

Corporate Psychopathy Reconceptualised: An Interdisciplinary Review of Moral Cognition, Economic Behaviour, and Organisational Integrity

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Abstract

Traditionally, psychopathy has been known as a clinical syndrome that involves emotional detachment, manipulativeness and a lack of moral engagement, and has recently been studied as a functional personality trait in organizational and economic environments. Despite the burgeoning multi- or trans-disciplinary focus of this field, the literature so far is still very fragmentary, methodologically challenged, and poorly integrated at multiple levels of analysis. A narrative review of the literature provides a synthesis of evidence related to the personality psychology, cognitive neuroscience, behavioural economics, and corporate governance literature to develop a theoretically informed description of the potential influence of psychopathic traits on moral cognition and institutional behaviour, specifically the callous-unemotional and interpersonal-dominance dimensions. The domains explored are the complex, non-linear link between psychopathic traits and economic performance; the neuro-economic and cognitive foundations of moral decision-making; corporate governance systems that can inadvertently support psychopathic agency; structural vulnerability of the financial sector to psychopathic behaviour; the potential for erosion of ethical climate through organisational toxicity; and the moderation of exploitative behaviour by intelligence. Unlike previous models of psychopathy (Haidt, 2001; Greene et al., 2001, 2004; Bandura, 1999), the review proposes a model of bounded moral rationality that is explicitly differentiated from those models. Formal, falsifiable theoretical propositions are drawn and methodological limitations (such as issues of construct validity, measurement heterogeneity, and the missing clinical-to-subclinical inference) are discussed extensively.

Keywords: Psychopathy; Dark Triad; Moral cognition; Bounded moral rationality; Corporate governance; Neuroeconomics; Moral disengagement.

1. Introduction

The psychopath has always played a central role in abnormal and forensic psychology. It was traditionally understood as an overall lack of affective empathy, manipulativeness and a marked lack of moral self-regulation (Hare, 2003; Blair, 2013), the construct was a clinical and custodial phenomenon where the worst behavioural traits would get the research spotlight. In recent two decades, however, this narrow interpretation has been seriously challenged. There are increasing signs that psychopathic personality features are not only present in criminal populations but also in non-criminal and professional populations, leading to the notion of the subclinical or corporate psychopath: a person who may be distinctly dominant in interactions with others, affectively shallow, and strategically bold enough to rise through the organisational hierarchy, often at the cost of the moral standards of those institutions (Skeem et al., 2011; Boddy, 2014).

Theoretically fruitful, this dimensional reconceptualisation has produced an extensive and unevenly developed literature. In their most recent and comprehensive critical examination of the field, Smith and Lilienfeld (2013) were able to pinpoint three main research hurdles that impede cumulative advances in CSP research: construct validity, measurement heterogeneity, and unjustified clinical-to-subclinical inference. These worries are not just about the technical aspects but also about the meaningfulness of the one construct of psychopathy to hold together both forensic and subclinical and adaptive forms in very different populations and situations. In their groundbreaking review, Skeem et al. (2011) made the argument that the various facets of psychopathy, primarily the callous-unemotional core versus the boldness/fearless dominance dimension, may be aetiologically different and yield quite different results in any particular analysis; thus, integrative accounts of "psychopathy" should specify which facet or facets are relevant to that analysis.

The present review is attentive to these debates. Its focus is specifically on the callous-unemotional and interpersonal-manipulative dimensions of psychopathy, the facets most theoretically relevant to moral cognition and economic decision-making, rather than on psychopathy as an undifferentiated unitary construct.

It proceeds from the premise that a theoretically rigorous interdisciplinary review must engage the field's contested foundations rather than elide them.

Converging scholarship in psychology, neuroscience, and behavioural economics has begun to illuminate how psychopathic personality characteristics, so operationally defined intersect with the processes of moral cognition and economic choice. Neurobiologically, the ventromedial prefrontal cortex (vmPFC) and amygdala have been repeatedly implicated in the affective deficits of psychopathy, including impaired empathy and cold utilitarian reasoning disconnected from emotional consequence (Koenigs et al., 2010; Glenn & Raine, 2014), although the neuroimaging literature is characterised by considerable heterogeneity in effect size and sample composition (Yang & Raine, 2009). From a behavioural-economic perspective, psychopathic traits are associated with elevated reward sensitivity, risk-seeking, and strategic opportunism characteristics that are structurally congruent with the utility-maximising logic of competitive market economies (Gunschera et al., 2022). Concurrently, scholarship on corporate governance has indicated that the structural and legal architecture of modern organisations may be configured in ways that implicitly reward or insulate psychopathic conduct (Sheehy et al., 2021; Danagher, 2025).

