

## **Rogue Employees - Could Your Business be at Risk?**

Considerable press coverage in the first quarter of 2008 has been dedicated to the so called 'rogue' futures trader Jerome Kerviel at Société Générale, who is alleged to be responsible for the largest trading fraud ever carried out by a single person. Unlike the Barings Bank collapse in 1995, SocGen looks as though it will manage to remain solvent despite Kerviel's alleged loss of \$7 billion. Irrespective of whether SocGen manages to remain afloat, the staggering size of the loss highlights the devastation that can result from the actions of a single individual.

Although corporate scandals of this scale are relatively rare from a frequency perspective, when they do occur, their impact on the markets, not to mention individual investors, is far from insignificant. Still, one does not have to look very far to find additional recent examples of how the actions of a small number of unscrupulous insiders destroyed enough value to bring down well respected and seemingly solid companies: Tyco, Hollinger International, WorldCom and Enron are but a few of the big names that come to mind.

One of the most striking commonalities among each of these scandals was that many of those accused (and in several instances convicted) of destroying millions of dollars worth of value demonstrated virtually no contrition or remorse when their deceit and duplicity were exposed. Instead, a number of the accused exhibited a grandiose sense of self-importance along with a brashness and arrogance that few people could relate to.

Take, for example, the surprise when photos of a smiling and seemingly relaxed Kerviel surfaced in the press soon after the scandal at SocGen became public – even more astonishing, however, were his cavalier answers to reporters' questions and glib explanation that he simply 'got carried away'.

Although most of us would have difficulty maintaining such nonchalance if confronted with the prospect of criminal charges and jail time, these actions come as little surprise to psychologists with experience working in business and industry. Irrespective of Kerviel's specific psychological make-up or motivation, the behaviour, as described in the press – along with that of several of the individuals involved in previous sensational corporate scandals – is consistent with a number of the diagnostic criteria used to diagnose antisocial personality disorder (APD), the diagnostic category for sociopaths and psychopaths. If this sounds far fetched, consider some of the key markers of APD:

- Glib and superficial
- Lack of remorse or guilt
- Lack of empathy
- Deceitful and manipulative
- Shallow emotions
- Egocentric and grandiose
- Impulsive and poor behaviour controls
- Flagrant violations of society's rules
- Need for excitement
- Lack of personal responsibility

Additionally, people with APD tend to be male and are often above average in both intelligence and appearance.

If this sounds like someone you know or work with it's not a surprise, since approximately four percent of the general population (i.e., 1 in 25 people) in western societies are sociopathic (Stout, 2005).

Thanks to sensationalized media reports and Hollywood blockbusters, most people have come to associate the term sociopath with evil serial killers and deranged lunatics. However, the reality of APD is a far cry from this stereotype and few non-psychologists realise the sheer number of people in the general population who have no conscience whatsoever. In contrast to popular stereotypes, the vast majority of individuals with APD, although capable of doing literally whatever they like without experiencing guilt or remorse, will never be violent, preferring instead to pursue power, influence and wealth at the expense of others. As a result, very few diagnosable sociopaths ever come in direct contact with the criminal justice system – irrespective of how many ruined lives lie in their wake.

In light of the characteristics associated with sociopathy, it should also come as little surprise that the concentration of people with APD is significantly higher in business and industry (namely financial services) than the 1:25 found in the general population. Frighteningly, sociopaths can often rise quickly to the highest organisational levels if they are in the right setting as there are numerous corporate environments in which unbridled ambition along with skills requiring ruthlessness, cunning, manipulation, and deceit are the prerequisites for advancement and success.

Fortunately, the orchestrations of most corporate sociopaths do not result in the total collapse of their organisation. However, that's not to say that their actions don't do damage or place their employer at risk. Without fail, the sociopathic employee will leave an insidious swath of destruction in their wake and colleagues and direct reports who work with them invariably feel abused, exploited, humiliated and powerless.

In the workplace, you will recognize people with APD by the ease and proficiency with which they:

- stab colleagues (and/or clients) in the back
- tell self-serving lies
- create a power network that they use for personal gain and advancement
- steal others' ideas and present them as their own
- covertly sabotage others' work
- attempt to discredit colleagues whom they regard as powerful or eloquent, and
- steamroll those who get in their way

Despite demonstrating a host of destructive behaviours, sociopaths are extremely difficult to identify during the hiring process. Sociopaths' charisma, extraversion and intelligence enable them to excel at job interviews and make a positive and dynamic first impression on others.

Despite many sociopaths' chameleon-like abilities, their dark side quickly emerges on the job. Unfortunately, people with APD do not respond to treatment and will not benefit from conventional developmental interventions. More often than not, coaching and developmental efforts only serve to make them more effective manipulators. Thus it is important that individuals with APD be identified before they are hired. If they are already in the organisation, it is equally important that they be uncovered before they are able to do damage and/or before scarce financial resources are wasted on their 'development'.

TXG has provided consultation and advice to organisations concerned about this issue and, in our experience, robust due diligence during the hiring process combined with in-depth psychological assessment for fit-with-role are the most effective tools that companies can use to screen out sociopaths. Similarly, if an organisation has concerns about an existing employee, an in-depth leadership assessment by a chartered psychologist paired with confidential qualitative 360-degree interviews are the best way to determine if further intervention or investment are warranted.

Should you find yourself unable to avoid working with or for someone with APD, our advice is that you:

- set firm boundaries with the individual
- document everything
- keep someone you trust apprised of the situation (don't be afraid to ask for help from your company EAP, if needed), and
- do not allow yourself to be drawn into blaming yourself for their behaviour

When working with sociopaths, often damage control and/or avoiding becoming prey to their manipulations and schemes is the best outcome one can hope to achieve.

Should you have any questions about the contents of this article or if you want to know more about how TXG can help you protect your organisation from the risks associated with antisocial personality disorder, please feel free to contact us.

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