

Is being a narcissist good for entrepreneurial profitability and growth?

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Entrepreneurs are often viewed as heroic individuals. It makes sense why: many of the innovations they present promise to change—improve—the world entirely. When they are winning,

entrepreneurs become mini-celebrities, like Steve Jobs. When they are losing, however, stories can end in obscurity or notoriety, like for Elizabeth Holmes.

But what is it that promotes a positive versus negative trajectory? When it comes to entrepreneur's personalities, are some of the more negative character traits we witness in wildly successful founders like Elon Musk always destructive, or can they be beneficial?

These questions are exactly what USC Marshall School Of Business Assistant Professor of Clinical Entrepreneurship Katrina Brownell sought to answer in her dissertation and [recently published research](#) in *Entrepreneurship Theory and Practice*.

"In entrepreneurship, we've spent a lot of time studying positive personality traits of founders—high level considerations like how being confident, taking risks, or persevering can lead to success. It's viewed as a very heroic endeavor, where founders are considered brave and lauded for breaking free from the constraints of a typical corporate career.

"But what about people who might be drawn to entrepreneurship for more nefarious reasons, like notoriety, admiration, or fame and fortune?" said Brownell, who is also a Research Scholar at USC Marshall Brittingham Social Enterprise Lab.

Brownell thus zeroed in on three core negative personality traits—Machiavellianism, narcissism and psychopathy—which prevailing research indicates is undesirable in entrepreneurship. In her research, which was recently awarded the 2023 Academy of Management's NFIB Dissertation Award, Brownell explored the possibility that the effects on team and organizational success might be more complex by investigating different levels of these traits in founders.

"This is particularly interesting when it comes to team dynamics," Brownell said. "We usually think founders with these [personality traits](#) will be horrible to work with; we expect that they will abuse employees, be self-centered, etc. But my research showed that founders with a moderate level of two traits (Machiavellianism and psychopathy) actually support and encourage knowledge-sharing and innovative processes in their new venture teams."

This is because the founders were able to discourage relationship conflict between team members, Brownell said. "It is only at extreme levels that damaging effects occur."

Narcissism always wins, at least in entrepreneurship

Thus, the impact of Machiavellianism (doing whatever it takes to succeed and promote a positive self-image) and psychopathy (the inability to relate to other people's emotions) on an organization's success looked more like a bell curve.

Said Brownell, "So, at more moderate levels, these traits have a positive effect on performance. But for founders with more extreme levels of these traits, there's a tipping point where the impact on new venture performance starts to drop."

In other words, some amount of Machiavellian and psychopathic tendencies actually allowed for a more successful team and business in the context of entrepreneurship. "For example," Brownell said, "If you have psychopathic traits, you might not be bothered by the emotions of other team members, and you can press forward without absorbing their stress."

Self-regulation and [social influence](#), Brownell says, are helpful perspectives to apply in understanding these results. "At moderate levels,

these founders can regulate harmful behaviors. They are influential, but it's not overt. As the trait strengthens, though, they become more aggressive and exploitative—more explicit in their influence and it harms their ventures."

But what's the deal with narcissism?

On the other hand, Brownell found that narcissism doesn't follow the same bell curve. "It was a very interesting finding—founder narcissism has unilaterally positive effects on the performance of entrepreneurial ventures, even at high levels," she said.

"Even extremely narcissistic founders still managed to engage with their new venture teams in a way that minimized interpersonal conflict and encouraged innovation. I think this is because they are so attached to their venture that achieving success gets pulled inside the circle of narcissism. So, they protect the success of the venture by not abusing their teams."

When social interactions become fraught

Another piece of the puzzle Brownell researched was how a founder's destructive tendencies might increase conflict in team social interactions. Can a founder's mistreatment of one team member spread to another?

"What I found again is at high level of these traits, it played out as expected. Mistreatment from the founder spread like a social contagion among the team and decreased the team's ability to innovate and perform well as a unit," she said.

It's important to note these characteristics function differently in different contexts, however. Brownell noted that with established firms,

narcissistic tendencies in founders were firmly correlated with poor performance and other negative effects in these firms.

But it wasn't just the negative traits that her research shed light on. It was the positive ones.

"Maybe good traits are also most effective at moderate levels," she said. "There can be too much of a bad thing and too much of a good thing. You can be too extroverted or too conscientious. So it's realizing that there might not be universally good or bad traits for entrepreneurs."

From blank page to full pitch

As an Assistant Professor, Brownell teaches USC undergraduates the fundamentals of entrepreneurship, which she says takes students from literally a blank page to the pitch stage. "It's a little bit of how to be an entrepreneur," Brownell said. "How do we come up with good ideas? Then how do we iterate and evolve the extraordinary promise of these ideas? And what are all the steps we need to translate that idea into an actual product or service?"

Looking forward, Brownell explores areas of research that combine her background in social psychology with her work in entrepreneurship and business. In all her work, she seeks to keep digging under the surface of personalities and behaviors to uncover their real underlying impact on and value in the entrepreneurial ecosystem.

Some of the areas she hopes to further explore are questions like: Can founder personality create a nonfunctioning type of autonomy in [team members](#)? Are there downsides to organizations that prioritizing and encourage employee resilience?

Ultimately, Brownell says her research boils down to basic questions of

human behavior and its consequences. "I'm simply asking how 'who we are' motivates harmful choices, like engaging in unethical, aggressive or unproductive behaviors—for entrepreneurs. And what are the repercussions for their new ventures?"

More information: Katrina M. Brownell et al, The Triad Divided: A Curvilinear Mediation Model Linking Founder Machiavellianism, Narcissism, and Psychopathy to New Venture Performance, *Entrepreneurship Theory and Practice* (2023). [DOI: 10.1177/10422587231173684](https://doi.org/10.1177/10422587231173684)

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