To the Faculty of Washington State University:

The members of the Committee appointed to examine the dissertation of ADITYA SIMHA find it satisfactory and recommend that it be accepted.

__________________________
John B. Cullen, Ph.D., Chair

__________________________
Ken D. Butterfield, Ph.D.

__________________________
Kristine M. Kuhn, Ph.D.
ACKNOWLEDGMENT

At the very outset, I would like to thank my advisor, John Cullen, and my two committee members, Ken Butterfield and Kristine Kuhn for all their help, advice, support and friendship! It was most certainly invaluable and I am very fortunate that I got such a wonderful advisor and committee to help me along the process of completing this dissertation. I can never thank any of them enough for all of their support, encouragement, and help.

I would also like to thank Drs. Cullen and Ahn for having so generously supported me with funds in order to facilitate my data collection process for this dissertation. I feel really glad and very fortunate that I was mentored by Professor Cullen through my program. I also wish to acknowledge all the invaluable help I received from Ken and Kristine in discussing the particulars of this dissertation - ranging from the topic on to the final data analysis stage. It was most valuable.

I would then like to express my thanks and gratefulness to Janet and Barbara, for always having been so helpful and cheering me on throughout this long process! I will always cherish the chats that I had with them. It was always fun to have a pleasant chat with them throughout my time here. I am sure that one day they will both certainly heed my advice and watch a gory horror movie, but I think that day is still a ways away.

I would like to thank my friend and colleague, Sang, for having helped me out so much during this process. His tips and keen statistical insight helped me avoid so many errors during the entire methodology process of my dissertation. I must also express my thanks to some other friends and colleagues that have helped me through this entire process – Soyean for having
helped me in the psychometric arena, Wendy for having helped me with formatting and coding, Willa for having helped me code, Xing for her help in formatting, Charlie, Elena and Xiaohui for having allowed me to access their students as potential subjects, and finally Fariss and Daeil for having been such excellent office mates throughout my time here!

I must also express my thanks to several of the faculty members, who helped me throughout this process in their separate ways – Dr. Ahn for having always been so supportive throughout this process, Drs. Arthurs, Miskin, Munson, Sahaym for having helped me so much during the data collection process and otherwise as well. I also want to thank Dr. Lemak for having been so encouraging throughout the program. I must also thank Freeman, Mike, Manjula, and Brian for having allowed me to administer my studies to some of their students as well.

Finally, I would like to thank my parents for always having encouraged me to study further - they have both been very supportive throughout my life, and I’m confident that they will continue to be so. I must also thank my older sister and brother-in-law for having been so supportive – Obama’s bailing out bankrupt companies pales in comparison to the times my sister and brother-in-law have bailed me out - one financial mess after another.

So, in sum, I would like to thank everyone that helped me and supported me during the process – I will always be grateful to you for your support and generosity!
EXAMINING MORAL AWARENESS DIFFERENCES AMONG ENTREPRENEURS AND MANAGERS – DO SELF AND OTHER’S PERCEPTIONS MATTER?

Abstract

by Aditya Simha, Ph.D.
Washington State University
December 2009

Chair: John B. Cullen

This dissertation focuses on examining moral awareness differences among entrepreneurs and managers. Previous research has mostly focused on moral reasoning and unethical behavior, whereas moral awareness has been neglected somewhat. This dissertation tries to correct that state of affairs by trying to extend moral awareness research and integrating it with entrepreneurial ethics. The major purpose of this study is to extend and enhance current existent research on both entrepreneurial ethics and moral awareness.

