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Abstract
Entrepreneurship literature has generally ignored the entrepreneur’s dark side. Individuals high on dark characteristics may have success, but leave a trial of interpersonal abuse and harm. Examining the relationship between founder levels of the dark triad, employee creativity and performance, support was found for the hypothesis that increases in employee tenure will weaken any benefits garnered by dark triad tactics. The results have significant implications for understanding the dark triad – employee performance link. Practically, the results may help investors identify and replace problem founders, reducing the likelihood of negative employee-related outcomes which may hinder the ventures growth and success opportunities.

Introduction
The study of entrepreneurial dispositions has primarily emphasized positive characteristics (Baron, Tang, & Hmieleski, 2011; Leutner, Ahmetoglu, Akhtar, & Chamorro-Premuzic, 2014; Rauch & Frese, 2007), largely ignoring dark characteristics. Miller (2015) recently called for increased research into the dark characteristics of entrepreneurs to distinguish entrepreneurs who contribute to our economic and social well-being from those whose contributions are negated by the harm they cause to others. Toward that end, this study seeks answer to two questions: (1) what are the possible positive and negative outcomes associated with founder high on the dark triad? and (2) when and how does employee tenure potentially change those outcomes?

Paulhus and Williams (2002) introduced the dark triad, comprised of Machiavellianism, subclinical narcissism, and subclinical psychopathy. Those with higher levels of Machiavellianism (Machs) are characterized by charisma, low empathy, strategic prosocial behavior, and utilitarian morality driven by selfish motives (Deluga, 2001; Hawley, 2003; Veselka et al., 2012). They are social chameleons, assuming the attitudes and behaviors of key individuals in order to manipulate situations toward their own ends (Hurley, 2005). Those with high levels of subclinical narcissism (narcissists) are known by an inflated sense of self. Their arrogance, grandiosity, fantasies of unlimited success, empathy deficits, and feelings of being above the law stem from inflated self-views (DSM-5, 2013). Cleckley (1941) describes Individuals with relatively high levels of psychopathy (psychopaths) as charming, initially indistinguishable from normal individuals. Their “masks of sanity” disguise their desire for immediate gratification and thrill-seeking combined with duplicity, low sense of shame, egocentricity, shallow affect, manipulation, low empathy, low impulse control, and low conscientiousness. In the years since this original observation, little has changed. Psychopaths eludes detection, covertly moving from victim to victim once the utility of each is exhausted (Babiak, 2000). Of the dark triad, it is the most toxic, dangerous, aggressive, and socially undesirable characteristic (Jonason, Baughman, Carter, & Parker, 2015; Jonason, Duineveld, & Middleton, 2015; Mathieu, Neumann, Hare, & Babiak, in press; O’Boyle, Forsyth, Banks, & McDaniel, 2012).
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Hypotheses Development

In sales and political contexts (Ricks and Fraedrich, 1999; Deluga, 2001) the dark triad is associated with more positive outcomes, while in front-line and middle management employment contexts (O’Boyle et al., 2012) these characteristics are associated with more negative outcomes. Why are these different contexts linked to different outcomes? Interest alignment may be an important key. The theory of interest alignment is grounded in agency theory that highlights the degree of overlap between personal and organization goals (Gottschalg and Zollo, 2007). Competitive advantage, according to this approach, is gained by increasing the performance of human assets by motivating behavior which is consistent with organizational objectives. A primary driver of dark triad-related behavior is selfish striving for social dominance, power, and positions of authority (Brunell et al., 2008; Burris et al., 2013; Lilienfeld et al., 2012). In front-line and middle management settings, striving for dominance and dislike of authority may be construed as selfish and deviant leading to negative outcomes up and down the corporate ladder. In an executive or sales role, where social dominance is more aligned with role expectations, those same motivations may be considered appropriate or even admirable (O’Boyle et al., 2012). When there is a high degree of interest alignment self-centered motivations may be mistakenly attributed to motivation for the greater good (Price, 2003).

According to Amabile (1996), levels of employee creativity are extremely sensitive to an employee’s perception of managerial motives. Liu, Liao, and Loi (2012) find that if employees attribute a manager’s motives to be for the good of the group, employee creativity levels remain high. When employees perceive a supervisor’s abusive behavior to be motivated by selfish or harmful desires, employee creativity declines significantly. For founder-managers in new ventures, personal and venture interests are nearly identical (Cardon, Zietsma, Saparito, Matherne, & Davis, 2005). Cardon describes new ventures as extensions of the entrepreneur’s identity, with strong emotional connections between the entrepreneur and his or her business. For employees looking for attributional queues to determine a founder’s motives, the high interest alignment with new venture goals may obscure the dark founder’s selfish motives. Though their motivations are rooted in self-advancement, these motives also advance the new venture. Consequently, the founder’s manipulative and callous behavior appears to be motivated by a desire for venture success.

H1: Founder (a) Machiavellianism, (b) narcissism, and (c) psychopathy are positively related to employee creativity.

