Investigating Entrepreneurs' Dark Personality: How Narcissism, Machiavellianism, and Psychopathy Relate to Entrepreneurial Intention

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ABSTRACT

Personality has a longer research tradition as a predictor for entrepreneurial behavior. In psychological personality research, the Dark Triad of Personality (DT) describes a cluster of three undesirable and interpersonally problematic behavior styles of narcissism, Machiavellianism, and subclinical psychopathy that has recently attracted interest in management research. In this research we aim at illuminating how the DT is related to entrepreneurial intention. For this purpose, we conducted an empirical study among Entrepreneurship students participating in a state-wide business plan competition. Our results show that narcissism and psychopathy are positively related to general entrepreneurial intention, as well as to various subfactors in Krueger's (1993) model of entrepreneurial intention. From these results, we offer avenues for further research and implications for practitioners.

Keywords: Characteristics of entrepreneurs, entrepreneurial cognition, opportunity identification,

entrepreneurs

INTRODUCTION AND RESEARCH QUESTION

Entrepreneurship research has a rich tradition in studying entrepreneurs and their specific personality traits to identify and counsel aspiring entrepreneurs. In this long tradition, research has strongly focused on the five-factor model of personality (for a review see Zhao & Seibert 2006) complemented by specific scales of e.g. entrepreneurial orientation (e.g., Rauch, Wiklund, Lumpkin & Frese 2009), proactive personality (e.g., Fuller & Marler 2009), or entrepreneurial self-efficacy (e.g., Hmieleski & Baron 2008). Although this research stream has been criticized over the years (e.g. Llewellyn & Wilson 2003), the pivotal role of personality as a predictor for entrepreneurial behavior seems to be nowadays well accepted (Brandstätter 2010; Rauch & Frese 2000).

Recently, research on the Dark Triad of Personality – narcissism, Machiavellianism and subclinical psychopathy – has emerged in psychological personality research (e.g., Paulhus & Williams 2002). While other areas of management have commenced investigating the dysfunctionality of the Dark Triad (e.g. van Fleet & Griffin 2006), its momentum in Entrepreneurship has not been examined. This paper aims at closing this gap by studying how narcissism, Machiavellianism and subclinical psychopathy relate to entrepreneurial intention.

Our aim is to contribute to the Entrepreneurship literature by extending personality research beyond the big five and to provide a more differentiated view on entrepreneurial personality. Further, while most prior research has focused on the Dark Triad's dysfunctionality, our empirical findings suggest that certain aspects of these traits might be functional in the entrepreneurial context.

This paper is structured as follows. In Section 2, we review the literature on entrepreneurial intentions, introduce the dark side of personality, and develop our hypotheses. In the following section 3, we outline our research design, before we present and discuss the results of our study in the fourth section. Finally, conclusions, limitations of our study, and further avenues for research are presented in Section 5.

THEORETICAL BACKGROUND

Entrepreneurial Intention

Entrepreneurial intention (EI) is a fundamental, legitimate, and single construct in Entrepreneurship theory and research (e.g., Krueger, Reilly & Carsrud 2000). It is not a proxy for entrepreneurial behavior, but relates to potentially enterprising individuals, their cognitions of business opportunities, and (future) decisions of whether or not to create new ventures (Thompson 2009). Hence, it is the first critical step in the process of becoming an entrepreneur because '[…] behind entrepreneurial action are entrepreneurial intentions […]', but not all individuals do have such intentions (Krueger 2007: 124; cf. also Bird 1988; Krueger et al. 2000). For political stakeholders and their aspiration to increase entrepreneurial activity, empirical results concerning entrepreneurial intentions are of greater value than results about active entrepreneurs (Krueger 1993; Walter 2008). EI reflects one's objective to pursue an entrepreneurial career without a definite temporal point of occurrence (Pruett, Shinnar, Toney, Llopis & Fox 2009). This broad view of entrepreneurial intention offers advantages in the context of the present study: methodologically we are not restricted to limit our sample according to (a) a specific time period between empirical assessment and potential point of occurrence of venture

creation, and (b) the age of students surveyed (as younger students might indeed exhibit entrepreneurial intentions without having a concrete definite timeline of their (entrepreneurial) career).