Social identity theory is utilized as a theoretical explanatory framework in order to support the studies contentions. It is contented that perceptions (negative and positive) of entrepreneurs and managers would play a moderating role in the relationship between work status (entrepreneur or manager) and moral awareness. Two studies were conducted to test these hypotheses, and a majority of the hypotheses were supported in study 1 (sample of 422 students). However, the hypotheses were not supported in study 2 (sample of 114 professionals) perhaps due to age effects and small sample size effects.
TABLE OF CONTENTS

ACKNOWLEDGEMENTS ........................................................................................................ iii

ABSTRACT ............................................................................................................................... iv

LIST OF TABLES .................................................................................................................. vii

LIST OF FIGURES ................................................................................................................. viii

CHAPTER

1. INTRODUCTION ............................................................................................................. 1

2. LITERATURE REVIEW ................................................................................................. 14

3. THEORETICAL BACKGROUND AND RATIONALE .................................................... 33

4. RESEARCH DESIGN AND METHODOLOGY ......................................................... 68

   Study 1 ............................................................................................................................... 68

   Study 2 ............................................................................................................................. 92

5. CONCLUSIONS AND SUMMARY ............................................................................. 112

BIBLIOGRAPHY ................................................................................................................... 117

APPENDIX

A. HIRING DECISION SCENARIO .................................................................................... 133

B. MYSTERY SHOPPING DECISION SCENARIO ....................................................... 137

C. ENTREPRENEUR PERCEPTIONS SCALE ............................................................ 141

D. MANAGER PERCEPTIONS SCALE ............................................................................. 143
# LIST OF TABLES

1. Existent Moral Development Research ..........................................................6
2. Correlation Table – Study 1 ........................................................................ 76
3. Entrepreneur Perception Scale Items – Study 1 ........................................ 78
4. Manager Perception Scale Items – Study 1 ................................................ 79
5. Regression Model – DV Issues - Study 1 ......................................................85
6. Regression Model – DV Qual - Study 1 ....................................................... 86
7. Regression Model – DV Quan - Study 1 ....................................................... 87
8. Qualitative Categories – Hiring Decision Scenario – Study 1 ......................89
9. Qualitative Categories – Mystery Shopping Decision Scenario – Study 1 ....90
10. Correlation Table – Study 2 ........................................................................98
11. Entrepreneur Perception Scale Items – Study 2 .......................................100
12. Manager Perception Scale Items – Study 2 ..............................................101
13. Regression Model – DV Issues - Study 2 ..................................................104
14. Regression Model – DV Qual - Study 2 .....................................................105
15. Regression Model – DV Quan - Study 2 .....................................................106
16. Qualitative Categories – Hiring Decision Scenario – Study 2 ....................108
17. Qualitative Categories – Mystery Shopping Decision Scenario – Study 2 ....109
## LIST OF FIGURES

1. Rest’s Four Component Model ................................................................. 27
2. Overall Theoretical Model ................................................................. 67
3. Positive Perceptions of Entrepreneurs – Issues ........................................ 81
4. Positive Perceptions of Managers – Issues .............................................. 81
5. Negative Perceptions of Entrepreneurs – Issues ....................................... 82
6. Positive Perceptions of Managers – Weighted Qualitative ......................... 83
7. Positive Perceptions of Entrepreneurs – Weighted Qualitative .................... 83
8. Negative Perceptions of Entrepreneurs – Weighted Qualitative .................... 84
Dedication

This dissertation is dedicated to my parents
For always having been there!
CHAPTER ONE
INTRODUCTION

Entrepreneurship has been increasingly viewed as a hot topic, and has in the process received an abundance of attention from governments and policy makers, and scholars as well as business professionals. This interest in research is fuelled by inputs from many different fields – economics, management, organizational theory, sociology, psychology, marketing etc (Josiens, 2008). One reason for this interest is obvious enough – entrepreneurship is often viewed as critical to a nation’s economic growth and development since it creates wealth and employment for a country (Salimath, 2006). This interest in entrepreneurship also stems from the fact that many consider entrepreneurs to be the major catalysts that shuttle countries into economic prosperity, and consequently, entrepreneurs are often viewed as living national treasures (Salimath, 2006).

Who wouldn’t wish to study a living treasure? As it turns out, plenty do wish to study entrepreneurs, and have done so. For instance, there is an entire stream of literature in entrepreneurship that is devoted to studying the individual entrepreneur’s psychological characteristics or attributes, which may be traced back to Collin and Mason’s (1964) work, where they identified the desire for independence at the core of entrepreneurship. There are also other streams in entrepreneurship where the focus of research is on society, and where entrepreneurship is viewed as social role. While, Van de Van (1993) suggests that the study of entrepreneurship is deficient if it focused exclusively on the characteristics of individual entrepreneurs, one is also reminded of Hannafey’s (2005) plea for more research to be conducted on individual entrepreneurs, particularly with respect to their moral guidance. Keeping that
exhortation in mind, this study focuses on trying to integrate entrepreneurship and business ethics.