Despite these converging lines of evidence, few attempts have been made to integrate personality psychology, neuroscience, and governance scholarship into a coherent explanatory framework. Existing narrative reviews have tended to operate within disciplinary boundaries. The present review addresses this lacuna through cross-disciplinary synthesis, culminating in what we term bounded moral rationality a model that builds upon, but is explicitly differentiated from, prior accounts of moral cognition under affective constraint developed by Haidt (2001), Greene et al. (2001, 2004), Crockett (2013), and Bandura (1999). The basis for this differentiation and the model's specific theoretical contributions are developed in Section 3.2. The review further generates a set of falsifiable propositions that future empirical work can test, and addresses its own methodological limitations with transparency throughout.

2. Review of Conceptual Domains

2.1 Psychopathy and Economic Behaviour: Construct Specificity and the Dark Triad Context

Any review of psychopathy's role in economic and organisational behaviour must first address a question of discriminant validity that personality science regards as foundational: what does psychopathy explain, in these contexts, that the broader Dark Triad constellation of psychopathy, Machiavellianism, and narcissism does not? Paulhus and Williams (2002) established the Dark Triad's tripartite structure, demonstrating that while the three constructs share a common core of callousness and interpersonal exploitation, they are empirically distinguishable and predict partially non-overlapping outcomes. O'Boyle et al.'s (2012) meta-analysis in Personnel Psychology, the most comprehensive synthesis of Dark Triad traits in workplace contexts found that psychopathy exhibited the strongest associations with counterproductive work behaviour and task performance deficits relative to narcissism and Machiavellianism. Jonason et al. (2012) also found that psychopathic traits specifically predicted short-term exploitation strategies in competitive organizational settings, whereas Machiavellianism predicted strategic deception over an extended period of time and narcissism predicted dominance-seeking. The discriminant findings support the focus of the present review on psychopathy as the theoretically central construct: psychopathy is the Dark Triad factor most directly related to deficits in affective-empathy and is thus most relevant to moral cognition and governance issues discussed here.

In this context it is possible to more clearly examine the economic correlates of psychopathic traits. Initial theoretical explanations were moral and interpersonal, and focussed on deceit, shallow affect and impulsive disregard for others (Cleckley, 1951; Hare, 2003). From a behavioural-economic perspective, these qualities are congruent with decision-making patterns that are structurally similar to that of economic rationalism—short-term utility maximisation, strategic manipulation and a dominance-oriented competition (Boddy, 2014). High scorers on psychopathic traits have been found to have higher levels of opportunism and risk taking when in situations where this type of conduct pays off, which mirrors a classical economic view of the self interested agent.

This connection between psychopathic characteristics and job performance, however, is not linear. According to the triarchic model of Patrick et al. (2009) the main dimensions of psychopathy are boldness, meanness, and disinhibition. It is worth noting, however, that the operationalization of boldness as fearless dominance in the Psychopathic Personality Inventory (PPPI) has faced continual critical challenge; specifically, Lilienfeld et al. (2012) suggested that it may not be a defining feature of psychopathy, but rather a component of adaptive leadership outcomes that is separable from the core callous-unemotional component of psychopathy. In the published literature, the issue of factor validity of the triarchic model has been debated by Venables et al. (2014),

who provided structural evidence questioning the factor validity of the model. Because of the nature of this review, claims of adaptive corporate advantage are thus limited to the dimension of boldness specifically, and carefully qualified by the fact that this dimension is in dispute as psychopathic.

Babiak et al. (2010) were the first to provide an empirical account of psychopathy in the field, finding that people who score high on psychopathic scales were more likely to be nominated as leaders in organisations during assessments but felt lower on competence scales than people who scored lower on psychopathic scales during performance ratings a dissociation they explained as impression management instead of competence. Contemporary research on leadership and entrepreneurship similarly suggests that subclinical psychopathic traits may be associated with strategic boldness and risk tolerance in venture contexts, though the same characteristics are associated with greater moral disengagement and interpersonal exploitation (Boddy, 2024). It should be noted that much of this evidence derives from cross-sectional, self-report designs, and the directional claims warrant appropriate epistemic qualification: that psychopathic traits are associated with rather than causally responsible for these outcomes.

From a behavioural-economics perspective, experimental paradigms including the Ultimatum Game and Trust Game have suggested that individuals with elevated psychopathic traits display attenuated fairness aversion and heightened reward-seeking, exploiting cooperative partners when doing so optimises self-benefit (Koenigs et al., 2010; Balafoutas et al., 2021). These findings are consistent with the characterisation of psychopathy as a decision-making profile that maximises self-interested utility without the affective constraints that normally moderate economic behaviour a profile whose organisational implications we examine in subsequent sections.