Notwithstanding a wealth of research on the topic, Li, Barrick, Zimmerman, and Chiaburu (2014) suggest that researchers have underestimated the predictive validity of personality characteristics. A meta-analysis of 222 correlations from 73 samples demonstrates the value of individual characteristics for predicting effective leadership (Judge, Bono, Ilies, & Gerhardt, 2002). Relevant to the current discussion, in a study measuring manager empathy and its link to employee performance over a two-week period, Scott, Colquitt, Paddock, and Judge (2010) find a significant link between higher levels of manager empathy and higher employee performance. Because dark triad characteristics share a common empathy deficit (Wai and Tiliopoulos, 2012), a negative relationship between founders dark triad characteristics and employee performance is expected.

H2: Founder (a) Machiavellianism, (b) narcissism, and (c) psychopathy are positively related to employee performance.
One of the hallmarks of Schumpeter's (1934) vision of entrepreneurship is “creative destruction,” extolling the value of divergent thinking that depart from societal norms. Congruently, it is widely acknowledged that employee creative performance is a necessary ingredient for sustaining a firm’s competitive advantage (Amabile, 1988; Andries & Czarnitzki, 2014; Liao, Liu, & Loi, 2010; Oldham & Cummings, 1996; Volmer et al., 2012). Two studies (Gong et al., 2009; Madjar & Ortiz-Walters, 2009) find a very strong, significant correlation between employee creativity and job performance. Hence, aside from the hypothesized direct relationship between founder dark triad and employee performance, the relationship of employee creativity to employee performance suggests an indirect relationship between founder dark triad characteristics and employee performance, through employee creativity.

H3: In new ventures, employee creativity will have a positive relationship with employee performance.

H4: Employee creativity will mediate the relationship between founder (a) Machiavellianism, (b) narcissism, and (c) psychopathy and employee performance.

A significant threat to the dark triad is the discovery of their true motives. Relationships, whether in business, politics, or social groups, are governed by tacit rules of social exchange and fairness. Economic exchanges are quid pro quo interactions with predetermined rewards for behavior. In social exchanges the rewards are rarely specified in advance. This reward ambiguity opens the door for perceived opportunistic behavior (Cook, Cheshire, Rice, & Nakagawa, 2013). As a way of reducing exposure to opportunistic behavior, the vulnerable party (employee) looks for signs of trustworthiness in the other party (founder). If, in early exchanges, the founder provides an adequate act of reciprocity, it signals a level of trustworthiness, and commitment begins to develop (Molm, 2010). Campbell and Campbell (2009) suggest that most of the benefits for dark characteristics are found in the short-term “emerging zone.” However, in the long-term “enduring zone,” they find relationships suffer many negative outcomes. Unfortunately for the dark founder, “emerging situations naturally drift into enduring situations” (Campbell & Campbell, 2009 p. 221).

Specifically examining the founder high on the dark triad and employee levels of creativity in the emerging vs. enduring zones, creativity is likely to be higher in the emerging zone. Founder abusive behavior may be excused – as motives are likely to be mistakenly attributed to be driven by a desire for venture and team success. However, given the consistent use of manipulative tactics and emotional callousness across all three dimensions of the dark triad, the proverbial saying “tempus omnia revelat” (time reveals all things) may be the means to the dark founder’s undoing. The underlying selfish drive and moral deficits of the founder higher on the dark triad will likely cause eventual relational damage. Because creativity is sensitive to even the slightest social violations (Amabile et al., 1996), the interaction of time and all dark triad characteristics should weaken the founder’s positive relationship with employee creativity.

H5: Employee tenure will moderate the relationship between founder (a) Machiavellianism, (b) narcissism, and (c) psychopathy and creativity.

It is commonly assumed that the dark side of dark triad personalities often emerges later in the tenure of a leader (Campbell & Campbell, 2009; Hogan & Hogan, 2001; House & Howell, 1992). In entrepreneurship, the emerging pre-launch and launch stages of the venture (Baron, 2007) are highly unstable. As such, dark triad leadership may be an advantage because the short-term focus and volatility may obscure motives. However, because the self-beneficial tactics of
the dark triad are often toxic, destructive, fraudulent, exploitative, or manipulative (Jonason & Schmitt, 2012; Jones & Paulhus, 2011; Paulhus & Williams, 2002), eventually employees may suffer. Several studies support this difference between employee perceptions of short-term vs. long-term ‘dark’ leadership effectiveness (Brunell et al., 2008; Campbell & Campbell, 2009; Ti. Judge, Bono, Ilies, & Gerhardt, 2002). During the short term emerging period, Brunell et al. (2008) found that narcissism significantly predicted group member ratings of leadership. Conversely, a study by Rosenthal and Pittinsky (2006) found that when leadership evaluations were tracked over time, narcissism predicted initial positive evaluations and, in later interactions, negative evaluations.

H6: Employee tenure will moderate the relationship between founder (a) Machiavellianism, (b) narcissism, and (c) psychopathy and employee performance.

H7: Employee tenure will moderate the creativity mediated relationship between founder (a) Machiavellianism, (b) narcissism, and (c) psychopathy and employee performance.