As I mentioned in the preceding paragraph, both entrepreneurship and entrepreneurs have been subjected to an abundance of interest by scholars and business professionals during the past twenty five years (Hannafey, 2003). Churchill and Lewis (1987) in their review of the field of entrepreneurship found that more than 6000 articles related to entrepreneurship, were published between the periods of 1971-1984. This number has obviously been eclipsed, if one considers the period after 1984 to the present date. A simple cursory search on the Proquest Dissertations and Thesis database revealed about 3693 dissertations related to entrepreneurship, with about 1863 of those dissertations having been produced in the last ten years. This number will surely only keep increasing as more and more researchers from various fields keep contributing their viewpoints and inputs into the field.

However, this wide area of influence stemming from so many different input sources brings into focus one controversy that raged on for quite a while in the field of entrepreneurship, in fact it possibly still does, albeit on a much reduced scale of intensity – this controversy refers to the disagreement among researchers about what exactly constitutes entrepreneurship (Churchill & Lewis, 1987; Josien, 2008). This disagreement revolves around the very definition as well as theoretical background of the concept itself. There are certain camps of researchers that assert a need for developing unique theories (i.e. Bygrave, 1989; Cooper & Artz, 1993 c.f. Josien, 2008) and other camps state that there is no entrepreneurship theory that meets even some of the criteria for completeness (Amit, Glosten, and Muller, 1993, c.f. Josien, 2008). Another researcher, Sandberg (1992) stated that the boundaries of entrepreneurship were porous. In a
similar vein, the search for entrepreneurs has been likened to the search of the heffalump (a fictional elephant-like creature from the Winnie the Pooh stories). Kilby (1971) was the first to make this comparison, and the tag has persisted to this date, although on a fairly limited scale (Hull, Bosley, & Udell, 1980; Perry, 1990; Coffey, 1993; Kilby, 2003). This finally led researchers to conclude that there is no standard or universally accepted definition of entrepreneurship and entrepreneurs (Chell, Haworth, & Brearley, 1991, c.f. Josien, 2008).

In spite of this disagreement, or perhaps, because of this lack of consensus, a plethora of research detailing different aspects of entrepreneurs and entrepreneurship has flourished – particularly in areas where entrepreneurs tend to be compared with other referent groups along aspects of various dimensions. A brief retelling of a few of the studies’ results is in order - Busenitz & Barney (1997) studied differences in strategic decision making between entrepreneurs and managers in large organizations, and they found that those differences were substantial. Sarasvathy, Simon, & Lave (1998) studied differences in perceiving and managing business risks between entrepreneurs and bankers, and found that entrepreneurs tend to accept risk and focused on controlling outcomes, whereas bankers attempted to control risk and focused on a target outcome. Bucar, Glas, & Hisrich (2003) conducted an international comparative study of ethics and entrepreneurs – they found differences in ethical attitudes between Slovenian, Russian and American entrepreneurs. Some other research also compares minority with non-minority entrepreneur groups along different dimensions – for instance, DiBernardo (2007) compared female and homosexual entrepreneurs with male and non-minority entrepreneurs along dimensions of personality. She however found no significant differences between the groups.

The reason for this abundant level of interest in entrepreneurs and entrepreneurship is not
very hard to decipher, after all entrepreneurs are perceived as and are different from other individuals. And, interest in something different is almost always guaranteed; in fact one could argue that perhaps scholars and researchers are trying to fulfill Davis’ (1971) criteria of scholarly work that is interesting. Also, one side-effect of corporate downsizing (Waterman, Waterman, & Collard, 1994, cf. Teal & Carrol, 1999) and governmental policy statements (U.S. Congress Joint Economic Committee, 2006), has led to the concept of entrepreneurship to continue to retain the interest of people.