2.2 Neuroeconomic and Cognitive Correlates

Functional magnetic resonance imaging (fMRI) and structural neuroimaging paradigms have been used in extensively studied to examine neurobiological substrates of psychopathic decision-making. The most consistently reported regions are the ventromedial prefrontal cortex (vmPFC), which underlies affective empathy, moral inhibition, and emotional signals in value-based choice, and the amygdala, which plays a central role in emotional processing and related functions (Koenigs et al., 2010; Blair, 2013). Koenigs et al. (2010) showed an intriguing link between patients with lesions of the vmPFC and individuals with psychopathy in economic decision making tasks, which included lower levels of aversion to unfairness and higher levels of sensitivity to short-term reward. Koenigs et al. (2010) found a remarkable similarity between psychopathy and patients with vmPFC lesions in economic decision tasks, namely reduced sensitivity to unfairness and increased sensitivity to short-term reward. Additionally, Glenn and Raine (2014) described the psychopaths as having an affective rather than cognitive impairment, as their limbic response was also reduced when presented with moral judgment and social exchange paradigms.

But, thoughtful scholarship demands that one recognize the significant range of literature here. Yang and Raine (2009) conducted a coordinate-based meta-analysis of prefrontal structural and functional abnormalities in antisocial individuals, which reveals that effect sizes are heterogeneous and that some abnormalities in vmPFC are dependent on the composition of the samples and are not replicated. Most importantly, the neuroimaging "evidence" for psychopathy comes from incarcerated or forensic samples with scores on the Hare PCL-R, and the assumptions of construct continuity from the PCL-R to subclinical corporate samples are disputed in the literature on the construct (Cooke et al., 2007; Smith & Lilienfeld, 2013). The current review will consider these neural observations as theoretically informative, showing that psychopathic individuals do have an affective architecture of moral reasoning that is functionally impaired, but without any direct empirical validation in subclinical organizational samples.

From a cognitive-network perspective, areas of default mode network involved in self-referential thinking and perspective taking are associated with psychopathy, while salience networks for emotional relevance are also associated with psychopathy. This disarticulation of the structure has a moral dimension that renders a kind of moral myopia whereby instrumental self-interest can gain attention. This is complemented by reinforcement-learning models: Reinforcement learning is designed to account for the acquisition of the decision to suppress emotional reactions by larger amounts of aversion, and psychopathic individuals showed greater aversion sensitivity and changes in reward learning, consistent with a fundamentally abnormal neural representation of cost-benefit contingencies (Gregory et al., 2015). Together, these results from lesion analogues, neuro-imaging and behavioural studies suggest that psychopathy lies at the intersection of neurobiology and economic reasoning, and that the literature's diverse results warrant caution in generalizing to non-forensic environments.

2.3 Corporate Law and Governance Implications

A curious juxtaposition of psychopathy and corporate law is that the very systems put in place to promote accountability can also diffuse or obscure accountability. Modern corporations are legal entities, and executives represent the entity, not themselves; this is a legal abstraction, but it does provide structural protection for all those in authority who are manipulative or indifferent to the consequences of their actions

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The current, rational-actor-based corporate governance frameworks rely on the assumption that decision-makers are economically rational and normatively bounded (Boddy, 2024; Danagher, 2025). This structure does not capture personality-based affective valuation deviations, just the deficits involved in the moral cognition core of psychopathy. The psychopathic executives can take advantage of these governance weaknesses, while simultaneously appearing competent and charismatic—in a way that is rewarded by selection and appraisal systems—and thereby display a marked difference between legal compliance and moral legitimacy.

This is exacerbated by the doctrine of limited liability, which allows executives to shift the ethical and financial burden onto others and make themselves removed from responsibility for the organization. Regulatory standards, including "fit and proper person" assessments, are based on technical competence and financial practices but do not generally include psychometric assessments of moral reasoning capacity (Conley, 2025). The result is a system of laws that equates legal adherence with moral actions. Recent scholarship suggests that behavioural ethics and psychological assessment could be incorporated into corporate regulations by performing a psychometric screening of leadership, ethics-focused employee performance evaluations, and a separate behavioural-risk audit (Cohen, 2025). Both these proposals are in line with the neuro-economic evidence: effective governance requires considering bounded moral rationality, not only rational agency.

2.4 Financial Sector and Systemic Risk

The financial industry has been the subject of particularly scholarly focus as a sector which may be vulnerable to the expression and amplification of psychopathic traits. There have been multiple published reports that psychopathic personality features are overrepresented in financial professionals as compared to general population base rates (Boddy, 2024; Conley, 2025). These prevalence rates, however, do not match what is reported in the literature and their uncritical acceptance would be epistemically premature. Numerous estimates of prevalence have been reported in corporate and managerial populations, many based on convenience sampling with self-report instruments that lack convergent validity with measures of psychopathy, making the accurate reporting of prevalence rates in these populations difficult. Fritzon et al. (2019) and the review evidence synthesised by Smith and Lilienfeld (2013) have highlighted that the majority of prevalence estimates in financial professionals are based on convenience sample, self-report questionnaires that lack convergent validity with clinical psychopathy instruments, which makes the accurate reporting of prevalence difficult between financial professionals and incarcerated populations. The hypothesis that financial sector psychopathy rates are higher is a plausible theory that has some empirical evidence, but hasn't been proven with the same degree of rigor as can be used to justify it being touted as fact.

