Stöber 2001) was used. The scale deals not with self-deceptive enhancement, but impression management (Kim et al. 2008), which is fit for applying. SDS-17 was evaluated by dichotomous scoring method giving a score of 0 (no) or 1 (yes). The total score of the items was applied to the analysis. Additionally, six variables were included in the analysis as control variables: three respondent-related variables (gender, service period and position level) and three company-related variables (size, history and industry).

Validity and reliability

Jonason and Webster (2010), the Dirty Dozen developers, noted that it was possible that Machiavellianism, psychopathy and narcissism may be of each construct or may be dealt with as one of the latent variables. The results of the exploratory factor analysis showed that the 5th indicator was excluded because the communality is lower than .3, and the 1st indicator did not belong to any latent variable. Principal axis factoring and promax rotation were used because it is impossible for social science research to generate zero correlation between the factors.

The KMO and Bartlett test of sphericity were .800 and $p = .000$, respectively, which was statistically acceptable. The result was verified again by exploratory factor analysis

and confirmatory factor analysis without the 1st and 5th indicators. The results showed that the 2nd, 3rd and 4th indicators were loaded in the 1st factor (Machiavellianism), the 6th, 7th and 8th in the 2nd factor (psychopathy), and the 9th, 10th, 11th and 12th in the 3rd factor (narcissism). All the results were supported statistically. All the loadings exceeded .5, and Cronbach's α was .784 (Machiavellianism was .657, psychopathy .606, and narcissism .786), which indicated sufficient reliability (internal consistency). The model fit and validity tests were also conducted. The CFI and TLI (incremental fit indices) were .914 and .879, respectively, and the GFI and the RMSEA (absolute fit indices) were .929 and .082, respectively. These results demonstrated the good fit of the model to the data. All factor loadings (estimates) exceeded .5 (C.R. > 1.96); therefore, sufficient convergent validity was assumed (Bagozzi and Yi 1988).

For a comprehensive understanding of a leader's perception of CSR, the factor analysis was conducted again. The original PRESOR research (Singhapakdi et al. 1996) offered three factors with 13 indicators, but subsequent studies (Etheredge 1999; Vitell and Paolillo 2004) have reported two factors divided by a reverse-coded item. This factor analysis using the original 16 indicators was performed repeatedly. Principal axis factoring and promax rotation were used. So, two factors appeared and were divided by a reverse question, which is consistent with previous studies. As a result of the factor analysis, the 3rd, 4th, 5th, 11th, 13th and 14th indicators were excluded because the communality was lower than .3. Consequently, of the reverse-coded indicators, the 2nd, 8th and 16th were loaded on the first factor and the 1st, 6th, 7th, 10th and 15th were loaded on the second factor. The study named the first factor as a "*prima facie* duty" and the second factor as a "top-priority" (Vitell and Paolillo 2004).

The KMO and Bartlett test of sphericity were .836 and $p = .000$, respectively, indicating no statistical issue. All the pattern matrix loadings exceeded .3, and Cronbach's α was .828 (top priority: .803; *prima facie* duty: .739), indicating sufficient reliability. The model fit indices were all acceptable (CFI: .934; TLI: .902; GFI: .928; RMSEA: .095). All factor loadings exceeded .5 (C.R. > 1.96), and AVE values were .421 for top priority and .491 for *prima facie* duty. Although the AVE values were less than .5, the construct reliability exceeded .7 (Top Priority: .781; *prima facie* Duty: .741), which indicates acceptable results. The squared correlation between factors was .442, exceeding the AVE of top priority. However, because all the factors belonged to PRESOR, the results were all acceptable for discriminant validity. The above factor analyses results are summarized in Table 3, and the conceptual model of the paper is shown as Fig. 1.

