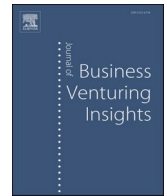




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A conceptualization of the cultic start-up

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A B S T R A C T

Mission-driven startups that promise to “change the world” have proliferated alongside a troubling question: when does organizational commitment become cultic? We conceptualize the cultic startup through two complementary lenses. On the supply side, we identify four organizational dimensions: unmediated charismatic authority, insulated power structure, mission as doctrine, and totalizing entrainment. Each marks a qualitative threshold at which common startup attributes disable the corrective mechanisms that ordinarily moderate founder authority and organizational ideology. On the demand side, we examine contemporary social conditions that have created cohorts of employees particularly receptive to cultic dynamics. The key insight of our study is that cultic startups emerge from a self-reinforcing founder-employee matching mechanism; organizational features that disable corrective mechanisms systematically attract and retain individuals whose psychological vulnerabilities make them unable to recognize or resist those very mechanisms. We conclude with a research agenda that establishes cultic startups as a phenomenon worthy of systematic scholarly attention.

“[T]he most successful founders do not set out to create companies. They are on a mission to create something closer to a religion, and at some point it turns out that forming a company is the easiest way to do so.” (Sam Altman, former President of Y Combinator and Open AI co-founder, 2013)

Does your startup feel like a cult?

Sam Altman once observed that the most successful founders don't set out to create companies; they set out to create something closer to a religion. He didn't mean it as a warning. The question this paper addresses is whether he was onto something.

Consider what these startups offer: a founder who speaks with the certainty of a prophet; a mission that frames ordinary work as world-historical; a culture so immersive that colleagues become community, office becomes home, and leaving begins to feel like apostasy. For the right employee, at the right moment, the appeal is not incidental, it's exactly the point.

And there is a generation arriving precisely ready for it. Shaped by declining religious participation, post-COVID social fragmentation, and a hunger for belonging that traditional institutions no longer satisfy, many young workers today don't just want good jobs; they want something closer to a calling. Cultic startups, whether by design or accident, offer exactly that. The argument we develop is structural: cultic dynamics emerge not from founder malice but from a self-reinforcing match between what these startups provide and what this workforce seeks. The features that attract devoted employees may be the same features that disable the corrective mechanisms organizations need to achieve long-term success.

The question of whether cultic startups represent a toxic organizational pathology or an underappreciated competitive advantage, or perhaps both at once, remains genuinely open. For founders, employees, and the rest of their stakeholders, that question is worth taking seriously.

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1. Introduction

Mission-driven startups that promise to “change the world” have become ubiquitous in Silicon Valley and beyond, celebrated by investors, media, and entrepreneurial discourse alike (Audretsch and Lehmann, 2023). These ventures attract intense interest from talented young professionals drawn to the prospect of meaningful work, belonging to something larger than themselves, and participating in ventures positioned as moral imperatives rather than mere commercial enterprises (Suddaby et al., 2021).

Yet, beneath the surface of these celebrated mission-driven startups lies a troubling question: when does a deeply committed organization cross the line into a cultic one? High-profile cases like WeWork, Theranos, and FTX have revealed how charismatic founders, revolutionary narratives, and immersive work cultures can create organizational dynamics that resemble cults more than conventional businesses. Thousands of employees have experienced burnout, identity crisis, and economic hardship as these ventures collapsed or faced public reckoning.

While recent scholarship has examined how startups engage employees through narrative co-construction and entrainment processes (Bort, 2025) and how transformational leadership can become coercive (Tourish and Pinnington, 2002), existing frameworks do not distinguish when intensely committed organizations cross the threshold into cultic ones. We address this gap through two contributions. First, we develop a framework integrating four interacting dimensions: charismatic authority, power structures, ideological narratives, and social boundaries. The dimensions specify when startup dynamics become cultic by systematically disabling the corrective mechanisms (dissent, exit, external reference, lateral communication) that allow ordinary startups to self-correct. Second, we complement this organizational analysis with a demand-side examination of contemporary social conditions (declining religious participation, rising anxiety, post-COVID fragmentation, geographic clustering) that have created cohorts particularly vulnerable to cultic dynamics, with explicit psychological mechanisms explaining why specific vulnerabilities increase receptivity to specific organizational features. This two-sided perspective explains not only how cultic startups operate but why they have proliferated, revealing cultic features as responses to talent competition in markets where traditional meaning-making institutions have eroded.