What is better supported empirically is the association between subclinical psychopathic traits and specific financial decision-making tendencies. Amos et al. (2022) documented associations between psychopathic characteristics and impulsive risk-taking, ethical detachment, and a temporal orientation strongly biased toward short-term performance in financial contexts. Sekścińska and Rudzinska-Wojciechowska (2020) demonstrated that Dark Triad traits with psychopathic callousness as a specific predictor were associated with riskier financial choices and reduced sensitivity to long-term consequences. These associations are consistent with the neuroeconomic evidence of disrupted cost-benefit valuation reviewed in Section 2.2.

At the systemic level, the aggregation of these behavioural tendencies across institutional hierarchies represents a plausible pathway to macroeconomic moral hazard. Corporate crises characterised by systemic ethical failure including those associated with excessive risk-taking in financial markets have been interpreted by some scholars as illustrative of how empathy-deficient leadership cultures may be associated with the subordination of prudential caution to short-term performance incentives (Boddy, 2024). Causal attribution of specific historical episodes to psychopathic leadership is, however, beyond what the available evidence supports, as macroeconomic crises are multiply determined by systemic incentive structures, regulatory architecture, and market complexity, none of which can be reduced to individual personality pathology. The theoretically productive claim is narrower: that the structural features of high-performance financial environments performance-contingent compensation, competitive hyper-individualism, short-termism are systematically congruent with the motivational profile associated with elevated psychopathic traits, creating conditions under which such traits may be selected for and reinforced over time.

Conley (2025) argues that conventional financial regulation lacks the conceptual apparatus to identify or address behavioural risks associated with morally disengaged decision-making. New suggestions involve using psychological risk markers in supervisors' evaluations and the formalization of ethical culture parameters as organizational resiliency parameters.

2.5 Organisational Dynamics, Ethical Climate, and the Limits of Moral Contagion

In organisational ecosystems, psychopathic traits of a leader are linked to tangible costs for subordinates and collective ethical climates. The literature indicates that leaders with higher psychopathic trait scores are correlated with higher employee stress and turnover intentions, and lower affective well-being (Boddy, 2014), though the majority of the research used a cross-sectional design, which makes it difficult to determine the directionality. Babiak and Hare (2006) noted how psychopathic leaders use complex impression management tactics to convey charisma and competence without revealing an exploitative agenda, and this allows them to thrive in systems that have a performance-based leadership hierarchy that values surface leadership over substance.

The mechanisms linking psychopathic leadership to broader ethical climate deterioration have been theorised through the lens of moral disengagement. However, an important conceptual distinction is required here. Bandura's (1999, 2017) moral disengagement theory was developed to explain how ordinary individuals with intact moral functioning disengage their ethical self-regulatory processes in response to specific social conditions authority pressure, diffusion of responsibility, advantageous comparison, and moral justification. Critically, this mechanism operates independently of the leader's psychopathic status: as Moore et al. (2012) demonstrated empirically, moral disengagement is a widespread organisational phenomenon that predicts counterproductive work behaviour without requiring psychopathic leadership as an antecedent condition. The present review therefore distinguishes between two conceptually discrete processes: psychopathy-driven ethical erosion, in which a leader with affective deficits actively constructs norms and incentive structures that reward exploitation; and general moral disengagement, which operates among normal individuals through Bandura's well-characterised mechanisms and does not require psychopathic leadership as its cause. Corporate psychopathy may amplify or accelerate general moral disengagement, but the two processes are neither coextensive nor causally identical.

Subject to this qualification, the available evidence suggests that sustained exposure to leaders exhibiting callous and manipulative behaviour is associated with progressive shifts in subordinates' perceptions of acceptable conduct (Boddy, 2014; Ng & Feldman, 2015). Performance metrics oriented toward short-term returns appear to reward manipulative actors, and human resource systems that prioritise interpersonal dominance and assertiveness may inadvertently select for individuals with elevated Dark Triad scores (O'Boyle et al., 2012). These dynamics do not require psychopathic leaders to operate through conscious design; rather, they emerge from the structural alignment of psychopathic motivational profiles with the incentive logic of competitive organisations. Countervailing evidence indicates that ethical leadership cultures anchored in empathy, transparency, and distributed accountability are associated with substantially greater resistance to the propagation of destructive norms (Ng & Feldman, 2015).

2.6 Intelligence, Moral Reasoning, and the Contested Category of "Successful Psychopathy"

In the published literature, there is a theoretically contentious space between cognitive intelligence and expression of the psychopathic traits. Although initial research thought that high cognitive functioning would control impulsive or antisocial behavior, Boccio and Beaver (2015) showed that intelligence could actually help promote strategic moral disengagement, the use of advanced thought to rationalize immoral self-serving behaviors. High cognitive ability, instead of mitigating psychopathic affective deficits, can allow psychopathic individuals to see and take advantage of moral gray areas in the institutional environment, reimagining exploitation as efficiency or as a necessity to be competitive (Glenn & Raine, 2014).