Entrepreneurs are generally perceived as being different from other individuals, and this is suggested even by a cursory scrutiny of research. They have been described both as risk-takers and rugged individualists (Begley & Boyd, 1987; McGrath, Gunther, MacMillan, & Scheinberg, 1992), and as engaging in deviating social behavior (Shapero, 1975), and as being a “breed apart” (Ginsberg & Buchholtz, 1989). Some of this research involved studying the general demographic and psychological characteristics of the entrepreneur; this stream of research is termed as the ‘trait approach’ (Gartner, 1989, cf. Teal & Carrol, 1999). Typically, the ‘trait approach’ examined demographic characteristics of the entrepreneur such as age and education (Cooper & Dunkelberg, 1981) and birth-order (Hornaday & Aboud, 1971) and also the psychological characteristics of the entrepreneur such as need for achievement (McCelland, 1961), risk-taking propensity (Brockhaus, 1980), and locus of control (Mescon & Montanari, 1981).

**Importance of Integrating Ethics with Entrepreneurship**

Busenitz & Barney (1997) mention that there is a lot of research that studies differences between entrepreneurs and other individuals. However, Hisrich (1998) observed that the body of
research on entrepreneurial ethics is relatively limited considering its overall importance to the
global economy (cf. Hannafey, 2003). That is not a very desirable state of affairs, because as the
many different ethical scandals and their fallout in recent times demonstrate, ethical scandals
have the ability to defame business and entrepreneurship (Fassin, 2005). Practically, every
country has had its very own Enron (Elliot & Schrouth, 2002 cf. Fassin, 2005). These scandals
despite having been perpetrated by a tiny proportion of companies and entrepreneurs and
managers have tarred and damaged the reputation of entrepreneurship as a whole – this particular
ability of scandals is very deleterious, and this makes it vital that more research is conducted on
entrepreneurial ethics, and in particular more research be devoted to studying differences in
ethical dispositions and individual differences between entrepreneurs and managers.

It becomes vital to study how entrepreneurs differ from managers and other individuals –
especially as entrepreneurs themselves have begun to voice their own need for practical moral
guidance (Hannafey, 2003). While some studies do exist that explore how individual
entrepreneurs perceive and reason about ethical problems, this juxtaposition of the two fields of
entrepreneurs and ethics is far from being saturated or complete. Some of the studies that
currently exist and have explored the topics of how individual entrepreneurs perceive and reason
about ethical problems include the study conducted by Longenecker, McKinney, & Moore
(1988) where the authors compared the ethical perspectives of entrepreneurs with those of others
business persons and concluded that “entrepreneurial ethics may have their roots in the
individualism associated with entrepreneurial behavior” (cf. Hannafey, 2003).

Another example of research integrating ethics and entrepreneurship is that conducted by
Fassin (2005) where he scrutinized the motivation and the psychology of entrepreneurs and
business people, and compared their behavior to other professional groups. Fassin (2005) concluded that sufficient ethical guidelines for day-to-day activities of managers and entrepreneurs are unavailable. Similarly, Bucar & Hisrich (2001) also compared ethical attitudes and standards of entrepreneurs and managers both in the U.S. and abroad. They found that substantive differences exist between entrepreneurs and managers in the U.S. with respect to their ethical attitudes. In their 1999 article, Teal & Carrol investigated differences in moral reasoning skills of managers and entrepreneurs, and obtained some limited support to the contention that entrepreneurs may exhibit moral reasoning skills at a slightly higher level than middle-level managers and the general adult population.

Before delving into the actual raison d'etre of this dissertation, a brief mention of the state of research in descriptive ethics is in order. A variety of researchers have advanced the field of descriptive ethics during the 1980’s and 1990’s (Trevino, 1986; Rest, 1986; Jones, 1991). Most of their models build on the original work by Rest (1986). Rest’s (1986) original framework views moral decision-making as involving four basic components, or steps – identifying the moral nature of an issue, making a moral judgment, establishing moral intent, and engaging in moral action. For the most part, researchers have proposed and tested a wide variety of constructs that influence this four-step process, and Rest’s framework is generally supported (O’Fallon & Butterfield, 2005). These different theoretical and empirical contributions have increased understanding of how individuals actually think and act when faced with ethical situations.
Table 1 – Existent Research Summary

