Greed is good? Assessing the relationship between entrepreneurship and subclinical psychopathy

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Abstract

Despite the stereotype of entrepreneurs as corporate psychopaths, there has been little research on the overlap between individual differences in entrepreneurship and subclinical psychopathy. In line with this issue, the current study investigated whether primary and secondary psychopathy are linked to a measure of entrepreneurial tendencies and abilities, as well as entrepreneurial activities and achievements. Participants were 435 working adults. Structural equation models revealed that individual differences in entrepreneurial tendencies and abilities were positively related to primary psychopathy, but unrelated to secondary psychopathy. Secondary psychopathy did not predict entrepreneurial activity; primary psychopathy predicted some entrepreneurial outcomes, albeit modestly, providing partial support for the 'corporate psychopath' stereotype. Implications for entrepreneurship research and practice are discussed.

1. Introduction

In recent years there has been substantial popular interest in so-called “dark-side” personality characteristics, broadly defined as counterproductive, subclinical, and dysfunctional dispositions (Hogan & Hogan, 2001; Hogan & Kaiser, 2005; LeBreton, Binning, & Adorno, 2006; Moscoso & Salgado, 2004; Paulhus & Williams, 2002). The most widely discussed trait in this area is psychopathy, a personality disorder characterized by a lack of empathy, manipulation, and callousness (Hare & Neumann, 2006). Psychopathy can be found in subclinical populations, ranging from clinically diagnosable symptoms (e.g., criminal behavior) to everyday manifestations of antisocial behavior in the normal population (Levenson, Kiehl, & Fitzpatrick, 1995). Correspondingly, psychopathy has been found to have negative correlations with the five factor model trait of Agreeableness (r = –.39; Lee & Ashton, 2005).

Perhaps as a reaction to several high-profile cases of counter-productive work behavior and corporate corruption, the idea that psychopathy levels are significantly higher than average among corporate managers and entrepreneurs has become commonplace (Babiak & Hare, 2007). Psychological traits have been studied in connection with entrepreneurship for many decades (Baron & Henry, 2010; McClelland, 1961), though it was only in recent years that researchers started focusing on ‘dark-side’ traits. CEO's and individuals achieving high levels of entrepreneurial success have been portrayed as driven and focused, but also as people who will show little regard to another’s feelings or emotions (Jones & Paulhus, 2009) – thus they would prioritise getting ahead over getting along. Some authors have even hypothesised that dark-side traits (such as those characterised by psychopathic traits), such as lack of empathy, manipulation, and callousness, which are trademarks of psychopathy, may be desirable and even necessary for entrepreneurial success (Kets de Vries, 1985). On the other hand, Hogan and Hogan (2001) argued that although dark-side traits may promote an individual to the top and encourage short-term success, they may be detrimental for performance and well-being of others in the long-term.

Although there may be doubts about the direction of the relationship between psychopathy and entrepreneurship (i.e., whether positive or negative correlations are found), there is a lack of empirical evidence on this issue. Beyond popular writings (Gapper, 2012), there seems to be no clear source of evidence to inform our understanding of the potential role of psychopathy in entrepreneurial success. Yet, given that psychopathic behaviors may have substantial consequences on individuals engaging in entrepreneurial activity, it would be important to explore this link. Accordingly, the current study aims to fill what appears to be an important gap in the literature by examining the link between psychopathy and entrepreneurship.

1.1. Defining subclinical psychopathy

Although studies on psychopathy have generally been conducted in clinical psychology, the construct has increasingly been...
adapted in subclinical spheres, where it is viewed simply as a variation of normal personality traits (Paulhus & Williams, 2002). People with elevated psychopathic tendencies may be described as having a deceitful interpersonal style, deficient affective experiences, and an impulsive and irresponsible behavioural style. However, despite the negative connotation, these individuals are perfectly able to function normally and successfully in everyday life; in fact, they may often even achieve high social status. This is because manifestations of psychopathic traits may often be related to positive attributes, such as a person being perceived as intelligent, charming, ingenious, and entertaining. Indeed researchers note that psychopaths can become very proficient in acting emotions, and use this ability to their advantage (Hare, 1999).

Psychopathy comprises four personality facets: interpersonal relationships (manipulating others, narcissism and being very superficial), shallow affect (callousness, failure to accept responsibility and lack of empathy or guilt), lifestyle (impulsivity, stimulation seeking and parasitic dependence on others) and antisocial tendencies (criminal versatility, juvenile delinquency and increased likelihood to reoffend; Hare & Neumann, 2006). It is common to organise the four facets into two constructs: ‘primary psychopathy’ and ‘secondary psychopathy’ (Levenson et al., 1995). Primary psychopathy consists of the interpersonal relationships and shallow affect facets, whereas secondary psychopathy consumes the latter two. The existence of two constructs is due to the nature of the antisocial behavior produced by each type of psychopathy: secondary psychopathy is associated with emotionally charged antisocial behavior (likening itself to antisocial personality disorder; Hare, 1991), whereas primary psychopathy is characterised by emotional bluntness and callousness that is largely absent from secondary psychopathy (Karpman, 1948).