Methods

Participants and Measures

This study was completed with a grant from the Qualtrics Corporation and participants were obtained from a Qualtrics panel partner. Approximately 1,198 individuals started the survey and were screened to include only business founders in business since 2005, producing a final dataset of 299 usable survey responses. Founder dark triad levels were measured with the 12-item Dirty Dozen measure (α = 0.85) (Jonason & Webster, 2010). Employee tenure was measured in the number of days the employee had worked for the venture. Founders completed evaluations of employees using the 5-item Perry-Smith (2006) (α=.86) and 4-item Williams and Anderson (1991) (α=0.90) scales to measure employee creativity and employee performance. Four employee variables (age, gender, education, experience), two founder variables (education and experience), three firm variables (industry, sales, and size), and social desirability bias were used as control variables.

Analysis

Prior to completing the structural equation model analysis, the results were tested for common method bias using Harmon's single factor method. Only 36% of the total variance was explained by one common factor. Common method bias does not significantly affect responses. The measurement model provided sufficient model fit ($X^2/df = 2.79 \ p<0.001$, GFI = 0.87 RMSEA = 0.08). Results of the structural analysis provided acceptable model fit as well (study two: $X^2 = 775.11$, $df = 372$, $p<0.001$, $X^2/df = 2.08$, GFI = 0.87, RMSEA = 0.06).

Results

Hypotheses 1, predicting founder (a) Machiavellianism and (b) narcissism and (c) psychopathy are positively related to employee creativity, is not supported. While results for 1a and b are insignificant, 1c (psychopathy) shows a significant negative relationship ($β = -0.31$) with employee creativity. Hypothesis 2 predicts a positive relationship between the founder dark triad and employee performance. Machiavellian is significantly ($β = -0.27$) related to employee performance. However, the relationship is in the opposite direction of what is hypothesized. There is no significant relationship between narcissism or psychopathy and employee performance. Hypotheses 2b and c are not supported. The results show a strong and significant relationship
between employee creativity and employee performance ($\beta = 0.51 \ p < 0.001$) supporting hypothesis 3. The results of a test for mediation showed no significant results, thus hypothesis 4 is not supported.

The test of hypothesis 5 (tenure moderation of the dark triad – employee creativity relationship) shows strong and significant relationships for Machiavellianism ($\beta = -0.43$), narcissism ($\beta = 0.17$), and psychopathy ($\beta = 0.35$). Hypothesis 6 was not supported. However, a test for mediation shows that both Machiavellian-tenure and psychopathy-tenure interactions’ relationship with employee performance is fully mediated by employee creativity. Both Machiavellianism and psychopathy interaction variables’ significant direct effects are not significant when the mediation variable (employee creativity) is entered into the model (indirect effects $\beta = -0.26$ and 0.21 $p<0.001$ for both). The narcissism-tenure interaction’s relationship with employee performance is not mediated by employee creativity, but the indirect relationship is significant ($\beta = 0.08$).

**Discussion and Implications**

Creativity is one of the least studied outcomes of dark characteristics, according to Spain, Harms, & Lebreton (2014). The current study seeks to fill this significant gap by testing the relationship between founder dark triad levels and employee creativity. The results provide support for the hypotheses that founder dark triad characteristics are linked to a significant reduction in employee creativity. The study also fills an important void in entrepreneurship literature which has, to date, rarely investigated the predictive ability of a founder’s dark side.

In a meta-analysis of 350 empirical studies with a sample size of 249,841, Ng and Feldman (2010) find a strong and significant link between increased employee performance and employee tenure. Consequently, the finding that employee performance decreases as employee tenure increases when working for a founder with higher levels of the dark triad shows how toxic these characteristics can be to the productivity of a new venture. Employee creativity and performance are even more vital to the survival and growth of a new venture than founder performance is. Comparing the contributions of founder and employees to new venture success, Andries and Czarnitzki (2014) find that the contributions of employees were more strongly related to new product sales and process innovation than those of founders. Practically, it may be beneficial for investors to use a screening measure to determine levels of founder dark triad characteristics. The results of this study support the idea while the dark triad may not be related to immediate negative results – over time – dark founders may be ineffective managers, impairing new venture growth. If investors are aware of high levels of a founder’s dark triad characteristics, a change in venture management may be essential for ongoing growth, creativity, and innovation.

One of the more interesting results of the study relates to founder psychopathy and narcissism. While generally, higher founder levels of these two characteristics correspond to a significant decrease in employee creativity – as employee tenure increases, levels of employee creativity begin to recover. A possible explanation for the increase in employee creativity may lie in the divergent thinking associated with psychopathy (Eysenck, 1993) and the narcissistic tendency to believe he or she is more creative than others. This disregard for social norms and tradition (Hare, Hart, & Harpur, 1991) may play a role in research findings supporting a positive link between psychopathy and creativity (Feist, 1998; Galang, 2010). Employees, as they spend more time with founders with higher levels of psychopathy, may begin to enact the founder’s modeled behavior of creativity and divergent thinking (Jaussi & Dionne, 2003).
In summary, high founder levels of the dark triad in a new ventures “emerging zone” may not immediately harm a venture. However, in the long-run, a venture and its employees will likely suffer if the dark founder continues to run the company.

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