Results

Correlations

To verify the correlations between the variables, Pearson correlation coefficients were evaluated, as shown in Table 4. The relationship between the dependent and independent variables was significant. In particular, Machiavellianism and psychopathy were negatively

Table 3 Factor analysis results

Latent variables	Dark triad (DT)	Perception of CSR
Factor 1	Machiavellianism	<i>prima facie</i> duty
Factor 2	psychopathy	top priority
Factor 3	narcissism	

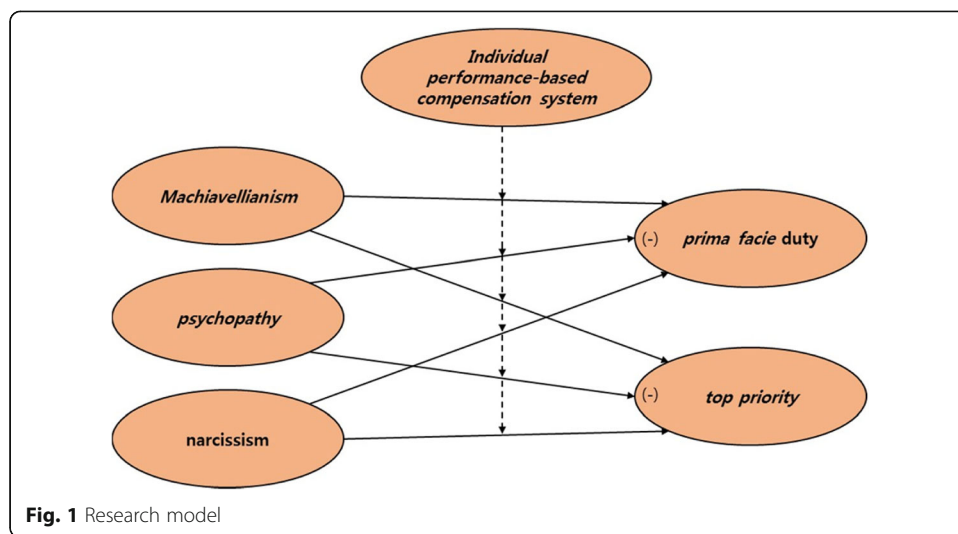


Fig. 1 Research model

correlated with dependent variables, and the moderator, individual performance-based compensation system, was correlated with *prima facie* Duty and narcissism.

Regression results

Table 5 shows the hierarchical regression results of the main effect, interaction effect and control effect. Model 1 included control variables, independent variables and moderator, and Model 2 added the interaction variables to Model 1. Regression 1 dealt with the *prima facie* duty as an independent variable, and Regression 2 analyzed top priority. Six control variables were not significant statistically. The study employed a regression equation instead of a structured equation model due to the variety of control variables. In order to remove multi-collinearity from the moderated regression analysis, mean-centering was conducted.

Firstly, three constructs of the independent variable were applied to the regression equation; consequently, Hypothesis 1 was supported partially. The stronger were Machiavellianism and psychopathy traits, the lower was the perception of CSR ($\beta = -.393, p < .01$; $\beta = -.368, p < .01$ respectively); however, the narcissism trait had no significant relationship ($\beta = -.093, p > .10$). In this regression 1, ‘the perception of CSR’ means that a

Table 4 Pearson correlations

Variables	1.	2.	3.	4.	5.	6.	7.	Mean	S.D.
1. Top priority	1.000							4.39	.914
2. <i>prima facie</i> Duty	.681**	1.000						4.64	.898
3. Machiavellianism	-.294**	-.513**	1.000					3.09	.876
4. Psychopathy	-.394**	-.581**	.691**	1.000				2.73	.821
5. Narcissism	-0.050	-.155*	.652**	.290**	1.000			3.84	.921
6. Individual performance-based compensation Sys.	0.105	.176*	0.059	0.001	.215**	1.000		5.37	1.704
7. social desirability	.246**	.167*	-.347**	-.255**	-0.123	0.047	1.000	9.02	3.089

**Significant at $p < .01$, *Significant at $p < .05$ (two-tailed test)

The control variables, except social desirability (gender, service period, position level, size, history and industry), are not included in this table