This is what has been theorized as the "successful psychopath" — a person whose psychopathic expression is characterised by disinhibition and yet whose cognitive function is not. Successful and unsuccessful psychopaths are neurobiologically distinguishable in that the former have more prefrontal regulatory capacity, Gao & Raine (2010). It is important to note, however, that the "successful psychopath" category is still not conclusively established, on a theoretical or empirical basis. Lynam and Vachon (2012) proposed that this construct is a paradox, one in which the interpersonal and affective aspects that characterize psychopathy reliably produce long term dysfunction and interpersonal harm that cannot be maintained as adaptive over long-term time periods. More recent neuroscience research has cast doubt on the idea of a neurobiological difference between successful and unsuccessful psychopathic phenotypes, with less support for the differential prefrontal control hypothesis than previously reported. In the present analysis, the term "successful psychopathy" is used as a hypothetical category that, although valuable for theoretical purposes, is provided with a provisional, empirical definition until further research can clarify these aspects.

In organisations, the cultural normalisation of psychopathic behaviour through the stories of visionary leadership is another process through which psychopathic agency is normalised. As boldness, emotional detachment and dominance are transformed into signs of strategic genius rather than moral shortcomings (Babiak et al., 2010; Cohen, 2025), and as the paradigm of shareholder primacy values profit-making over any action or inaction, organisations inexorably blur the lines between competence and callousness. This legitimisation is not only at the level of the individual, but through an institutionalised discourse that makes psychopathic cognition seem desirable.

3. Discussion

The preceding review synthesises evidence across six conceptual domains to build a multi-level account of how psychopathic traits particularly their callous-unemotional and interpersonal-manipulative dimensions are associated with patterns of moral cognition, economic behaviour, and organisational conduct that carry significant theoretical and practical implications. The integration of these domains in the discussion that follows advances three primary analytical contributions: the explicit differentiation of bounded moral rationality from prior frameworks in moral psychology; a model of organisational amplification that distinguishes psychopathy-driven from general moral-disengagement processes; and a set of falsifiable theoretical propositions derived from the biopsychosocial synthesis.

3.1 Convergence across Levels of Analysis and Construct Validity Caveats

Before synthesising across the reviewed domains, it is necessary to address the construct validity concerns that pervade this literature. Smith and Lilienfeld's (2013) critical review, and Skeem et al.'s (2011) broader examination of psychopathic personality, both identify the inference from clinical to subclinical populations as the field's most consequential unresolved problem. The neuroimaging evidence reviewed in Section 2.2 primarily comes from samples of forensic cases using the PCL-R, while the evidence in Sections 2.4 and 2.5 comes from non-clinical samples using the SRP-III, SD3, or PPI-R, which are all only modestly correlated with each other and with clinical criteria (Cooke et al., 2007). This measurement heterogeneity does not mean that the synthesis is invalid, but that the reader should regard it as theoretically indicative and not empirically proven, especially if the inferences are made across measurement traditions.

Recognising this limitation, the evidence that appears in each of the six areas is converging to a coherent substantively coherent account. Neural-affective disturbances to the vmPFC-amygdala circuit have been linked to weaker emotional involvement in moral decisions, leading to the maximisation of utility in a narrowly self-referential cost benefit analysis. Behaviourally, these traits manifest themselves in strategic risk-taking, decreased fairness aversion, and exploitative behaviour in interpersonal situations in economic contexts. Institutional-level, the motivational profile of psychopathy can be fostered where organisational reward structures, governance frameworks and cultural discourses reinforce and reinforce psychopathic motives. It is the mechanism that unifies these three levels, which is directly addressed in the theoretical question raised by Section 3.2.

3.2 Bounded Moral Rationality: Differentiation from Prior Frameworks

The central theoretical contribution of this review is the concept of bounded moral rationality as the mechanism linking psychopathic affective deficits to systematic patterns of economic and organisational behaviour. However, this contribution requires explicit differentiation from at least four prior frameworks in moral psychology and cognitive neuroscience that occupy adjacent theoretical territory.

Haidt's (2001) social intuitionist model established that moral judgment is primarily driven by fast affective intuitions rather than deliberate reasoning, with post hoc cognitive rationalisation serving to justify affectively generated conclusions. This framework anticipates the present account's emphasis on affective processes in moral decision-making but does not address the case of individuals for whom the affective inputs themselves are structurally attenuated. Haidt's model describes normal-range variation in affective intensity and moral intuition; it does not provide a framework for understanding individuals whose affective-empathy systems are neurocognitively compromised as a trait characteristic.