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Judgment</th>
<th>Intent</th>
<th>Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>185</td>
<td>86</td>
<td>85</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If one just happens to glance at table 1 adapted from O’Fallon & Butterfield (2005), it immediately strikes one’s eye that the research on moral awareness is lagging behind research on the other components of Rest’s model. While, research on moral judgment and moral intent and ethical behavior are flourishing, with moral judgment being the most vigorously researched component; research involving moral awareness does not seem to have quite the same intensity or magnitude. One could argue that moral awareness is being given a step-motherly treatment by researchers; the scarcity of research in this area absolutely testifies to this fact. With this mention of a step-motherly treatment, it becomes a little hard to avoid a Cinderella comparison. What moral awareness needs at this juncture is a fairy godmother, and such fairy godmothers can only arise in the form of researchers who actively expand the existent knowledge base.

Moving on from fairy-tale character analogies, one can certainly see that moral awareness is an area that should really be studied more extensively. The reason it is so important to increase our understanding of moral awareness is that it happens to play a very important role as a necessary precursor to moral behavior (VanSandt, Shepard, & Zappe, 2006). Kuhn (1963) advanced the thought that perception or identification of a problem is the first step in the problem-solving process, and it follows that without identification of the problem, no further reflection or action can take place. More specifically, Rest (1986, 1994) states that moral cognition must occur before moral judgment can begin – this also happens to be the only
exception to his rule wherein all the four components interact with each other, and are not a linear set of blocks. Other researchers have also pointed out that ramifications for businesses acting without moral awareness can be disastrous (Butterfield, Trevino, & Weaver, 2000), and Jones and Ryan (1997) also point out that without the moral agent recognizing the moral issue, the criteria used to make decisions will be “non-moral” criteria. This obviously does not auger very well for ethical decision making, and could quite possibly lead to a series of frequent large-scale Enron-like scenarios. This possible apocalypse-like scenario will only be worsened, if we continue to neglect moral awareness. It becomes even more essential that research in moral awareness be intensified.

Another benefit of intensifying research on moral awareness would allow one to obtain a better understanding of it, and if this particular component i.e. moral awareness were integrated with entrepreneurship, it would allow for a better understanding of both moral awareness as well as entrepreneurship. Not only would it allow research on moral awareness to flourish, it would also be addressing Hisrich’s (1998) lament that research linking entrepreneurship and ethics was not adequate. One interesting way by which moral awareness research could be expanded and integrated with entrepreneurship research would be to compare managers and entrepreneurs’ differences in moral awareness. Another way by which moral awareness research can be enhanced is by examining new variables that could potentially act as moderating variables, and would influence moral awareness.

That is precisely what this dissertation aims to do. I examine differences in moral awareness among managers and entrepreneurs, and also examine the possible moderating role of
perception variables on moral awareness. This serves the dual purpose of integrating both streams of literature and also expands each literature base.

**Present Study**

The aims of this dissertation are manifold. Specifically, it aims to examine moral awareness differences among entrepreneurs and managers, and examine the role of moderating perception variables on moral awareness. On a broader level, the aim is to expand and integrate the literatures in entrepreneurship and ethics, and to play a significant role in increasing research on moral awareness.

When trying to examine differences in entrepreneurs and managers, it is easily apparent that there can be two possible answers to the question as to who is more morally aware. The problem here is that both these possible answers are equally likely to be true. It is again quite perceptible that depending on whom you were to ask, a person’s self and/or others’ perception of an entrepreneur or a manager would differ. Therefore, in order to solve what could be an unsolvable problem, one would need to take both perspectives into account viz. the positive perspective as well as the negative perspective.

I employ the social identity theoretical perspective in order to argue the rationale behind my proposed hypotheses. The social identity perspective in its barest essence argues that as individuals start to identify with a group, they begin to think and behave in accordance with the perceived prototypical characteristics of that group (Ashforth & Mael, 1989; Tajfel & Turner, 1986). Now, entrepreneurs and managers can both actually have reason to think about their own
prototypical characteristics in at least two distinct ways. A brief explanation of this statement follows.