The key insight of our study is that cultic startups emerge from a self-reinforcing founder-employee matching mechanism: organizational features that disable corrective mechanisms systematically attract and retain individuals whose psychological vulnerabilities make them unable to recognize or resist those very mechanisms. This supply-demand alignment creates mutually amplifying dynamics where organizational intensity and employee fusion reinforce each other in self-perpetuating cycles.

We conclude by outlining a research agenda that addresses founders as cultic leaders, organizational designs that enable cultic attributes, employee experiences within these ventures, and the relationship between cultic dynamics and firm growth. By establishing cultic startups as a phenomenon worthy of systematic scholarly attention, we advance understanding of both the promise and peril of intensely mission-driven entrepreneurial ventures.

2. From cults to cultic organizations

Cults have attracted scholarly interest for nearly a century (Nelson, 1968; Stark and Bainbridge, 1980; Wiese and Becker, 1932), with definitions typically centering on bounded social groups with unconventional beliefs organized around charismatic leaders (Dawson, 1998).

Classic cult scholarship identifies three core features: charismatic authority, intense member devotion, and isolation from outside communities (Stark and Bainbridge, 1980). Charismatic authority represents the emotional bond between leader and followers that legitimizes leader actions (Lalich, 2004); devotion manifests as members transforming personal values to align with group ideology, often at the expense of external relationships; and isolation creates impermeable social boundaries through in-group jargon, restricted external contact, and an “us versus them” mentality (Rousselet et al., 2017). Lalich's (2004) bounded choice framework describes how followers internalize ideology so thoroughly that constrained choices feel freely made, connecting structural conditions to psychological outcomes in ways particularly relevant for understanding workplace dynamics.

Organizational scholars have extended these insights to workplace settings. Arnott (2000) argued that organizations become more “culted” when they combine charismatic leadership, elevated member commitment, and isolation from outside communities. Tourish and Pinnington (2002) drew explicit parallels between cult dynamics and transformational leadership practices: charismatic authority, pressure for conformity, top-down communication that suppresses corrective feedback, and promotion of a monolithic culture that construct discursive systems followers find difficult to challenge, even when problems are apparent. Recent work on identity regulation (Alvesson and Willmott, 2002) and normative control (Barley and Kunda, 1992) further illuminates how organizations shape employee self-understanding through values and emotional commitment rather than formal rules.

Cultic dynamics are not exclusive to startups; established organizations including Apple and Accenture have been described as functioning in cult-like ways (Arnott, 2000). However, cultic startups represent a qualitatively distinct phenomenon. In mature firms, cultic tendencies must contend with existing institutional memory, formalized governance, and professional norms that moderate founder influence; in nascent ventures, these moderating structures are absent by definition.

2.1. The cultic startup

Startups are particularly vulnerable to cultic dynamics because the formation of a cult is itself a form of innovation: Bainbridge and Stark (1979) describe cult formation as a two-step process of originating a compelling idea and then building social consensus around it, a logic that parallels the social constructivist view of entrepreneurship (Wood and McKinley, 2010). Both cult formation and venture creation require charismatic leaders to articulate compelling visions, recruit devoted followers, and construct shared realities that

diverge from conventional wisdom.

We use the term “cultic startup” deliberately; rather than treating cult-like organizing as a binary condition, we view cultic attributes as existing along a continuum. Startups may exhibit each of the four dimensions we identify below without constituting cultic organizations. What distinguishes the cultic startup is the specific form each dimension assumes.