According to Krueger (1993) 'perceived desirability' as one subfactor of EI reflects the individual and social attractiveness of becoming an entrepreneur; 'perceived feasibility' relates to how one perceives his/her ability to successfully pursue an entrepreneurial career. The 'propensity to act' represents the willingness to pursue a decision taken, and captures beliefs in one self's power to draw things (Krueger 1993).

The Dark Triad of Personality

The Dark Triad of Personality (DT) reflects a cluster of three undesirable and interpersonally problematic behavior styles: narcissism, Machiavellianism, and psychopathy.

Narcissism is characterized by dominance, exhibitionism, and exploitation as well as feelings of superiority and entitlement (Lee & Ashton 2005). Clinical characteristics include a grandiose sense of self-importance, exaggerated self-esteem, and fantasies of unlimited success and power (DSM-IV-TR; American Psychiatric Association 2000). These dispositions are – in a more or less moderate form – also incorporated in the subclinical conceptualization of narcissism (Chatterjee & Hambrick 2007). Narcissistic executives are good at creating and seizing opportunities (Bass 1990), but also tend to engage in excessive risk-taking and grandiose initiatives (e.g., Kets de Vries 1994). They were found to prefer own power and prestige to the performance of the firm (e.g., Kets de Vries 1997).

Machiavellianism portrays interpersonal strategies driven by deception, manipulation (Jakobwitz & Egan 2006), egotism, money, power, and competition (Jones & Paulhus 2009). Being highly result-oriented and pursuing merely their personal goals, people scoring high on Machiavellianism scales have been found to be more successful than low scorers because of their ability to focus on the best winning strategy in difficult situations where improvisation is required (Fehr, Samsom & Paulhus 1992). Moreover, they are better off in unstructured work settings with scope for decisions and power

(Gable, Hollon & Dangello 1992) and tend to choose business careers where competition is highly valued (Fehr et al. 1992).

Psychopathy is described as a specific combination of problematic affective, interpersonal and behavioral features (Cooke, Michie & Hart 2006) including a grandiose sense of self-worth (Hare 1999) and thrill-seeking behavior (Paulhus & Williams 2002). They are attracted by power (Hercz 2001), prestige, and control (Deutschman 2005) which results in short-term decision making to maximize one's own wealth and power (Boddy 2006). In contrast to the popular opinion, psychopaths may achieve high social status, because they are recognized as intelligent, charming, ingenious, entertaining (Hare 1999), and charismatic (McCormick & Burch 2005).

As all three personality traits share a socially malevolent character, behavior tendencies towards duplicity, exploitation, and manipulativeness (Lee & Ashton 2005) they have been empirically found to be highly problematic in professional life (Dahling, Whitaker & Levy 2009). Furthermore, a high manifestation of the DT is associated with tendencies toward self-promotion and attraction by status, dominance, prestige, and monetary aspects, which might be well reflected in an entrepreneurial career, thus being particularly attractive for these individuals. Therefore, we propose:

Hypothesis 1: The DT traits and EI are positively correlated.

Hypothesis 2: The DT traits and perceived desirability are positively correlated.

Narcissists have an exaggerated self-esteem and fantasies of unlimited success and power which makes them easily perceive being able to successfully start an entrepreneurial career. According to Bass (1990) and Keegan (1987) executives with highly positive self-assessment are additionally more at ease to create and seize opportunities. Psychopathy not only shares narcissism's feature of a grandiose sense of self worth (Hare 1991), but is also characterized by impulsive and irresponsible actions without taking possible negative consequences (e.g. of entrepreneurial activities) for themselves or others into account. Hence, having an extreme belief in their self, narcissists and psychopaths should perceive an entrepreneurial career as feasible, allowing us to propose:

Hypothesis 3: Perceived feasibility is positively correlated with narcissism and psychopathy.

The exaggerated view of one's own abilities may further result in a strong belief to accomplish formulated goals. Hence, we assume that high DT scorers exhibit a strong propensity to act. Higher scores in DT traits should not only be associated with an increased EI and desire to found but also with more steps taken towards realizing this endeavor.

