

# Narcissistic Personality and the Mechanism of Change in Key Entrepreneurial Behaviors: A Study in the Context of Serial Entrepreneurship

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## Abstract

Optimizing behavior is key to enhancing entrepreneurial quality. A distinctive characteristic of entrepreneurial behavior is its dynamic alignment with the environment; therefore, research must shift from focusing on behavior itself to tracking dynamic behavioral changes. Based on the theoretical premise that behavior is jointly influenced by personality, cognition, and environment, this study focuses on examining the influence mechanism of entrepreneurs' narcissistic personality on behavioral changes and their outcomes, constructing a theoretical model centered on the "narcissism-behavioral change-performance" framework. By integrating relevant knowledge from entrepreneurship theory and personality psychology, and taking the deconstruction of key elements of entrepreneurial behavioral change as the point of departure, this research investigates how narcissistic personality interacts with experience to influence behavioral changes, explores the differential effects of behavioral changes under varying cognitive states and environmental contexts, and constructs an optimization model for behavioral change. The aim is to deepen and enrich research on entrepreneurial behavior and entrepreneurial psychology, guide entrepreneurial education practice, and significantly contribute to enhancing entrepreneurs' decision-making capabilities.

## Full Text

## 2. Theoretical Background and Hypotheses

### 2.1 Entrepreneurial Behavior: A Dynamic Perspective

Entrepreneurial behavior is fundamentally dynamic, characterized by its continuous adaptation to external environmental changes. While early entrepreneurship research focused primarily on static behavioral patterns, there is growing

recognition that understanding behavioral change is crucial for explaining entrepreneurial success and failure. This shift reflects a broader theoretical movement toward viewing entrepreneurship as a process of iterative learning and adaptation rather than a one-time event.

The dynamic nature of entrepreneurial behavior is particularly salient in the context of serial entrepreneurship, where individuals launch multiple ventures sequentially. Serial entrepreneurs must constantly adjust their strategies, decision-making processes, and operational practices based on accumulated experience and changing market conditions. This behavioral plasticity represents a core mechanism through which entrepreneurs enhance their performance over time.

## 2.2 Narcissism and Entrepreneurial Decision-Making

Narcissism, defined as a personality trait characterized by grandiosity, entitlement, and a constant need for admiration, has emerged as a critical factor in understanding entrepreneurial behavior. Drawing on the clinical definition of Narcissistic Personality Disorder (NPD) from the Diagnostic and Statistical Manual of Mental Disorders (American Psychiatric Association, 2013), organizational scholars have operationalized narcissism as a dimensional construct that varies across the general population.

Research on narcissism in organizational contexts reveals a complex pattern of effects. On one hand, narcissistic individuals exhibit heightened self-confidence, risk-taking propensity, and charismatic leadership—qualities that may facilitate entrepreneurial entry and persistence (Campbell, Goodie, & Foster, 2004; Judge, Lepine, & Rich, 2006). On the other hand, narcissism is associated with overconfidence, susceptibility to ego threat, and impaired learning from failure (Wallace & Baumeister, 2002; Liu, Li, Hao, & Zhang, 2019).

In entrepreneurial settings, narcissism influences how founders interpret feedback, allocate resources, and respond to setbacks. Narcissistic entrepreneurs tend to attribute success to their own abilities while externalizing failure, which creates distinct patterns of behavioral change following performance outcomes. This self-serving bias may either accelerate or inhibit adaptive behavioral change depending on contextual factors.

## 2.3 The Moderating Role of Experience

Experience plays a crucial moderating role in the relationship between narcissism and behavioral change. Serial entrepreneurship provides a unique context for examining this interaction, as repeated venture creation offers opportunities for both reinforcement and revision of behavioral patterns. Prior research suggests that experience can either amplify or mitigate narcissistic tendencies.

For narcissistic entrepreneurs, early successes may reinforce existing behavioral patterns, creating path dependence and reducing adaptive change. However, repeated failures may eventually overcome narcissistic resistance to behavioral

modification, particularly when the gap between expected and actual performance becomes salient. Eggers and Lin (2015) found that serial entrepreneurs who changed industries between ventures faced higher costs of failure, suggesting that experience context matters for behavioral adaptation.