If one considers the current popularity and rise of social entrepreneurship and social entrepreneurs (Vasakarla, 2008), and the notion that entrepreneurs and entrepreneurship can be considered to be positive deviants (Hartman, Wilson, & Arnold, 2005) then it would follow that entrepreneurs would be viewed in a positive way, however, there is the notion that entrepreneurs can do anything and sacrifice anything in order to obtain success, which when juxtaposed with the notion of microanomie, which suggests that self-enhancing values are emphasized over self-ascending ones (Konty, 2005), which would then suggest that entrepreneurs would be viewed in a somewhat negative way. Similarly, managers would be viewed in a positive way by someone who holds the notion that managers are responsible for Corporate Social Responsibility (CSR), and on the other hand, managers would be viewed in a negative way by someone who holds the notion that managers are unethical and a greedy bunch.

One can see how intuitive it is to argue that entrepreneurs who have positive perceptions of entrepreneurs, in that a prototypical characteristic of entrepreneurs being that they are noble and given to being socially responsible as well as positive deviants, may well end up displaying greater levels of moral awareness. Entrepreneurs may well then start emulating these prototypical characteristics and end up displaying a greater level of moral awareness. However, if one considers the other possible negative prototypical characteristic of entrepreneurs, and the possibility that entrepreneurs believe in that particular notion of entrepreneurs, then again it is quite possible that they will start emulating and displaying those negative prototypical characteristics, and end up displaying a lower level of moral awareness. The same line of
reasoning also applies to managers, i.e. managers with a positive perception of their own selves will identify with positive characteristics, and then end up displaying a higher level of moral awareness. Similarly, managers with a negative perception of managers will identify with those negative characteristics, and then end up displaying lower levels of moral awareness. However, the above talked about perceptions are all self perceptions (i.e. entrepreneurial perceptions of entrepreneurs, and managerial perceptions of managers) – one could also argue that other’s perceptions (i.e. entrepreneurial perceptions of managers, and managerial perceptions of entrepreneurs) would also affect one’s level of moral awareness. Perhaps on a subconscious level, people thinking about a group in either positive or negative terms, might still affect their levels of moral awareness. These propositions are all tested in this study. In short, these perception variables would act as moderators in the relationship between work status (i.e. is a person an entrepreneur or a manager) and moral awareness. That casts these negative and positive perceptions as potential moderators to examine their effect on moral awareness levels.

I conducted two studies in order to test these hypotheses. The first study was conducted on a business student population sample – the business students that were entrepreneurship majors or that displayed entrepreneurial behavior (i.e. by having participating in entrepreneurship competitions etc.) essayed the role of the entrepreneur, whereas the other majors essayed the role of managers. The reason I selected entrepreneurship students as proxies for actual entrepreneurs is that these entrepreneurship students by dint of their having chosen to be entrepreneurship students, had already displayed an entrepreneurial behavior, and so it was tenable to treat them as proxies. Similarly, the other group can be considered as proxies for managers due to their having displayed an orientation for management, by their having enrolled
in management courses. At this stage, it would be prudent to state that some research has suggested that it might be fair to proxy MBA students as real managers (Remus, 1996). Remus (1996) found that there were no significant differences between graduate students and actual managers.

However, if I restricted myself to this student sample alone, then the common lament of Sears (1986) that those studies that feature student samples lack in external validity will probably be echoed and paraphrased by reviewers and others. This usage of student subjects in my research will probably result in criticisms by reviewers that buy into Sears ‘(1986) argument, and don’t buy into Kardes’ (1996) defense of the usage of student samples; and it’s quite possible that that this research will end up appearing somewhat deficient in validity. So, in order to address that particular possible fallout, I also conducted a study that was administered to a professional sample of entrepreneurs and managers. The professional sample was utilized in order to allay doubts about the external validity of the findings.