3. Four key dimensions of cultic startups

Cultic attributes differ from intense-but-healthy organizational commitment not in their surface form but in their functional consequence: as each dimension intensifies, it systematically disables the corrective mechanisms: dissent, exit, external reference points, and lateral communication, that would otherwise moderate founder authority and organizational ideology. A conventional startup may exhibit passionate founders, centralized decision-making, compelling narratives, and strong culture; what distinguishes the cultic startup is that each feature assumes a form that closes the feedback loops through which organizations typically self-correct. Whereas conventional startups offer organizational attributes that shape employee behaviors, cultic startup attributes completely colonize employee identity.

We organize our conceptualization around four dimensions, each named for the specific cultic condition it describes rather than the generic organizational feature it builds upon: unmediated charismatic authority, insulated power structure, mission as doctrine, and totalizing entrainment. Together, these dimensions constitute a formative construct; their combination produces synergistic effects that exceed any individual dimension. Table 1 illustrates each dimension.

3.1. Unmediated charismatic authority

Founder passion represents a powerful emotional force in entrepreneurial ventures (Cardon, 2008). When founders display intense enthusiasm for their ventures, employees absorb and mirror these emotions, creating shared affective experiences that bind members to the organizational mission. Charismatic authority compounds passion's influence, as founders cultivate charisma by dramatizing their vision, telling compelling narratives about market disruption, and positioning themselves as visionaries challenging conventional wisdom. The entrepreneurial context amplifies charismatic effects because stakeholders seek leaders who can navigate uncertainty and manifest improbable futures (Dutta and Packard, 2024).

Conventional startups may produce passionate, even charismatic founders, yet charismatic authority still passes through interpretive filters: early hires who push back, investors who set guardrails, or the founder's own uncertainty about whether the vision will materialize. In cultic startups, those filters are not merely absent but actively suppressed; dissent becomes organizationally legible as a

Table 1
Distinguishing cultic from typical startups.

Dimension	Cultic	Typical
Founders	<p>Unmediated Charismatic Authority</p> <ul style="list-style-type: none"> • Intense enthusiasm that employees absorb and mirror • Positioned as visionary challenging conventional wisdom • Interpretive filters actively suppressed; dissent legible as failure of commitment • No institutional standing exists to contest founder reality construction • May exhibit narcissism, strong power needs, high self-confidence 	<p>Professional Expertise</p> <ul style="list-style-type: none"> • Moderate enthusiasm balanced with pragmatism • Positioned as competent leader • Leadership based on track record • Professional relationships with employees • Professional conduct with ethical guardrails • External accountability mechanisms
Organizational Design	<p>Insulated Power Structure</p> <ul style="list-style-type: none"> • Centralized decision-making • Strong founder control • Limited employee autonomy • Top-down communication • Strict information control 	<p>Distributed</p> <ul style="list-style-type: none"> • Shared decision-making • Collaborative leadership • High employee autonomy • Open communication • Transparent information flow
Startup Narratives	<p>Mission as Doctrine</p> <ul style="list-style-type: none"> • Revolutionary mission • Binary categorization: fully embrace or obstacle • World-changing aspirations • Strong belief systems • Moral imperatives • Identity fusion with company 	<p>Low</p> <ul style="list-style-type: none"> • Incremental improvement and value creation • Spectrum of stakeholder engagement acceptable • Market-focused goals • Pragmatic approach
Social Boundary Strength	<p>Totalizing Entrainment</p> <ul style="list-style-type: none"> • Strong in-group identity • Limited external connections • Long work hours • Required social events • Company-centric lifestyle 	<p>Permeable</p> <ul style="list-style-type: none"> • Flexible identity boundaries • External relationships valued • Work-life balance • Optional social events • Personal life independence

failure of commitment rather than a legitimate corrective signal, and the interpretive distance between founder and follower is systematically eliminated.