Greene et al.'s (2001, 2004) dual-process moral psychology, which demonstrated in landmark neuroimaging studies that deontological judgments are generated by emotional circuitry while utilitarian judgments reflect deliberative cognitive override provides the closest neurological analogue to the present framework. However, Greene's model characterises the tension between affective and rational moral processing as a feature of normal moral cognition, with utilitarian conclusions available to any sufficiently reflective agent. The present account differs in proposing that psychopathic individuals do not switch between affective and deliberative moral reasoning but lack the affective input that would otherwise constrain utilitarian reasoning a dispositional rather than situational attenuation of the emotional signal. This distinction has important implications: while Greene's

framework predicts that emotionally detached utilitarian reasoning is available to all individuals under conditions of reflective distance, bounded moral rationality predicts that psychopathic individuals default to self-interested utility maximisation absent the emotional friction that ordinarily enables prosocial constraint. Crockett's (2013) neuroeconomic models of morality, which formalise the influence of serotonergic and opioid systems on harm aversion in moral choice, similarly anticipate the present account's emphasis on neurochemical modulation of ethical valuation. However, Crockett's framework addresses normal-range pharmacological variation rather than the sustained, trait-level disruption of affective-empathy systems documented in psychopathy research. Bandura's (1999, 2017) moral disengagement theory articulates the mechanisms through which ordinary individuals selectively disengage ethical self-regulation but, as established in Section 2.5, operates independently of psychopathic trait levels and does not require affective neurocognitive impairment as an antecedent.

Bounded moral rationality, as advanced here, integrates but transcends these frameworks by specifying the intersection of trait-level affective impairment with the institutional incentive structures within which that impairment is expressed and amplified. The model proposes that psychopathy represents a dispositional constraint on affective moral input analogous to Simon's (1957) cognitive constraints in classical bounded rationality such that ethical valuation is consistently truncated in favour of self-referential utility. Critically, this constraint does not operate identically across all institutional environments: it is most consequential, and most consequentially adaptive in the short term, within competitive incentive systems that structurally reward the suppression of affective constraint. The bounded moral rationality model thus unifies the neurobiological, behavioural, and institutional levels of the analysis in a manner that prior frameworks do not provide, precisely because it specifies the interaction term between dispositional affective architecture and environmental incentive design.

3.3 Organisational Amplification: Structural Mechanisms and the Moral Disengagement Distinction

Organisations are not only settings in which psychopathic behavior may occur but also social and legal settings which can turn individual affective shortcomings into institutional practices. The diffusion of moral responsibility across hierarchical levels, as Sheehy et al. (2021) describe it, is the legally institutionalised diffusion of moral agency that allows the psychopathic leaders to act through institutional channels without facing the same personal liability as individuals. This structural insulation can turn what could be simply a rather eccentric act into a patterned way of acting unethically.

The difference between psychopathy-related moral decay and the overall moral disengagement that Bandura (1999) and Moore et al. (2012) reported must be carefully drawn, however, as described in Section 2.5. The present model suggests that the process of moral disengagement does not always necessarily cause psychopathic leadership; it is rather a condition it amplifies. Organisations, in the hands of psychopathic leaders, give the normal mechanisms of moral disengagement advantageous comparison, diffusion of responsibility and moral justification a structural form and institutional legitimacy, which hastens their propagation. Psychopathic leaders do not have to be present for moral disengagement to occur in organisations but, if they are, they may also provide incentive structures that demonstrate moral disengagement is rewarded, and moral disengagement is not the same as moral support.

Based on the research on ethical climate formation, employees adjust their behavior to perceived reward and punishment contingencies, meaning that whenever they see that bad behavior leads to better outcomes and good behavior leads to worse outcomes, they become increasingly rationalizing their ethical dissonance and the perceptual frame for acceptable behaviour begins to change. There is, however, a need to stress that the causal structure of this relationship is associative and not definitive: the literature, which is largely cross-sectional, does not allow for confident assertions of either a causal direction or whether psychopathic leaders develop a 'toxic culture' or whether a 'toxic culture' presents itself to psychopathic leaders. Both pathways are theoretically possible and these pathways can be reciprocal; empirically only longitudinal multi-level designs are currently lacking.

3.4 The Cultural Legitimation of Psychopathic Cognition

The most important thing that has come from the recent interdisciplinary scholarship is that cultural discourses are active in legitimizing psychopathic traits in corporate settings. Imbuing charismatic, risky leadership with the label of visionary disruptor redefines the psychopathic interpersonal profile as something not only acceptable, but desirable, in some cultures of organisations (Babiak et al., 2010; Cohen, 2025). Such representations of corporate achievement that imagine how an emotional "discipline" becomes a strategy, how an indifferent attitude becomes a "leadership," create a moral confusion in which one's true ability and one's actual misdeeds are hard to tell apart. This cultural condition also permeates institutional ideology: the doctrine of shareholder primacy is concerned with the morality of profit generation, and the shortening of affective ethical constraint is considered a proper adaptation to the market.

This legitimisation has implications that go beyond the individual organisation. By making psychopathy the norm, cultural and institutional narratives can create selection effects within the leadership ranks of successive cohorts and over longer time spans, erode the collective moral capital of whole industries. This is a proposition that is grounded in the reviewed literature but has yet to be validated by the empirical designs that the current literature is lacking, namely the multi-level, longitudinal designs..

