Narcissism and Entrepreneurship: Evidence from Malaysia Realm

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Abstract: In ensuring the success of an entrepreneurial endeavor, multiple factors come into play. One important aspect is the personality trait of said individual such as narcissism. In Malaysia, there are studies conducted on narcissism in publicly listed companies and CEOs’ earnings management, but lacking research on entrepreneurs and their impact on business performance. This conceptual paper aims to explore the level of narcissism in Malaysian entrepreneurs and how narcissistic traits impact businesses. The theory of Stimulus-Organism-Response is used as the underpinning foundation for framing the relations of the variables to narrow the gap of understanding entrepreneurs’ narcissistic traits impact specifically in the Malaysian region. After reviewing abundant related literature, three main factors are poised as the stimulus portion of the framework; risk-taking activities, propensity towards entrepreneurship, and business competencies. Meanwhile, the organism portion is represented by the narcissistic trait, and the response portion is evaluated in terms of business performance. The implication of this paper is to spur a more in-depth probe into this matter and further enhance entrepreneurs’ successes in the future with preventive measures.

Keywords: Narcissism, risk-taking, business performance, entrepreneurship.

1. Introduction and Background

Understanding entrepreneurs’ motivation could serve the business structure well where policies, systems, supports, and organizations are aligned to maximize business efficiency. However, some businesses fail due to misunderstanding of what drives the entrepreneurs besides profit making and efficiency. Research has uncovered various facets of entrepreneurs’ reasons as the culprit, including the feeling of grandiosity, the right to be worshipped, and standing on a pedestal (Liu et al., 2021). Such traits contribute negatively to the well-being of a business be it in the short or long term. It is a fallacy to think that entrepreneurs will always act for the good of the business and not set up to sabotage his or her creation. Hence it will be beneficial to uncover the negative sides of narcissism that has been plaguing some businesses by their owner. The independent variables to be tested are the narcissistic traits level, entrepreneurship competencies, and risk-taking behavior, and the dependent variable is entrepreneurial intention. Stimulus-Organism-Response theory, Person-environment fit theory and life history theory will be the overarching principles undertaken for this study.

Narcissism has both bright and dark sides to entrepreneurial activities and outcomes. While narcissism makes potential entrepreneurs have higher entrepreneurial intentions and greater willingness to take risks, it also prevents entrepreneurs from discovering opportunities, acquiring resources, and learning from failure (Newman et al., 2017). Besides, results also showed that relations between narcissism and entrepreneurial intentions and performance are more complex. For a deeper understanding of this complex relation and advancing research on narcissism and entrepreneurship, more research is necessary to explore the relations between narcissism and entrepreneurship-related variables from a temporal perspective and at the team level, examine the relationship between narcissism and entrepreneurship ethics, and investigate the interaction effects of narcissism and other personalities (Liu et al., 2021). Research has so far shown the relationships between narcissism and entrepreneurs are complex, which requires further exploration for understanding. In Malaysia, business opportunities are abundant, and so is failure for new and existing businesses. It would serve the county well if studies of entrepreneurs pinpoint indications to help alleviate and decrease failure potential at the onset by recognizing narcissistic traits and offering remedial and preventive steps.
2. Literature Review

Theory of Stimulus-Organism-Response Framework: Behavior in the SOR framework is assumed to be in the form of influenced results from environmental cues and translated to a person’s cognitive or emotional response (Wu et al., 2022; Ahmed et al., 2021; Mehrabian & Russell, 1974). In the extant literature, the SOR model is a viable theoretical framework for addressing behavior in online environments (Burnasheva & Suh, 2022; Cao & Sun, 2018). Some recent studies adopted the SOR model to understand consumers’ social commerce intention (Miranda et al., 2023) and purchase intention on social networking sites (Dange et al., 2021).

For this research, the SOR theory is adopted as the arching theory model (Jacoby, 2002). In the reconceptualized SOR theory, several dimensions are revised to accommodate nuances of human minds that interact with multi-faceted situations that are faced in daily lives which eventually produce results (Jacoby, 2002). According to the earlier version SOR coined, the organism aspect refers to the internal processes that occur between the perception of the stimulus and the resulting behaviors, including various perceptual, psychological, emotional, and cognitive activities, which in this research content is users’ personality traits (Wu et al., 2022; Tucker et al., 2016). According to Jacoby (2002), there exist several categories of organism stored in individuals’ emotive and cognitive systems, which includes among others individuals’ personality, feelings, and impressions (Jacoby, 2002). This makes it possible to embrace narcissism into an organism as an emotional state and debunks the notion that narcissism is not a proper organism representation. Successful adaptations of the SOR framework have been seen in different fields that uncover the relation between significant causes and reactions such as personality traits and entrepreneurship (Caputo & Pellegrini, 2020), narcissistic entrepreneurs and business opportunities (Leonelli et al., 2022), entrepreneurial personality and narcissism (Mathieu & St-Jean, 2013) and more.