Charismatic leadership carries well-documented risks: charismatic founders may exhibit narcissism, strong power needs, and dark triad traits (Brownell et al., 2021), with questionable moral compasses (Shepherd et al., 2013). In cultic startups, founders face very little oversight in early stages, with no human resources function to enforce policies and no organizational memory to challenge founder narratives (Van Lancker et al., 2022). This absence of institutional constraints allows charismatic founders to control organizational narratives without corrective feedback, amplifying their ability to frame ventures in ideological terms and establish impermeable social boundaries around their vision.

3.2. Insulated power structure

Nascent organizational structures systematically lack the institutional constraints that moderate founder authority in mature firms. Startups operate with minimal formalized hierarchy, limited human resource functions, and skeletal administrative systems during early developmental stages (Burton et al., 2019; Van Lancker et al., 2022). The absence of dedicated HR professionals means that standard organizational checks on leader behavior remain undeveloped or entirely absent. No institutional memory exists to challenge founder narratives about the venture's trajectory or to preserve alternative interpretations of organizational history. Governance structures in venture-backed startups frequently concentrate extraordinary decision-making power in founder hands; dual-class share structures, super-voting rights, and board compositions dominated by founder-selected members create conditions where dissenting voices carry minimal weight (Neckebrouck and Schulze, 2025). These features are common across founder-led startups and do not, in themselves, constitute the cultic condition.

The cultic threshold is reached when the governance architecture ensures that no organizational actor retains the standing, information, or institutional protection to mount a credible challenge to the founder's reality construction. Bounded autonomy captures this dynamic: employees operate within a space that appears to offer genuine discretion but forecloses the specific acts of resistance that would constitute real accountability (Bort, 2026); employees may internalize this foreclosure, buying into co-constructive illusions that make constraints feel self-chosen rather than imposed (Pidduck, 2025).

Communication architectures reinforce this condition. Information flows predominantly downward, with founders controlling narrative framing and restricting lateral communication channels that might generate alternative interpretations or coordinated resistance (Bort et al., 2025). Where bounded autonomy forecloses individual resistance, restricted lateral communication forecloses collective resistance; together, they position the founder as the sole legitimate interpreter of organizational reality.

3.3. Mission as doctrine

Narratives structure the entrepreneurial process (Wood et al., 2021) and serve as the basis for drawing in stakeholders (Lounsbury and Glynn, 2001). Early-stage narratives serve as the startup's "sacred texts" (Ashforth and Vaidyanath, 2002), as founders can ritualize narrative recitation through pitch presentations, all-hands meetings, and onboarding processes, embedding the narrative into organizational routines and reinforcing its authority.

The shift from vision to doctrine marks the cultic threshold: where visionary startups invite stakeholders into an aspirational future, cultic startups demand subscription to a closed ideological system in which deviation signals disloyalty rather than healthy skepticism (Lofland and Stark, 2018).² Cultic startups frame their ventures not as incremental improvements but as revolutionary transformations requiring total commitment from participants. Mission intensity creates binary categorizations where stakeholders either fully embrace the mission or represent obstacles to revolutionary change. The mission narrative creates affective intensity by connecting daily work activities to grand historical narratives, making routine tasks feel consequential and meaningful (Bort, 2025). Revolutionary narratives gain force through charismatic delivery and are protected by centralized power structures that suppress alternative interpretations, while simultaneously providing ideological justification for the boundary-setting practices that isolate employees from external perspectives that might question the mission's legitimacy.

3.4. Totalizing entrainment

Startup employees entrain around narratives (Bort, 2025), where entrainment refers to the synchronization of employee activities, beliefs, and identities with organizational rhythms and meanings established through the startup's narratives. Conventional startups may produce strong organizational identification, even identification that crowds out some personal time or outside relationships; what distinguishes totalizing entrainment is that the employee's capacity to evaluate the organization from outside it is progressively destroyed. Deviation from the canonical narrative becomes organizationally unintelligible, legible only as disloyalty or insufficient commitment.