3.5 An Integrative Biopsychosocial Framework: Formal Propositions

The three levels of analysis reviewed above neural-affective, behavioural-economic, and institutional-structural can be integrated into a biopsychosocial feedback model in which psychopathy simultaneously shapes and is shaped by the incentive logic of competitive capitalism. Individual affective architecture (characterised by vmPFC-amygdala hypoactivation and attenuated punishment sensitivity) interacts with environmental reward structures to produce systematically self-interested decision-making that, once institutionalised in leadership positions, reconfigures the organisational environment in ways that further select for and reinforce psychopathic profiles over time.

Unlike prior biopsychosocial accounts of psychopathy that have predominantly emphasised developmental trajectories in clinical and forensic populations (Blair, 2013; Glenn & Raine, 2014), this model specifically addresses the institutional feedback mechanisms that sustain psychopathic cognition at the organisational level. It also specifies boundary conditions and moderators that prior narrative accounts have left implicit. To make this model falsifiable and theoretically productive, the following propositions are advanced for future empirical investigation:

Proposition 1 (Dispositional-Institutional Interaction): The association between psychopathic callous-unemotional traits and unethical organisational behaviour will be moderated by institutional incentive structure, such that the association is stronger in performance-contingent reward environments than in environments emphasising prosocial or long-term outcomes. This proposition specifies that psychopathic affective deficits are not universally predictive of organisational harm but are specifically activated by incentive systems that reward the suppression of ethical constraint.

Proposition 2 (Amplification Threshold): The relationship between leader psychopathy scores and subordinate moral disengagement will exhibit a non-linear pattern, intensifying above a threshold of leadership tenure, such that organisations led by high-psychopathy individuals for extended periods show disproportionate ethical climate deterioration relative to organisations in which leadership rotation limits sustained exposure. This proposition distinguishes between brief and sustained psychopathic leadership exposure as qualitatively different conditions for ethical climate formation.

Proposition 3 (Governance Moderator): The strength of the association between executive psychopathic traits and corporate ethical violations will be inversely moderated by governance quality, operationalised as board independence, transparency of accountability structures, and the integration of behavioural ethics in compliance frameworks. Organisations with robust behavioural governance should exhibit attenuated expression of psychopathic agency even when psychopathic executives are present, because structural accountability mechanisms constrain the behavioural latitude through which affective deficits translate into exploitative conduct.

Proposition 4 (Cultural Legitimation Effect): In industries and national contexts where cultural narratives more strongly valorise competitive dominance and emotional detachment as leadership virtues, psychopathic trait expression will be associated with larger reputational advantages in early career and with larger ethical violations in late career as legitimisation reduces early social costs while affective deficits accumulate harm over time.

These propositions can be tested using longitudinal multi-level designs combining validated psychopathy instruments (PPI-R or the Triarchic Psychopathy Measure, restricted to callous-unemotional and interpersonal-manipulative subscales), objective organisational outcome measures, governance quality ratings, and cross-national cultural variability indices.

3.6 Theoretical and Practical Implications

This review, in theory, adds to the incorporation of personality science, cognitive neuroscience and organisational research in a way that places a clear focus on the issues of construct validity that have hindered the field's cumulative progress. The review offers a more precise and testable account than previous integrative accounts, since it focuses on the callous-unemotional and interpersonal-manipulative dimensions of psychopathy, independently of other moral psychology accounts, and by distinguishing moral disengagement from psychopathy from general moral disengagement.

In practical terms, the synthesis can facilitate the creation of governance approaches at different levels informed by psychopathy. At the organisation level these encompass the use of validated personality assessment in the process of appointing senior leaders, an ethics-based performance measures design that explicitly values pro-

social and long-term value creation and the systematic embedding of behavioural ethics into the compliance structure. A policy issue of particular import is the targeting of governance architecture, not single screening, as the most important regulatory target, in the Institutional Economics literature as a whole, and in the present instance in Proposition 3. Similar to financial stress tests, behavioural risk indicators could also be used to gauge the ethical well-being of institutions through dimensions of organisational resilience such as reward system alignment, transparency of leadership accountability and the cultural ethics index. Such interventions should not be interpreted as stigmatisation of psychopathic individuals, but rather as rational (systemic) responses to the predictable interplay of affective personality architecture and competitive incentive design.

3.7 Limitations and Future Directions

This review has a number of limitations that preclude broad generalisation of the conclusions drawn; such limitations are best given a straight answer rather than the formulaic caveats that have become tradition.