Hypothesis 4: Propensity to act and the DT traits correlate positively.

Hypothesis 5: The number of steps initiated for venture creation correlates positively with the DT.

METHODOLOGY

Measures

DT. To measure narcissism, Machiavellianism and subclinical psychopathy, factor analytically derived short versions of the German Narcissistic Personality Inventory (NPI; Schütz, Marcus & Sellin 2004), a Machiavellianism Scale (MK; Cloetta 1972) and the Psychopathy Inventory 'Kieler Psychopathie Inventar – Revision' (KPI-R; Köhler, Hinrichs & Huchzermeier 2006) were administered. Unless otherwise mentioned, all items were rated on a seven-point Likert scale.

Participants rated their identification with aspects of the DT with 12 items for narcissism (e.g., 'I am a born leader'), 13 items for Machiavellianism (e.g., 'For me it's easy to manipulate other people'), and 44 items for psychopathy (e.g., 'People say that I am cold or heartless'). Items of each scale were averaged to create an index of narcissism (NAR: $\alpha = .87$), Machiavellianism (MACH: $\alpha = .60$), psychopathy (PSYC: $\alpha = .86$,) and three standard psychopathy sub-factors (see Cooke & Michie 2001) of arrogant and deceitful interpersonal style (ADIS: $\alpha = .81$; 16 items), deficient affective experience (DAE: $\alpha = .82$; 17 Items), and impulsive and irresponsible behavioral style (IIBS: $\alpha = .81$; 11 items).

EI. We measured the general individual EI according to Krueger (1993) by one item, perceived desirability by three items ($\alpha = .62$), and perceived feasibility by five items ($\alpha = .71$). Propensity to act

was assessed by Burger and Cooper's (1979) desirability of control scale by 19 items (α = .72). Since experience and information received about venture creation strongly influences perceived desirability and feasibility (Petermann & Kennedy 2003), we additionally assessed the number of steps taken for setting up an own venture, and the amount of information and training received for this purpose.

Sample and Instrument

We assessed 158 students participating in Entrepreneurship education modules (50.3% male). Participants were aged 18-43 years (*mean* = 23.3, *SD* = 3.6) and were of high educational level (71.4% hold a first university degree, e.g. bachelor, diploma).

RESULTS

DT scales were intercorrelated with $r = .35$ for NAR and MACH, $r = .65$ NAR and PSYC, and $r = .56$ MACH and PSYC. All correlations are significant on 1%-level, and slightly tighter than in previous research (e.g., Lee & Ashton 2005).

Table 1 shows correlations of the DT and psychopathy subfactors with (1) *general intention,* (2) *perceived desirability,* (3) *perceived feasibility,* (4) *propensity to act,* (5) the amount of *information and training* received for creating a venture, and (6) the number of *steps* taken for setting up a venture.

Insert Table 1 about here

We found significant correlations between EI and NAR ($r = .25$), EI and PSYC ($r = .27$) and its subfactors ADIS ($r = .22$) and DAE ($r = .30$). Perceived desirability was related to NAR ($r = .29$), PSYC ($r = .28$), ADIS ($r = .32$), and DAE ($r = .32$). Propensity to act was again positively related to

NAR (r = .32), PSYC (r = .31) and the psychopathy subfactor ADIS (r = .37). DAE (r = .21) correlated significantly with the amount of information and training taken. Despite the fact that PSYC and entrepreneurial activities did not correlate significantly, NAR (r = .26), ADIS (r = .26), and DAE (r = .19) showed a significant relation to the steps taken for venture creation.

DISCUSSION, CONCLUSION AND RESEARCH IMPLICATIONS

We found promising results for the relation between EI, perceived desirability and narcissism, respectively psychopathy in the present explorative study. Narcissists and psychopaths score high in aspects which are related to their self-portrayal and their quest to self-enhancement such as the general intention and desirability to become an entrepreneur. We conclude that narcissists and subclinical psychopaths apparently perceive an entrepreneurial career to fulfill their aspirations for status, dominance, prestige, success, power, and money. Contrary to our hypothesis, we did not find a significant correlation between perceived feasibility and the DT traits. The relationship between propensity to act, narcissism, psychopathy, and ADIS may reside in subjects' illusions of power and their self-perceived ability to have accomplished goals as intended.