1.2. Entrepreneurship

Academic interest in entrepreneurship has grown rapidly in recent times, spanning disciplines such as economics, sociology, business, and psychology (Hisrich, Langan-Fox, & Grant, 2007). Although entrepreneurship has commonly been conceptualised as the process of creating a new business venture (Gartner, 1988; Shane, 2008), more recent definitions view entrepreneurship as a broader concept (Kuratko, 2007; Shane, Locke, & Collins, 2003). As Shane et al. (2003) argue, business creation is only one aspect of a broader process of entrepreneurial activity. Although numerous perspectives of entrepreneurial activity have been presented, the only recurrent themes in the literature are recognition and exploitation of opportunities, innovation/change, and value creation (Kuratko, 2007; McKenzie, Ugbal, & Smothers, 2007; Shane & Venkataraman, 2000). Given that individuals will differ in their tendencies and abilities to engage in these activities, the psychological approach to entrepreneurship asserts that entrepreneurial activity is a function of individuals’ psychological make-up (McKenzie et al., 2007).

1.3. Entrepreneurship and psychopathy

Many psychological traits have been examined in the entrepreneurship literature. Personal attributes have included personality traits (e.g. Rauch & Fese, 2007), motives (Baum & Locke, 2004), and cognitions (Busenitz, 1996; Kirzner, 1997). Yet, little research has focused on the role of psychopathic traits. There is, however, good reason to believe that such traits may be important predictors of career related outcomes, including entrepreneurship. For instance, Babiak and Hare (2007) suggest that many ‘successful’ psychopaths, that is, individuals who are able to manipulate, extort, and abuse others – without being found out (Mullins-Sweatt, Glover, Dereffinko, Miller, & Widiger, 2010), can be found in high-level corporate positions. In a recent study Babiak, Neumann, and Hare (2010) investigated the psychological traits of a corporate sample in comparison to a general community sample and found that the former had significantly elevated psychopathy scores compared to the latter. They also found positive correlations between levels of psychopathy and positive peer ratings of individuals’ communication skills, strategic thinking, and ability to be creative/innovate ($r = .33$, $r = .30$ and $r = .27$ respectively). Given that entrepreneurial activity is characterised by innovation and value creation, a link between psychopathy and entrepreneurial activity seems highly plausible. Nevertheless, Babiak and Hare’s study did not explicitly examine this link.

Other authors have formulated the potential link between dark side traits and entrepreneurship more purposely. McClelland (1961), for instance, attributed the dark-side of entrepreneurship to high need for achievement, whilst Kets de Vries (1985) suggested that need for control, a sense of distrust, a desire for applause, and the use of defense mechanisms such as splitting, that is, seeing the world as all good or all bad, may be common among entrepreneurs.

The qualitative nature of such assertions undoubtedly limits their objectivity and generalisability. Nevertheless, it is plausible to assume that the tendency to be callous, fearless, and seemingly charming (i.e. primary psychopathy) will be positively related to success in entrepreneurial endeavours (H1), because such behavior may be competitively adaptive in exploiting opportunities and pursuing innovations. On the other hand, being aggressive and impulsive (i.e. secondary psychopathy) is likely to be detrimental to success (H2), because such behavior may alienate work colleagues and impair access to resources needed to exploit opportunities and innovations (Hogan & Kaiser, 2005). The present study sought to provide empirical evidence for these hypotheses.

Given previous contentions of a relationship between psychopathy and entrepreneurial tendencies (e.g. Kets de Vries, 1985; McClelland, 1961), the current study also attempted to investigate this link directly. Accordingly, we included a measure of entrepreneurial tendencies and abilities (META; Ahmetoglu, Leutner, & Chamorro-Premuzic, 2011), a personality inventory that assesses individual differences in the ability to recognize and exploit opportunities, innovate and create change (Ahmetoglu et al., 2011). We hypothesised that these two constructs would be related, albeit distinct (H3). Finally, it was also of relevance to investigate the incremental validity of psychopathy over entrepreneurial personality, as well as demographic variables, in the prediction of entrepreneurial outcomes. Given that META is specifically designed to predict entrepreneurial success we expected this measure to related to the outcomes of the study (H4); considering the distinct nature of psychopathy, in addition, we hypothesised that this (i.e. psychopathy) construct would demonstrate incremental validity in predicting entrepreneurship (H5).

2. Method

2.1. Participants

In total, 435 (224 male) participants, mostly from the UK, took part in the study. Their ages ranged from 16 to 72 years ($M = 30.3$, $SD = 12.0$); 80.2% were aged over 18 or under 44. With regard to participants’ occupational status: 6.4% indicated that they were unemployed; 38.8% were employed part-time, 49.5% were employed full-time, and 20.0% were self-employed (note that some participants had more than one of these occupational statuses, e.g., they were self-employed and employed by someone else part-time).
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