Cultic startups cultivate impermeable social boundaries through intensive work schedules, after-hours social programming, and discouragement of relationships outside the organization. The startup becomes a "lifestyle" as work colonizes social networks, housing arrangements, and romantic relationships, creating a condition where employees have neither external anchors nor internal evaluative

² We thank Reviewer 1 for their insights on this point.

distance. Dependency intensifies through material and psychological mechanisms: equity-heavy, below-market compensation creates economic lock-in through unvested options, while identity investments through narrative entrainment make exit feel like self-betrayal rather than job change (Bort, 2025; Pidduck, 2025). These boundary practices complete a self-reinforcing cycle: isolation from external perspectives prevents reality checks on founder charisma and revolutionary narratives, while entrained employees who have fused their identities with the organizational mission become more receptive to charismatic influence.

3.5. The self-reinforcing nature of cultic dynamics

These four dimensions do not operate independently but interact synergistically to create self-reinforcing cycles of cultic intensity. As illustrated throughout the preceding sections, charismatic founders leverage nascent power structures to maintain narrative control, while revolutionary narratives justify boundary-setting practices that isolate employees from external reality checks. Strong boundaries intensify entrainment, and entrained employees become more receptive to charismatic influence as their identities fuse with organizational missions. Each dimension amplifies the others: without strong boundaries, charismatic authority weakens; without ideological intensity, power concentration lacks legitimacy; without centralized power, narrative control fragments; without charismatic leadership, revolutionary narratives lack emotional resonance. Understanding cultic startups therefore requires examining not individual dimensions but their dynamic, mutually reinforcing interaction.

4. Exploring the demand side: who is attracted to cultic startups and why

Although the dominant explanations for cultic startups emphasize what founders and organizations do, understanding their prevalence also requires attention to the evolving demand for such environments. Recent social, psychological, and economic shifts have created a cohort of young adults who are unusually receptive to the distinctive features of cultic startups. Below we specify not only who is attracted but the psychological mechanisms explaining why specific vulnerabilities increase receptivity to specific organizational features.

First, many young adults, especially those who came of age in the post-smartphone era, exhibit historically high levels of anxiety, identity uncertainty, loneliness, and difficulty forming close relationships (Haidt, 2024). Clinical anxiety and major depression indicators among adolescents and young adults increased substantially over the 2010s, with particularly sharp rises among individuals aged 18-25 (Twenge et al., 2019). National surveys document widespread feelings of workplace isolation and diminished social connectedness among young workers (Cigna, 2020). These conditions heighten attraction to environments that offer clear purpose, strong norms, and tightly bonded communities. Uncertainty-identity theory explains this attraction: individuals experiencing identity uncertainty seek prototypical leaders who reduce psychological discomfort associated with ambiguity (Hogg, 2012). Charismatic founders who articulate a compelling mission provide cognitive coherence and emotional reassurance to individuals who struggle with self-doubt and ambiguity, satisfying the need for cognitive closure and creating psychological dependency on the founder as a source of certainty (Lalich, 2004). Individuals with low tolerance for ambiguity find the clear hierarchies and decisive authority of cultic startups particularly appealing because centralized power reduces anxiety associated with distributed or ambiguous authority.

Second, the decline of traditional religion, civic engagement, and stable career pathways has created a substantial meaning deficit among highly educated, secular young adults. Rates of religious affiliation have fallen sharply among adults under 30, with the proportion claiming no religious affiliation rising from 10% in 1986 to 36% by 2016, particularly among college-educated professionals (Twenge et al., 2016; Pew Research Center, 2019). As traditional religious institutions decline, individuals are left with a psychological void. Haidt (2024) describes this as a “God-shaped hole”, that individuals fill through alternative meaning systems. Careers have emerged as one such channel, with scholars increasingly conceptualizing careers as callings, a term with explicit religious origins referring to divine summons to serve (Hall and Chandler, 2005). Measurement items for calling orientation reveal quasi-religious devotion, such as “I would sacrifice everything to be ...” (Dobrow and Tosti-Kharas, 2011), paralleling the commitment documented in cult adherents. Research on calling, meaningful work, and sacred values demonstrates that individuals seek purpose and identity through their work when other institutions fail to provide it (Dik and Duffy, 2009; Wrzesniewski et al., 1997; Atran and Ginges, 2012). Individuals experiencing meaning deficits are drawn to missions framed as doctrines because revolutionary narratives satisfy existential needs for purpose and significance, transforming employment into a sacred calling (Atran and Ginges, 2012). Startups that frame their mission in moral or quasi-religious terms, engaging in what Ashforth and Vaidyanath (2002) call the “sacralizing” of work, directly satisfy these unmet existential needs.