Narcissism, psychopathy, and ADIS were furthermore positively related to the steps initiated for founding a venture. We believe that their motivation of self-promotion, future prestige and wealth are not restricted to an elevated intention, but may actually result in real attempts to start a venture. Persistent missing effects for Machiavellianism may be due to Machiavellians' pragmatic tough-mindedness (Jones & Paulhus 2009) and their lack of gross psychopathology (Christie & Geis 1970). In contrast, narcissists and psychopaths exhibit unrealistic and inflated views of their abilities (e.g. Chatterjee & Hambrick 2007; Gabriel, Critelli & Ee 1994).

Altogether, our data indicates a widely positive correlation of narcissism and psychopathy on EI and actual steps towards venture creation. These results have various implications for further research and practice. First, while studies in management merely highlight dysfunctional aspects of the DT in organizational contexts, our study has demonstrated that these (generally dysfunctional) traits can have

functional aspects in Entrepreneurship for recognizing opportunities. Entrepreneurs have to make decisions under high uncertainty, i.e. without abundant data on markets (e.g. Miller & Friesen 1984), or regarding the market's acceptance of their product or service (e.g. Busenitz & Barney 1997; Miller & Friesen 1984). It has been shown that entrepreneurs' overconfidence in their decision making (compared to managers) enables them to meet the challenges of this uncertainty (Busenitz & Barney 1997). Similarly, our data supports the assumption that aspects of the (generally dysfunctional) Dark Triad might indeed be functional for recognizing opportunities and propelling decisions. On the other hand, equalizing one's personal goals with the company's goals can have negative implications in creating, growing and sustaining an organization. The mere fantasy about power, money, and prestige may not contribute to a strategically well-oriented growth path, but may rather lead to self-centered behavior, excessive risk taking and / or irrational decision making. Hence, functionality and dysfunctionality of the DT could coincide and the prevailing effect might dependent on the point of reference in the venture cycle.

Second, although narcissism and two psychopathy factors relate to initiating more steps towards venture creation, the intention may be limited to a mere fancy about an entrepreneurial career and may not suffice to successfully start and grow a firm. This behavioral pattern might accord to Thompson (2009) who states that individuals may have a whimsical desire to become entrepreneurs yet never go beyond.

This research is – unfortunately – limited to showing that narcissism and psychopathy is related to EI and steps towards venture creation, and actual entrepreneurial behavior is out of its scope. Associated with the student sample is a limitation in the scope of the research and the availability of performance criteria. Using Krueger's (1993) model of EI, we do not have any implications of the Dark Triad on actual entrepreneurial behavior and how these traits affect the performance along the venture cycle. Since this research is still at an early stage, we encourage scholars to undertake theory building efforts by qualitative case study research (Eisenhardt 1989; Yin 2009) with entrepreneurs to obtain in-depth insights in the Dark Triad during venture creation and later stages.

As an implication for practitioners, foremost venture capitalists and counselors should be aware that a displayed high desirability to become an entrepreneur might not be due to sincere interest, but could be a manifestation of narcissistic or psychopathic tendencies. Since venture capitalists often exhibit an overconfidence bias in investment decisions (Zacharakis & Shepherd 2001) we caution that they could exacerbate their unrealistic expectancies with dark personality founders resulting in poor performances or failure of the venture.

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Table 1: The Dark Triad of Personality and Entrepreneurial Intentions

	NAR	MACH	PSYC	ADIS	DAE	IIBS
(1) General Intention	.25**	.12	.27*	.22**	.30**	.05
(2) Perceived Desirability	.29*	.22	.28*	.32**	.32**	-.04
(3) Perceived Feasibility	.23	.01	.06	.13	.18	-.17
(4) Propensity to act	.32**	.06	.31**	.37**	.08	.20
(5) Information and training	.18	.06	.17	.15	.21*	.01
(6) Steps	.26*	.04	.17	.26**	.19*	-.09

Note. *n* = 146 for (1), 75 for (2), (3), and (4), 112 for (5), and (6).*$p < .05$; **$p < .01$