Table 5 Regression results

Variables	Regression 1. (Dependent variable: <i>prima facie</i> duty)				Regression 2 (Dependent variable: top priority)			
	Model 1.		Model 2.		Model 1.		Model 2.	
	β	t-value	β	t-value	β	t-value	β	t-value
Machiavellianism (Mac)	-.393	-3.465***	-.355	-3.100***	-.154	-1.134	-.123	-.888
Psychopathy (Psy)	-.368	-3.871***	-.411	-4.304***	-.260	-2.287**	-.280	-2.423**
Narcissism (Nar)	.093	1.130	.083	1.018	.083	0.849	.081	.820
Individual performance-based compensation Sys. (IPCS)	.076	2.392**	.094	2.803***	.042	1.114	.056	1.388
Social desirability	-.019	-1.049	-.021	-1.163	.033	1.548	.034	1.545
Mac x IPCS			.125	1.819**			.074	.887
Psy x IPCS			-.137	-2.590**			-.050	-.777
Nar x IPCS			-.043	-.842			-.012	-.195
R ²		.507		.527		.321		.327
F-value				4.918***				2.153***

***Significant at $p < .01$, **Significant at $p < .05$, *Significant at $p < .10$ (two-tailed test)

The control variables except social desirability (gender, service period, position level, size, history and industry) were not included in this table

leader perceives CSR as a *prima facie* duty; therefore, it is nothing to do with the important perception of CSR. Even though the level of *prima facie* duty is higher, CSR perception will not transform to CSR perception as a top priority.

When the Machiavellianism trait, which is an extreme results-oriented propensity to achieve success by any means, is strong, the obligatory perception level of CSR will be low. When the psychopathy trait, which is a lack of empathy and seeks its own interest, is strong, the obligatory perception level of CSR will be low. The two traits must exert a negative effect on CSR perception as a *prima facie* duty, as CSR needs a variety of attention to multi-stakeholders. The non-significant effect of narcissism can be explained as follows. With the viewpoint of positive aspect, it is possible to reinforce the perception of CSR as a *prima facie* duty for a narcissistic leader who feels self-conscious. On the other hand, a narcissism trait as a strong self-satisfied tendency has a negative effect on the perception of CSR.

The moderating effect of an individual performance-based compensation system was significant in the relationship between Machiavellianism and psychopathy, and *prima facie* duty. Specifically, the compensation system exacerbated (moderated negatively) the negative relationship between psychopathy and *prima facie* duty ($\beta = -.137$, $p < .05$). The moderating effect was accepted, considering the attribute of psychopathy trait that only concentrates on its own benefits, regardless of others' situation. Hypothesis 2 was supported in this case.

With regard to Machiavellianism, the individual performance-based compensation system improved the negative relationship between Machiavellianism and *prima facie* duty ($\beta = .125$, $p < .05$). The Machiavellianism trait is a goal-directed propensity; therefore, a leader with this trait will regard CSR as a shortcut to personal success and will utilize CSR much more, in order to achieve the individual goal, when a certain compensation system is employed in the manner of direct rewards to individuals. As a normal organization does not accept unethical performance indicators, the leader's perception of

CSR as a *prima facie* duty will be strong. No moderating effect was shown for narcissism, as explained above.

Secondly, the main effect was supported partially. The psychopathy trait exerted a negative effect on the perception of CSR as a top priority ($\beta = -.260, p < .05$). However, Machiavellianism and narcissism had no effect on CSR perception ($\beta = -.154, p > .10$; $\beta = .083, p > .10$ respectively). As mentioned above, the psychopathy trait is cynical, impulsive, selfish, cold and lacking of empathy. Therefore, this empirical result coincides with those reported in the literature. The result for narcissism can be interpreted as an ambilaterality. Machiavellianism is related to a goal rather than a process. According to the specific contents of performance targets-related CSR, a leader with the trait may perceive CSR as a positive or negative issue. The moderating effect did not appear.

Summary and conclusion

The study has focused on the relationship between a leader's dark triad traits and his or her perception of CSR at the individual level. In particular, the study examined how an individual performance-based compensation system moderates the relationship between dark triad traits and CSR perception. The study results are as follows.