The most basic restriction is the construct and measurement restriction. The corporate psychopathy literature has been extensively documented by Smith and Lilienfeld (2013) and the authors of this review have made every effort to recognize that the majority of available self-report measures do not have a strong relationship with clinical measures of psychopathy. These four measures - the PCL-R, SRP-III, PPI-R, and SD3 - measure partially overlapping variance and whether they share a common underlying factor that would support an integrative claim is an empirical question that needs further research. Skeem et al. (2011) demonstrated that each facet of psychopathy predicts different outcomes, which suggests that different processes might be involved in each facet and that treating psychopathy as a unitary construct is problematic in narrative reviews. While the focus of the present review on the callous-unemotional and interpersonal-manipulative dimensions is a step in this direction, it does not go far enough: measurement instruments used in organisational research seldom focus on these dimensions alone, and most of the evidence reviewed has been combined with other dimensions of psychopathy in broader psychopathy composites. Future empirical studies in this area should include the facets of psychopathy in a multi-instrument design, with established convergent validity, on a regular basis.

It is important to note that the methodological literature on Boddy's research programme on which this review draws a lot for its organisational evidence, deserves special acknowledgement. Boddy's ongoing research has sought to put corporate psychopathy on the organisational science agenda more than any other, but published commentaries have pointed to some methodological weaknesses such as the lack of systematic convergent validation of the psychopathy instruments used with supervisors, convenience and organisational samples, and the danger of construct circularity, that is, defining "corporate psychopath" partly in terms of the organisational problems it is supposed to explain. These restrictions do not contradict Boddy's results but they provide a warning that they cannot be used as a strong basis for making causal conclusions, especially in the absence of pre-registered replication studies.

Theoretically informative, the literature of neuroimaging is almost entirely from laboratory contexts employing criminal or clinically diagnosed samples. The ecological validity of fMRI results for real-world organizational decision-making is restricted: neural responses observed during the moral dilemma tasks are not directly comparable to moral cognition in complex and high-stakes organizational contexts which have social, reputational and relational impacts. Neuroimaging in the field and ecologically valid experimental paradigms would greatly improve the external validity of the neural evidence.

The literature is also geographically concentrated in North American, British, and Australian organisational contexts. Cross-cultural evidence indicates that psychopathic trait expression and its social consequences differ systematically across cultural and economic systems (Lilienfeld et al., 2022), and the cultural legitimisation hypothesis advanced in Section 3.4 implies that the propositions developed in this review will show cross-cultural variability in their effect magnitudes. Comparative cross-national research is needed.

Finally, the role of gender in corporate psychopathy remains inadequately theorised. Clinical research consistently reports higher mean psychopathy scores in men, but emerging evidence suggests that the interpersonal and affective features of psychopathy may be expressed through less directly observable channels in women in leadership with implications for both the detection and the organisational consequences of psychopathic conduct that the present review cannot fully address (Hahn et al., 2023). A gender-differentiated account of corporate psychopathy represents a significant gap in the current literature.

4. Conclusion

This review has examined the relationship between psychopathic personality specifically its callous-unemotional and interpersonal-manipulative dimensions and the processes of moral cognition, economic decision-making, and organisational conduct, while remaining throughout attentive to the construct validity debates and methodological limitations that characterise the field.

The key theoretical contribution is the notion of 'bounded moral rationality': that the psychopathic affective deficits are a dispositional constraint on moral valuation analogous to cognitive constraints in the classical bounded rationality models, which leads to decisions that are self-referentially utility-maximising but systematically missing elements of prosocial and long-term ethical cost. This framework is clearly distinguished from previous explanations by Haidt (2001), Greene et al. (2001, 2004), Crockett (2013), and Bandura (1999, 2017), who explained other phenomena in normal-range moral cognition and in general social processes. The bounded moral rationality model brings these theories together, with a specific interaction term that they fail to explain—the amplification of psychopathic affective deficits by competitive institutional reward structures. Four falsifiable theoretical propositions that point to the conditions under which bounded moral rationality is most consequentially expressed have been advanced further in the review: the dispositional-institutional interaction, the amplification threshold, the governance moderator, and the cultural legitimisation effect. These propositions give us both a theoretical frame for further research and an empirical focus for a multi-level, cross-cultural, and longitudinal study design that is needed in the field.

At the practical level, the synthesis supports a reconceptualisation of corporate ethics governance from an individual-level remediation problem to a systems-design challenge. The most consequential interventions target incentive architecture, governance structure, and cultural norms rather than the identification and exclusion of psychopathic individuals: the goal is the construction of institutional environments in which psychopathic affective deficits cannot be leveraged as competitive advantages, rather than the surveillance of persons. Regulators, boards, and organisational designers who engage seriously with the psychology and neuroscience of bounded moral rationality are better positioned to anticipate, prevent, and interrupt the institutional pathways through which individual trait configurations generate collective ethical harm.

Competing Interests

The authors declare no competing interests.

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Ethical Approval

All procedures were conducted in accordance with the Declaration of Helsinki. Participant data were kept anonymous and confidential throughout the study.

Consent to Participate

Informed consent was obtained from all participants prior to data collection.

Consent to Publish

All participants consented to the use of their anonymised data for publication purposes.

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