Hence, considering the importance of individual traits' impact on entrepreneurial endeavors, and strong support of the SOR framework in explaining the relations between factors, the premise of the SOR framework for this research is that risk-taking activities, propensity towards entrepreneurship, and business competencies stimulate entrepreneurs' narcissistic trait and impact business performance.

Narcissistic personality Trait: Research has found that entrepreneurs have higher narcissism traits due to feeling of high grandiosity (Mathieu & St-Jean, 2013; Moslehpoor et al., 2021) to gain admiration from others (Hmieleski & Lerner, 2016; Navis & Ozbek, 2016; Tucker et al., 2016). However, due to the long-term resource requirement of business to be successful and stay afloat, the narcissistic trait is bound to not prosper in the long term due to the banishment of relationships (Hmieleski & Lerner, 2016; Navis & Ozbek, 2016). Furthermore, a narcissistic entrepreneur has fluctuating business performance (Asad, 2021; Bouncken et al., 2020), where in the beginning is mostly positive results due to strong drive and high motivation, but subsequently weakens entrepreneurial strategies in the long run (Asad, 2021; Liu et al, 2021). Some studies find a positive correlation between narcissistic traits and business success when human resource management strategies proactively manage and balance the narcissism trait to reduce the negative impact and heighten the trait to be beneficial (Tucker et al., 2016). It is also found that gender influence on narcissism differs among males and females, where a study concludes that a narcissistic female entrepreneur has fewer narcissism traits compared to their male counterpart and it translates to less risk-taking behavior in R&D. Female entrepreneurs also are not as diligent to patent their ideas, compared to a male entrepreneur.

From previous studies, it is found that narcissism is positively correlated with general self-efficacy, locus of control and risk propensity. Moreover, narcissism plays a significant role in explaining entrepreneurial intentions, even after controlling for self-efficacy, locus of control and risk propensity (Mathieu & St-Jean, 2013). The question of how far narcissism trait impacts entrepreneur endeavors specifically in Malaysia still needs answers as Malaysia has set its sights on being one of the highest producers of entrepreneurs in the next decade. As revealed on 13 August 2020, The National Entrepreneurship Policy (NEP) is a long-term strategy for Malaysia to become an outstanding entrepreneurial nation by 2030 with six strategic thrusts supporting the whole national agenda (Othman et al., 2021).
The propensity towards Entrepreneurship: Research has uncovered various facets of entrepreneurs’ reasons as the culprit, including the feeling of grandiosity, the right to be worshipped, and standing on a pedestal (Leonelli et al., 2022). Such traits contribute negatively to the well-being of a business be it in the short or long term. It is a fallacy to think that entrepreneurs will always act for the good of the business and not set up to sabotage his or her creation (Shabbir & Kousar, 2019). Several research studies have found a link between narcissism and business creation. One research particularly discussed that this trait surfaces in a narcissistic individual even before entering a business setting. The group of entrepreneurial students was compared to vocational students, city workers, and managers from financial institutions on a narcissism scale. Results from this study conclude that entrepreneurial student scored significantly higher than other groups (Mathieu & St-Jean, 2013).

Further research has shown that there are differences in narcissism levels in different genders in startup initiatives as well as patenting ideas and research and development projects (Leonelli et al., 2022). This begs the question of how Malaysian entrepreneurs fare in terms of narcissists’ male and female counterparts and how significant this phenomenon prevails in local settings. Hence it will be beneficial to uncover the negative sides of narcissism that has been plaguing some businesses by their owner. Research has so far shown the relationships between narcissism and entrepreneurs are complex, which requires further exploration for understanding. In Malaysia, business opportunities are abundant, and so is failure for new and existing businesses. It would serve the country well if studies of entrepreneurs pinpoint indications to help alleviate and decrease failure potential at the onset by recognizing narcissistic traits and offering remedial and preventive steps.

