
The Dark Sides of Entrepreneurship

January 20, 2026



Agenda

- » Michael Maher Case
 - » The Triple Ds
 - » Employees
 - » Society
 - » Adapted “Two Standards” as a Way to Prevent Dark Sides?
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Michael Maher



Dark Side: Entrepreneurs vs. Non-Entrepreneurs

- » Twice as likely to experience depression
- » Six times as likely to have ADHD
- » 40% more likely to suffer from substance abuse
- » 150% more likely to suffer from bipolar disorder

Source: Freeman, M. A., Staudenmaier, P. J., Zisser, M. R., & Andresen, L. A. (2019). The prevalence and co-occurrence of psychiatric conditions among entrepreneurs and their families. *Small Business Economics*, 53(2), 323–342.

Possible Contextual Explanations

- » Culture of entrepreneurship
 - » A lonely profession
 - » Resource constraints
 - » Investor expectations
 - » Need to make a counterintuitive, low probability idea real
 - » Failure rates and implications
 - » Hyperactive, but “closed” networks
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Shepherd's Triple Ds

- » **Dark Side:** An actor's negative and psychological and emotional reactions from engaging in the entrepreneurial process
 - » **Down Side:** An entrepreneur's loss of capital from engaging in the entrepreneurial process
 - » **Destructive Side:** The negative impacts on society members from damage to resources owned or accessed by others as a result of entrepreneurial action
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Falling Off the Unicorn



How aware are [employees] of the fact that they have a portfolio of *one* and that in joining this company they are becoming less diversified in their risk? You know, you start a company and at the beginning you might have five potential products or applications or ideas, and the VC will tell you, “No, focus on one and swing really hard.” ... Now is that the best idea for the entrepreneurs or the employees? Of course not, they just increased their risk and they probably are not even aware. Certainly not the employees, and certainly not the employees who join after the decision to focus on fewer ideas. So, it is a really big misalignment. (KJ, investor)

Employees are like mushrooms, they’re fed bullshit and kept in the dark. They don’t necessarily get a chance to see from 20,000 feet. (BC, investor)

Why Do Employees Get Trapped?

Three Core Mechanisms

Misaligned Incentives

- » Portfolio vs. Single Bet
 - » “Home Run” Imperative
 - » Information Asymmetry
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Social Pressures & Ecosystem Norms

- » Normative Optimism
 - » Motivated Sampling
 - » Stigmatization of Dissent
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Structural Labor Market Constraints

- » “Secondary” Labor Market
 - » Nontransferable Skills
 - » Forced Complicity
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Addressing the Problem

Practical Implications

Employees

Break the Information Bubble

- » Diversify networks
 - » Share real data
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Founders

Prioritize Transparency & Retention

- » Disclose risk
 - » Focus on development
 - » Align with investors
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Investors

Challenge the “Churn” Model

- » Correct false narratives
 - » Support structural change
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Policymakers & Educators

Education & Safety Nets

- » Teach reality
 - » Shift media narratives
 - » Strengthen safety nets
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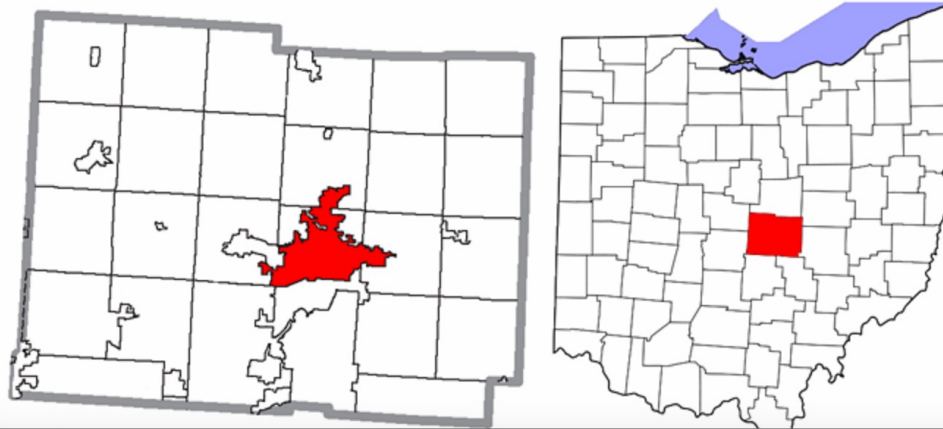
Ohio = Silicon Valley of the Midwest?

New Ohio Intel Microchip Plant Will Turn the State into the 'Silicon Valley of the Midwest,' Politician Says

Three cheers for Licking County.

By Nick Evans, *Ohio Capital Journal* on Tue, Jan 25, 2022 at 8:37 am

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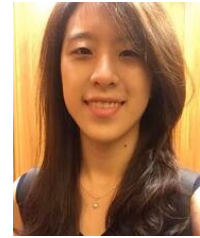
Silicon Valley Syndrome

Why the obsession with Silicon Valley?



Silicon Valley Syndrome

What Did Kwon and Sorenson Find?



Infusion of venture capital funding into a region leads to:

1. Decline in establishments and employment in non-high-tech tradable sector
 2. Increases in entry and employment in non-tradable sector
 3. Rise in income inequality in the non-tradable sector
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Should We Expect These Dark Sides to Be Present in Social Entrepreneurship?



How Might Entrepreneurs Avoid, Navigate, or Overcome the Dark Sides?

- » Social connections?
 - » Build a strong team?
 - » Work life balance?
 - » Clear goals?
 - » Discernment/reflection?
 - » Getting help?
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