Third, the COVID-19 pandemic accelerated social fragmentation. Remote schooling and remote work disrupted developmental socialization, mentorship, and early-career professional identity formation. Studies document significant deficits in professional socialization among cohorts who completed education during pandemic lockdowns, including reduced workplace social capital and difficulties navigating professional interactions (Franken et al., 2021). Many young adults now enter the workforce with limited in-person social skills, few relational anchors, and attenuated institutional ties. Early-career workers lacking professional socialization or established workplace schemas are especially drawn to organizations with explicit norms, strong cultural guidance, and clear role expectations. Socially isolated individuals lacking relational anchors seek organizations with totalizing boundaries because total immersion provides immediate belonging and structured social identity; the colonization of social networks and housing is attractive rather than threatening to those with weak external ties. For such individuals, the immersive cultures of cultic startups, characterized by intense bonding, shared rituals, and all-encompassing work identities, offer immediate belonging and a structured pathway into adulthood.

Finally, geographic clustering further intensifies demand. Urban hubs such as San Francisco, Los Angeles, and New York City attract

upwardly mobile young adults who are far from family, often single, and embedded in precarious labor markets. Tech workers in these innovation hubs exhibit exceptionally high geographic mobility, with Bay Area data showing that over 60% of tech professionals relocated from other states within five years, and surveys indicating that nearly half report fewer than three close local friends (U.S. Census Bureau, 2021; Saxenian, 2006). These conditions increase openness to high-commitment groups that promise community, purpose, and identity. Startups with strong ideological missions and centralized founders thus serve as secular substitutes for religion, family, and civic community, all institutions that have eroded sharply among this demographic.

The supply-side features of such ventures, unmediated charismatic leadership, insulated power structures, missions as doctrines, and totalizing entrainment, map tightly onto the psychological and social deficits common among young adults in the post-COVID era, setting the stage for a highly receptive audience for cultic startups. Understanding cultic startups therefore requires a two-sided perspective that incorporates both the organizational actions that cultivate devotion and the population-level vulnerabilities that make such devotion possible (see Table 2).

5. Discussion and future directions for research

Cultic startups emerge from the interaction between organizational features that enable charismatic authority and ideological intensity, and individual characteristics that make certain employees particularly receptive to such environments. Understanding these dynamics requires examining both how founders build cultic organizations (supply side) and who is drawn to join them (demand side). Below, we discuss implications for research and practice across four key domains.

5.1. Founders as cultic leaders

Founders who foster cultic environments face unique ethical vulnerabilities. Dark triad traits (narcissism, Machiavellianism, psychopathy) interact with entrepreneurship's celebrated "fake it till you make it" ethos, creating dangerous ambiguity between aspirational positioning and fraud (Brownell et al., 2021; McMullen, 2025). Revolutionary narratives frame ventures as moral imperatives rather than commercial enterprises (Suddaby et al., 2021), creating ethical permission structures where ends-justify-means reasoning excuses questionable decisions. As the firm's mission is positioned as existential, stakeholder harm can be reframed as acceptable collateral damage in service of the greater good. Information asymmetries grant founders monopolistic control over organizational reality construction, as only founders possess complete information about financial health, product capabilities, and strategic challenges (Bort, 2026).