The interaction between narcissism and experience is further complicated by the nature of entrepreneurial learning. While experience provides opportunities for reflection and skill development, narcissistic individuals may engage in selective perception, focusing on information that confirms their self-image while discounting contradictory evidence. This suggests that the relationship between entrepreneurial experience and behavioral change is contingent on the entrepreneur's level of narcissism.

### 3. Hypothesis Development

#### 3.1 Narcissism and Behavioral Change

We propose that narcissism has a curvilinear relationship with behavioral change in serial entrepreneurship. At moderate levels, narcissism may facilitate behavioral change by providing the self-efficacy and resilience needed to overcome inertia. However, at high levels, narcissism inhibits behavioral change due to rigid self-perceptions and defensive responses to feedback.

**Hypothesis 1:** There is an inverted U-shaped relationship between entrepreneur narcissism and the degree of behavioral change between successive ventures.

#### 3.2 The Moderating Effect of Entrepreneurial Experience

The impact of narcissism on behavioral change is moderated by the depth and relevance of entrepreneurial experience. Extensive experience within the same industry may amplify narcissistic overconfidence, reducing behavioral change. Conversely, diverse experience across industries may counteract narcissistic rigidity by exposing entrepreneurs to novel situations that challenge existing mental models.

**Hypothesis 2:** Industry-specific experience strengthens the negative relationship between high narcissism and behavioral change, while diverse experience weakens this relationship.

#### 3.3 Cognitive Context as a Boundary Condition

The cognitive context—encompassing factors such as self-efficacy, regulatory focus, and metacognitive ability—shapes how narcissism influences behavioral change. Entrepreneurs with high metacognitive awareness may be better able to recognize their narcissistic biases and compensate for them. Bandura's (1977, 1986) social cognitive theory suggests that self-efficacy beliefs can either reinforce or counteract narcissistic tendencies.

**Hypothesis 3a:** Entrepreneurial self-efficacy moderates the relationship between narcissism and behavioral change, such that high self-efficacy amplifies the positive effects of moderate narcissism while mitigating the negative effects of high narcissism.

**Hypothesis 3b:** Metacognitive ability weakens the negative relationship between narcissism and behavioral change by enhancing self-awareness and reflective capacity.

### 3.4 Environmental Dynamism and Munificence

The external environment represents a critical boundary condition for the narcissism-behavioral change relationship. In dynamic environments, rapid change may force even narcissistic entrepreneurs to adapt their behaviors to survive. Environmental munificence—the availability of resources and growth opportunities—may either buffer narcissistic entrepreneurs from the consequences of their rigid behaviors or provide opportunities for narcissistic self-aggrandizement.

**Hypothesis 4a:** Environmental dynamism strengthens the positive relationship between moderate narcissism and behavioral change by creating performance pressures that demand adaptation.

**Hypothesis 4b:** Environmental munificence moderates the curvilinear relationship between narcissism and behavioral change, with high munificence reducing the need for behavioral change across all levels of narcissism.

## 4. Discussion and Implications

This study contributes to entrepreneurship research by integrating personality, cognitive, and environmental perspectives to explain behavioral change in serial entrepreneurship. Our theoretical framework suggests that narcissism's effects are more nuanced than previously understood, with important implications for both theory and practice.

For entrepreneurs, understanding their own narcissistic tendencies can help them develop strategies to enhance adaptive behavioral change. For investors and incubators, assessing founder narcissism may improve selection and support decisions. Future research should empirically test these hypotheses using longitudinal designs that track behavioral changes across multiple venture attempts.

The dynamic perspective on entrepreneurial behavior advanced here opens new avenues for research on how personality traits interact with experience and context to shape entrepreneurial outcomes. By examining behavioral change as a key mediating mechanism, we can better understand the pathways through which entrepreneurs learn, adapt, and ultimately succeed or fail across their entrepreneurial careers.

*Note: Figure translations are in progress. See original paper for figures.*

*Source: ChinaXiv – Machine translation. Verify with original.*