First, when the dependent variable is a *prima facie* duty, the stronger a leader's Machiavellianism or psychopathy trait, the lower their perception of CSR as a *prima facie* duty. An individual performance-based compensation system positively moderated the relationship between Machiavellianism and *prima facie* duty, such that an individual performance-based compensation system improved the negative relationship. On the other hand, the compensation system negatively moderated the relationship between psychopathy and *prima facie* duty, such that the compensation system exacerbated the negative relationship. Second, when top priority, the stronger a leader's psychopathy trait, the lower his or her perception of CSR as top priority, and no moderating effect was significant.

The negative relationship between Machiavellianism and *prima facie* duty is attributed to its characteristics of result-orientation and self-centered disposition, or to its ignorance of ethics (Corral and Calvete 2000; Jakobwitz and Egan 2006; Simmons et al. 2009). The positive moderating effect on the negative relationship between Machiavellianism and *prima facie* duty stems from the possibility that a certain performance evaluation composed of CSR issues related to business (i.e. customer satisfaction, innovation activities, value creation and so on) may impact on the pursuit of personal benefits. Because these issues focus on the tangible outcomes rather than intangible performance like ethical approaches, relationship with stakeholders and social engagements.

The negative relationship between psychopathy and *prima facie* duty is attributed to the same reason as the negative relationship between Machiavellianism and *prima facie* duty, because the primary psychopathy is analogous to Machiavellianism (McHoskey et al. 1998). However, the moderating effect on the negative relationship between psychopathy and *prima facie* duty is negative. First, this is because the most important attribute of psychopathy is a lack of empathy, and thus, the 'individual' rewards will stimulate the attribute. Second, since social responsible activities can appear in the communitarian perspective more easily (Bae et al. 2009), the characteristic of psychopathy cannot help but conflict with communitarianism. The negative relationship between

psychopathy and top priority can be understood on the basis of the previous studies reported in the literature.

There was no significant result with narcissism. As mentioned above, narcissism is double-sided, as it can have positive or negative influences on business performances and innovations (Rosenthal and Pittinsky 2006; Chatterjee and Hambrick 2007). Similarly, this result between narcissism and CSR may be understood in the same vein. Therefore, if a leader has a narcissistic trait, his or her propensity needs to be promoted positively. Although the market-based approach such as performance evaluation did not work effectively for a narcissistic leader in this research, further research should be conducted to examine the narcissism trait in more detail.

Implications and discussion

The study results raise two implications. First, this study focused on the negative personality of leaders and their perception on CSR. Previous studies have dealt with the relationship between positive leadership styles and CSR activities or corporate social performance. On the contrary, this study concentrated on the undesirable leader's CSR perception. It is vital to address Machiavellianism, psychopathy, and narcissism in leadership. Management environments have changed rapidly in recent years, and the managerial decision making affects not only the firm but also its society. Therefore, the leader's role and decision making are more crucial. The mass media have covered the business leader's negative behaviors, and can influence organizational leaders interested in becoming "star businessperson." In such a situation, it is even more critical to investigate narcissism trait. In a structured organization, the conflict between the individual's desire and organizational benefits increases, and in a performance-based system, there is a need to pay close attention to Machiavellianism. Moreover, with respect to the proportion of psychopathic CEOs in firms being higher than that of psychopathic individuals in the total population, the attempt to reveal the relationship between the dark triad and CSR perception is important (Boddy et al. 2010).

Considering the results, it is important to deal with the leader's CSR perception in order to activate CSR. The perception of and attitudes to the CSR of a leader in an organization are crucial factors (Bowen 1953; Quazi 2003; Waldman et al. 2006; Waldman and Galvin 2008; Skouloudis and Evangelinos 2012). Given the above discussion, the results have important implications. From a long-term perspective, CSR is relevant to a firm's growth strategy and is closely linked to the sustainable development of society. Therefore, negative aspects of leaders, such as the Dark Triad, should be carefully considered.

