The Dark Side Characteristics Of Entrepreneurs

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Note: The results presented in this paper represent more than two years of collaborative data collection efforts between Hogan Assessment Systems and Dr. Julie Edge. Dr. Edge is a faculty member of Washington University and teaches in the prestigious Olin Business School. She is the principal investigator of The Co-Founders Project, which is funded by a grant from the Kauffman Foundation. Julie also is a co-founder of Creelio.com, a content marketing startup, and has served as an executive coach to hundreds of entrepreneurs.

In a 2005 commencement speech at Stanford University, Steve Jobs said “Your time is limited, so don’t waste it living someone else’s life. Don’t be trapped by dogma – which is living with the results of other people’s thinking.” These words speak to the heart of entrepreneurship, which involves more than simply owning a business. In fact, most definitions of entrepreneurship focus little on business ownership, instead emphasizing the ideation, organization, and promotion of new business ventures. Or to use Jobs’ phrasing, entrepreneurship involves living with one’s own ideas rather than the ideas of others.

Status and control over our environment represent a basic human drive. Successful business owners possess both. However, we are also driven by our need for respect from others and predictability in our lives. To obtain status and control, entrepreneurs risk their reputations and livelihoods to pursue ideas that often have little chance for success and must thrive in an uncertain environment.

What individual characteristics drive some individuals to take such risks? To answer this question, we describe research examining the personality characteristics of entrepreneurs and present results from more than 250 entrepreneurs who recently took the Hogan Development Survey (HDS), the most widely used Dark Side personality measure in the world.

Entrepreneurial Personality

Entrepreneurs often differ from other working adults in a number of ways. For example, when compared to managers, their defining characteristic is drive and ambition. They also tend to be more outgoing, yet are more willing to be direct and confrontational with others. Finally, they are more likely to resist standard practices and procedures and better able to handle stress. In general, these characteristics paint a picture of individuals who are passionate, energetic, creative, and persistent when faced with challenges.

These findings are the result of research using personality measures that align with the Five Factor Model (FFM). The FFM represents the culmination of decades worth of research examining how others describe us – our reputation. It provides an organizing framework that can be used to organize nearly any existing personality measure and adequately describes the structure of personality around the globe. It is a comprehensive and universal model that organizes the world of personality into five primary scales.

One of the FFM’s greatest strengths – its comprehensiveness – can also be a weakness. Its five scales are comprised of any number of smaller components. For example, drive and ambition,
the defining characteristic of entrepreneurs (often called Achievement Orientation), represents only part of one FFM scale. And Achievement Orientation is comprised of even more specific components. Furthermore, individual FFM components are usually more predictive of specific work outcomes than the broader scales they represent. So, although we can use FFM scales to describe entrepreneurs using broad strokes, we must use alternative personality measures to portray more detail.

**Dark Side Personality Measures**

Researchers often label FFM measures as “Bright Side” personality because they describe us at our best – when we attempt to present ourselves favorably to others. In contrast, “Dark Side” personality characteristics scales signify who we are when we let our guard down – when we are under stress, do not think anyone is looking, or are simply unconcerned with the impression we make on others.

Most Dark Side personality measures are based on personality disorders from the Diagnostic and Statistical Manual of Mental Disorders. These disorders represent maladaptive patterns of behavior and thought that deviate from social norms. However, a growing body of research reveals considerable overlap between personality disorders and characteristics represented by the FFM. In other words, personality disorders generally reflect behaviors that are present in normal adult working populations but are taken to extremes (e.g., mistrust, lack of interest in others, seeking attention, conforming to rules).

Similarly, Dark Side personality measures represent strengths and strategies that may be beneficial (e.g., questioning others, focusing on our own work, seeking recognition, following rules) but can become problematic when used too often. Although these behaviors do not violate social norms, they can potentially derail our performance, and our careers, when relied on too frequently.

**The Current Study**

Research has yet to examine the Dark Side characteristics of entrepreneurs. To fill this gap, we collected data from 256 entrepreneurs, who were in the early stages of building companies in the rapidly scaling technology sector in the United States. Data were collected from February 2012 through August 2013.

Study participants were founders of early stage startup companies from across the United States. Across the 97 companies that participated in the study, 51 percent had two founders, 31 percent had three or more founders, and 19 percent had a solo founder.

Sixty-five percent of the companies were associated with accelerator programs – 12 week mentoring based programs typically sponsored by investors. Accelerators represent a growing trend in the early stage startup space. They offer a place where business startups can receive funding, mentoring, and training for a limited period of time in exchange for equity. All
participants completed the HDS. In return for providing personality data, all participants received feedback on their results presented during a 90 minute individual and/or team feedback session.

The HDS was the first instrument developed to specifically measure dark side personality characteristics. It consists of 11 primary scales that comprise three factors. The first factor reflects behaviors designed to distance one from others. Such individuals tend to avoid outside pressures and lack concern for other’s problems and goals. The second factor reflects behaviors intended to dominate and control others. Such individuals are generally energetic, outgoing, and adventurous, but may be viewed as self absorbed. Finally, the third factor reflects behaviors intended to ingratiate ourselves to others. Such individuals may be overly agreeable and/or strict about adhering to rules and procedures. Figure 1 presents average HDS scores from our sample.

Figure 1. Box Plot Results from 256 Entrepreneurs

Note: boxes represent middle 50% of the distribution of scores for each scale. The area above the box represents the top 25% and the area below the box represents the bottom 25%.
In general, our entrepreneurial sample demonstrated higher than average scores on the first two HDS factors and lower than average scores on the third. This general pattern reflects the stereotype of entrepreneurs as individualists who are passionate about their own ideas but relatively unconcerned with others. Furthermore, average scores were particularly high for Leisurely, Mischievous, and Imaginative. This indicates that a high percentage of entrepreneurs focus on only their own goals (high Leisurely), are willing to break with standard rules and procedures (high Mischievous), and think in creative, unusual, and unpredictable ways (high Imaginative).

Perhaps our most interesting finding was how similar entrepreneurs were across a number of additional characteristics. For example, results were similar across age groups. In fact, average scores for participants 25 or younger looked almost identical to those 45 and older. The same was true for gender. Even after categorizing individuals according to their primary role within their team, the more technically oriented entrepreneurs looked more like their team members than traditional technicians and specialists in corporate environments.

Conclusions

Nearly all 256 entrepreneurs in our sample had results consistent with moving away from or against others. These findings confirm a number of stereotypes often associated with entrepreneurs, such as being driven, energetic, and demonstrating more concern for themselves than others. Drive and energy are beneficial to performance regardless of one’s role or function. A desire for independence, however, clearly lends itself more to an entrepreneurial environment than a corporate one. In other words, some characteristics that hurt performance in traditional organizations are critical to success for entrepreneurs.

However, energy and self-interest likely mean little without a willingness to take risks. Across all 11 scales, Mischievous had the highest average score. In fact, more than one-fourth of our sample was in the top 2 percent on Mischievous when compared to the general public. It is likely, therefore, that although other characteristics examined in this study are representative of entrepreneurial drive and motivation, the willingness to take risks is a critical ingredient that leads to the attempt and enables entrepreneurs to operate effectively in an uncertain environment.