Research directions: How do dark triad traits interact with employee vulnerabilities (anxiety, meaning deficits) to intensify cultic commitment? When does founder passion become founder deception, and how do cultic dynamics accelerate ethical deterioration? Which employee characteristics make individuals more susceptible to founder manipulation?

Practical implications: Founders should establish external accountability mechanisms early: independent board members, anonymous feedback channels, and regular culture audits. Investors should assess not only founder passion but also founder self-awareness and willingness to accept dissent. Employees should be wary of founders who dismiss all criticism as "not getting it" or position questioning as disloyalty.

5.2. Organizational design enabling cultic attributes

Nascent ventures operate in institutional voids by necessity, lacking the administrative infrastructure that moderates leader behavior in established organizations. Human resources functions serve multiple moderating roles in mature organizations, but in cultic startups, the absence of HR is not merely a resource constraint but a structural feature that enables founder control. Governance structures in venture-backed startups frequently concentrate extraordinary decision-making power in founder hands through dual-class share structures, super-voting rights, and board compositions dominated by founder-selected members (Neckebrouck and

Table 2
Supply-demand alignment in cultic startups.

Demand Side Condition	Psychological Mechanism	Supply-Side Feature	Why This Attracts
Anxiety & Identity Uncertainty Meaning Deficit	Uncertainty-identity theory: Uncertain individuals seek prototypical leaders who reduce cognitive dissonance (Hogg, 2012)	Unmediated Charismatic Authority: Decisive, confident founder providing clarity Mission as Doctrine: Revolutionary transformation framing with moral imperatives	Charismatic founders satisfy need for cognitive closure, creating dependency on founder as source of certainty Sacralizing work transforms employment into calling, satisfying unmet existential needs for purpose
	Sacred values & calling: Individuals fill existential voids through work when traditional institutions fail (Atran and Ginges, 2012; Hall and Chandler, 2005)		
Social Isolation	Belongingness needs: Isolated individuals seek groups providing identity and community (Baumeister and Leary, 1995)	Totalizing Entrainment: Lifestyle colonization, impermeable boundaries, all-encompassing work identity	Total immersion provides immediate belonging and structured social identity to those lacking external anchors
Ambiguity Intolerance	Need for cognitive closure: Low ambiguity tolerance increases preference for structure (Kruglanski and Webster, 1996)	Insulated Power Structure: Clear hierarchies, centralized decisions, decisive leadership	Centralized authority reduces anxiety associated with distributed or ambiguous power

Schulze, 2025). Communication architectures reflect and reinforce centralized power structures, with information flowing predominantly downward and lateral communication restricted. Board members in cultic ventures may become entrained themselves, absorbing founder narratives and interpreting concerns about founder behavior as insufficient commitment.

Research directions: When does centralized communication shift from coordination mechanism to control mechanism? Which governance mechanisms successfully moderate cultic intensity while preserving entrepreneurial agility? How do organizational design choices (voting rights, communication architecture) influence which types of employees self-select into or exit cultic startups?

Practical implications: Investors should demand governance structures that include truly independent board members with explicit authority to challenge founders. Even early-stage startups should implement confidential reporting mechanisms and access to external advisors. Employees should assess governance transparency before joining: Can they speak with other employees candidly? Are there channels to raise concerns safely?

5.3. Working for a cultic startup

Employee experiences in cultic startups differ fundamentally from conventional workplace dynamics. Burnout takes distinctive forms because revolutionary missions frame exhaustion as meaningful sacrifice rather than organizational dysfunction, making burnout harder to recognize and legitimate. Identity fusion compounds exit costs, as employees who have merged personal identity with organizational mission experience psychological crisis when considering departure. Leaving can feel like self-betrayal rather than job change. Economic switching costs create additional barriers through equity-heavy compensation, below-market salaries rationalized by future equity value, and unvested options that disappear upon exit. Extended tenure produces skill development patterns misaligned with conventional corporate expectations, as employees develop high tolerance for chaos and comfort with informal authority but may lack formal project management capabilities and boundary-setting skills.