Table 1: Summary of Selected Literature

<table>
<thead>
<tr>
<th>Research Title</th>
<th>Authors</th>
<th>Variables</th>
<th>Methodology and findings</th>
<th>Limitations</th>
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</thead>
<tbody>
<tr>
<td>1. Entrepreneurship Response Resonance: An Evolutionary Step in Consumer Modeling (Consumer Behavior)</td>
<td>Jacoby</td>
<td>Environments: Organizational, Automatic Processing, Experimental Storehouse, Internal Responses, External Responses</td>
<td>Examine the various components of narcissism such as grandiosity, self-sentiments, and self-esteem</td>
<td>Problems and extensions not envisioned</td>
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<tr>
<td>2. Dark-triad personality traits on nascent entrepreneurial behavior: the mediating role of entrepreneurial intention</td>
<td>Li, C., Magid, Muradli S., Farhan, Ashraf, and Shumaila Naz</td>
<td>Narcissism, Psychopathy, Machiavellianism, Entrepreneurial intention</td>
<td>Dark-triad personality traits have a significant and positive effect on entrepreneurial intention, similar to the results of prior studies</td>
<td>Conduct a longitudinal study on different samples showing the role of the dark triad to make more contribution to the literature on entrepreneurial and organizational behavior.</td>
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<td>3. Dark-triad traits and the entrepreneurial process: An exploratory perspective</td>
<td>Tucker, Reginald, Lowen, Graham H, Marino, Louis D.</td>
<td>Machiavellian, narcissistic, and psychopathic traits</td>
<td>Machiavellian qualities are most beneficial in evaluating on stage of entrepreneurship, and narcissistic and psychopathic qualities are beneficial in the exploitation stage of entrepreneurship.</td>
<td>The success, longevity, and survival of SMEs are deeply linked to the effectiveness of individual decision-making processes, and established firms need to develop an entrepreneurial and innovative culture on making processes to maintain competitive advantages in a continuously changing and increasingly turbulent environment.</td>
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<tr>
<td>4. Entrepreneurial behavior: Caputo, Andrea Palladino, Maximilian G.</td>
<td>Machiavellian, narcissistic, and psychopathic traits, heuristics, and biases</td>
<td>The success, longevity, and survival of SMEs are deeply linked to the effectiveness of individual decision-making processes, and established firms need to develop an entrepreneurial and innovative culture on making processes to maintain competitive advantages in a continuously changing and increasingly turbulent environment.</td>
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Risk-Taking Activities: Studies have reported that risk-taking activities are beneficial for early start-ups due to the uncertainties of a newly developed entity faces (Tucker et al., 2016). However, for the longevity and survival of the business in the long run, other aspects are needed such as effectiveness in decision-making ability, innovative ideas, and competitive advantage to face other businesses in the fast-moving world (Caputo & Pellegrini, 2020). It is found that risk propensity is positively correlated with narcissism in entrepreneurs compared to control groups of non-vocational fields such as non-entrepreneur students, city workers, and employees and managers from a branch of a large financial institution (Mathieu & St-Jean, 2013). Liu et al. (2021) stated that a narcissistic tendency for high risk-taking activities is beneficial for start-ups, however, it prevents entrepreneurs from learning from failures, discovering other opportunities, and acquiring needed resources. Other studies reported risk-taking behaviors to exist in both genders albeit in different degrees (Leonelli et al., 2022). Hence, in Malaysia, such analysis has yet to be conducted on entrepreneurs and narcissism specifically which could address the issues of failures among new start-ups if corrective actions are taken early on. Below is the summary of selected literature on Narcissism and entrepreneurs’ studies related to this paper’s area of discussion.

Figure 1: Theoretical Framework

Theoretical framework: The independent variables to be tested are the narcissistic traits level, entrepreneurship propensity, business competencies, and risk-taking behavior, and the dependent variable is entrepreneurial intention. Research has so far shown the relationships between narcissism and entrepreneurs are complex, which requires further exploration for understanding. In Malaysia, business opportunities are abundant, and so is failure for new and existing businesses. The above discussion has produced a proposition depicted in the theoretical model in Figure 1, and the propositions are stated below:

P1. Risk-taking activities significantly impact a narcissist in his or her business performance
P2. Entrepreneurship propensity significantly influences a narcissist in his or her business performance

The next section will discuss the theoretical and research implications of this conceptual work.

3. Theoretical and Research Implications

The three propositions’ goals are to gauge the level of narcissism in entrepreneurs and its impact on business performance specific to the Malaysian landscape. Theoretically, the results of future empirical studies could uncover and produce a better understanding of entrepreneurs’ motivation. Such discovery would serve the business structure where policies, systems, supports, and organizations are aligned and maximize business efficiency. This is because some businesses fail after misunderstanding what drives the entrepreneurs besides profit-making and efficiency. Furthermore, Malaysian businesses could better understand the impact of narcissistic traits and the possible prevention that could be done to prevent negative business performance. Finally, findings from future research would provide banks and financial institutions with tools to implement special screening for business applicants to have better ROI after testing for narcissism traits. There are several limitations to this conceptual paper; which include limited stimulus variables to affect an entrepreneur's narcissistic trait impact on business performance; the attention span of an individual varies
and could influence the entrepreneur’s behavior during the survey session and get agitated and respond with bias; business competencies could vary with years of experience and may or may not trigger organism function of narcissism trait as it is personal victory to be considered competent to an entrepreneur; and narcissistic trait is placed on a spectrum, which might not be captured in this research design.

4. Conclusion

The objective of this paper is to uncover the prevalence traits of narcissism among Malaysian entrepreneurs and the trait’s impact on businesses. It is with the evidence from this research, that further studies can be propelled to possibly screen, devise prevention methods, offer counseling sessions, and other initiatives to promote stability for businesses for narcissistic Malaysian entrepreneurs.

References