Second, the study has empirically investigated the role of an individual performance-based compensation system among a variety of management methods. From the results, an organization needs to know the leader's traits and perception of CSR, and must investigate the performance evaluation system and indicators. An organization also should consider the social, ethical and environmental components as important driver factors. Otherwise, in order to induce ethical behaviors, it is possible to restructure the market-based management system (Bazerman and Tenbrunsel 2011). The study findings reveal the practical need to seek effective managerial approaches capable of controlling the potential propensity desirably, even though it is ethically unfair to give a disadvantage to someone with 'potential' dark triad. The precedent research (Boddy 2011) argued that the

synergy between experts' negative propensities and the existing rewards systems caused the 2008 financial crisis. Considering this argument, it is imperative to deal with a leader's dark triad, the performance evaluation system and the perception of CSR in the academic field and in various practical sectors.

Further researches and limitations

The Dirty Dozen scale was used for the dark triad in this study (Jonason and Webster 2010). Though this scale is efficient for conducting a survey, owing to the brief measures, it may be limited in identifying the detail attributes. In particular, Miller et al. (2012) reported that the scale has a limitation in measurement for psychopathy. Further research needs to use other scales in case of complementary, structured and detailed situations.

This study has investigated leaders, including senior-managers, in organizations. It is necessary for future studies to conduct further research on CEOs who can influence the whole organization. Although it is almost impossible to ask CEOs directly about their negative propensity, a peer evaluation should be conducted (Park et al. 2007). Analogously, it is important to reveal the relationship between negative traits and corporate social irresponsibility (CSIR). Finally, if an organization has a complete CSR management strategy and system, the individual performance-based compensation system may play a positive role. Therefore, the various concrete components of the performance evaluation indicators, as well as the intensity of the system, should be examined.

Endnotes

¹“Rage of the underdogs” erupting in response to Namyang scandal” reported in The Hankyoreh 5/10/2013 (http://www.hani.co.kr/arti/english_edition/e_national/586871.html) or “Dairy scandal reveals food industry’s unfair power structure” reported in Yonhapnews Agency 5/7/2013 (<http://english.yonhapnews.co.kr/national/2013/05/07/98/030200000AEN20130507004600315F.HTML>)

²“Korean Air nut rage incident prompts South Korea to shell out higher fines” reported in ABC News 1/19/2016 (<http://www.abc.net.au/news/2016-01-19/korean-air-nut-rage-incident-prompts-higher-fines-in-south-korea/7098290>)

³“Food Rage: Korean Deported Over In-Flight Ramen Brawl” by Jessica reported in Rocket News 24 4/24/2013 (<http://en.rocketnews24.com/2013/04/24/food-rage-korean-deported-over-in-flight-ramen-brawl/>)

⁴“Cancer, Death and Samsung’s Semiconductor Factories” by John Kay reported in the 3WM 9/2/2012 (<http://thethreewisemonkeys.com/2012/09/02/cancer-death-and-samsungs-semiconductor-factories/>) or “Report: Samsung endangered workers health in S Korea” reported in Aljazeera 8/10/2016 (<http://www.aljazeera.com/news/2016/08/samsung-endangered-workers-health-south-korea-160810064013370.html>)

⁵“Heads of Samsung and Hyundai Among South Korean Business Leaders Probed Over Presidential Scandal” by Reuters reported in Fortune 12/5/2016 (<http://fortune.com/2016/12/05/samsung-hyundai-south-korea-president-scandal/>)

⁶“Many on Wall Street Say It Remains Untamed” by Andrew Ross Sorkin reported in New York Times 5/19/2015 (http://www.nytimes.com/2015/05/19/business/dealbook/many-on-wall-street-say-it-remains-untamed.html?_r=1)

⁷The webpage of KSDC (<http://www.ksdc.re.kr/unisql/engjap/ewa/ewa1111.html>)

Authors' contributions

JM carried out the empirical studies and the literature review and drafted the manuscript. YC participated in the design of the study and the statistical analysis, and helped to draft the manuscript. Both authors read and approved the final manuscript.

Competing interests

The authors declare that they have no competing interests.

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