Research directions: Who becomes most deeply fused with the organization, and how do individual characteristics (anxiety, meaning-seeking, social isolation) shape trajectories of commitment, burnout, and exit? What factors enable some employees to resist cultic influence, maintain boundaries, or exit early? How do former employees recover psychologically and professionally, and what determines post-exit career trajectories?

Practical implications: Employees should maintain external professional networks and relationships as reality checks. Warning signs include: friends and family expressing concern, loss of outside interests, and inability to imagine working elsewhere. For those considering exit, the framework suggests that the psychological difficulty of departure is a structural feature of cultic organizations rather than a personal failing; identity fusion, economic entrapment through unvested equity, and skill development misaligned with conventional employment collectively produce exit costs that employees may misread as evidence the organization is genuinely irreplaceable.

5.4. Firm growth and performance dynamics

Cultic dynamics may provide competitive advantages under certain conditions while creating strategic liabilities under others. Iannaccone's (1994) analysis of strict churches provides theoretical foundation: organizations that impose costly requirements on members achieve higher average commitment by filtering out free riders who would dilute group strength. Cultic startups function as strict organizations where extreme work hours, below-market compensation, and identity fusion requirements serve as costly signals that filter for true believers, producing teams of exceptional commitment. However, the same characteristics that enable rapid growth may contain seeds of eventual collapse, as hypergrowth requires exactly the intensity cultic dynamics provide while sustaining large organizations requires exactly the institutionalization cultic dynamics prevent.

Research directions: Do cultic startups produce bimodal outcomes with more spectacular successes and more catastrophic failures than conventional startups? At what organizational size or stage do cultic dynamics shift from advantage to liability? What forms of institutionalization enable cultic startups to professionalize without collapsing their core identity? How does the match between founder characteristics and employee vulnerabilities influence performance trajectories?

Practical implications: Founders should recognize that practices enabling early success may need to evolve. Professionalizing operations, distributing authority, and moderating ideological intensity are not betrayals of the mission but necessary adaptations for scale. Investors should assess whether founders can navigate this transition or will resist institutionalization as disloyalty. The logic of Iannaccone's (1994) strict organization framework points to the underlying constraint: the costly signals that filter for true believers in early stages eventually conflict with the operational diversity that managing at scale requires. Successful mission-driven companies maintain strong cultures while building professional systems; they evolve rather than ossify.

6. Conclusion

Understanding cultic startups requires examining both organizational practices that cultivate devotion and the population-level conditions making such devotion possible. For practitioners, the key insight is that cultic intensity exists on a continuum. Mission-driven cultures can inspire extraordinary commitment without crossing into dysfunction, but only with deliberate safeguards, external accountability, and awareness of warning signs. Not all mission-driven startups become cultic. Organizations that combine strong missions with distributed decision-making authority, transparent governance structures, encouragement of external relationships, and respect for employee boundaries demonstrate that purpose and professionalism need not conflict. The distinction lies not in mission intensity but in the presence of moderating mechanisms: independent oversight that can challenge founder narratives,

communication architectures that permit dissent, compensation structures that don't create economic captivity, and organizational norms that legitimize employees maintaining identities beyond work. Mission-driven cultures become cultic when the four dimensions we identify, charismatic authority, centralized power, ideological narratives, and impermeable boundaries, interact without institutional safeguards to moderate their intensity. For researchers, our framework opens new questions about how supply and demand interact to produce outcomes ranging from exceptional performance to catastrophic failure. By establishing cultic startups as a phenomenon worthy of systematic scholarly attention, we advance understanding of both the promise and peril of intensely mission-driven entrepreneurial ventures.

CRedit authorship contribution statement

James Bort: Writing – review & editing, Writing – original draft, Project administration, Conceptualization. **Johan Wiklund:** Writing – review & editing, Writing – original draft, Conceptualization.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

No data was used for the research described in the article.

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