This dissertation is arranged as follows. The next chapter is devoted towards a somewhat comprehensive literature review of both moral awareness and social identity theory, which is then followed by a chapter detailing the theoretical rationale and hypotheses being employed in this dissertation. The next chapter details the experimental design and methodology aspects of both studies, which is then followed by a section on the results and discussion, finally culminating with a chapter concluding the dissertation and offering implications and suggestions for future research.
Implications

Implications of this research for one mean that research in moral awareness (the Cinderella component of Rest’s four component model) is advanced, and this research also advances our existent knowledge on entrepreneurs, and importantly enough is a way by which Hannafey’s (2006) appeal for more integrated ethics and entrepreneurship research can be resolved. Another important implication of this research is that moderating variables that influence entrepreneurial thought and action are suggested. A more detailed implication section is covered in the conclusion section.
Integrated Entrepreneurship & Ethics Research

Entrepreneurs have been around for a very long time, as have ethicists, and so have the fields of ethics and entrepreneurship. One can find description of the mythical entrepreneur Hermes in a work dated as early as 520 B.C.E. (c.f. Hannafey, 2006) – although, he was described as being an “unethical trickster and thief”. However, the research integrating these two disciplines has not been as prolific as one would have hoped. Indeed, one of the chief laments of Bucar & Hisrich (1998) was that the body of research on entrepreneurial ethics is relatively limited considering its importance to the global economy. While, one would agree with Bucar and Hisrich, it wouldn’t be fair to just criticize the existent literature as being scanty without actually providing a description of what exactly that research has accomplished so far. It is the purpose of this particular section to do precisely that – describe what all has been accomplished in the field of entrepreneurial ethics.

Most studies of entrepreneurial ethics adopt the perspective of either society or else of the individual entrepreneur. The former deals primarily with broad questions related to the complex social and economic implications of entrepreneurship, while the latter branch devotes itself with studying the ethics of individual entrepreneurs (Hannafey, 2006). The branch of entrepreneurial ethics dealing with individual entrepreneurs also focused more directly on moral situations encountered by entrepreneurs and their organizations. Gartner’s (1985) framework also helps in identifying the focus of business research: characteristics of the individuals who begin a new
venture, the kind of organization they create, the environment in which entrepreneurs operate and the process by which a new venture is typically started.

**Entrepreneurs and Society**

Entrepreneurship is a creative and dynamic activity that brings together labor, capital, and business know-how. Most of the research in entrepreneurship during the 80’s and 90’s centered itself around the viewpoint that entrepreneurship was a primary force for economic development (Gartner, 1985, c.f. Hannafey, 2006). Research still does continue to look into the central role that entrepreneurs play in market processes; however, there is a wide disagreement among economists and business scholars about the precise relationship of entrepreneurship to such development.

Another major topic that prevails in entrepreneurship research is research dealing with entrepreneurship and economic advancement in developing regions of the world (El-Namaki, 1988; Jarillo, 1989; Harper, 1991; Leibenstein, 1968). Many of these studies also link discussion of entrepreneurship with moral deliberations of economic justice and the need for development in many regions of the world. Baumol (1986) suggested that there were two types of entrepreneurship that needed to be studied in order to better understand how economic development occurs. Baumol (1986, pp 143-144) suggests that “the initiating entrepreneur” was primarily responsible for unprecedented economic growth during the 19th and 20th centuries whereas “imitative entrepreneurship” holds the key for economic advancements in developing countries today. The latter form of entrepreneurship is described as the diffusion of innovations after they have been introduced by initiating entrepreneurs. True initiative entrepreneurship is
relatively rare, as it involves the creation of new products, new productive techniques, or procedures not previously known or available (Baumol, 1986, pp 143-144). Imitative entrepreneurship is much more widespread – it occurs after initiating entrepreneurs have successfully demonstrated the utility of their innovative product or process. Imitative entrepreneurship is generally considered more likely to improve economic life in developing countries.

Other researchers such as Powell (1990, pp 7) make a similar contention in that he terms these two types of entrepreneurship as “high order” and “low order” entrepreneurship. He too contends that “low order” entrepreneurship or “imitative entrepreneurship” is needed to meet basic human needs of people in developing countries. This abundance of opportunity for low-order entrepreneurship exists in the developing world because so many basic needs are unsatisfied (Powell, 1990, pp 7).

Some other studies have looked at the overall relationship between entrepreneurship and employment growth – for instance, Kirchoff (1987, 1991) concluded that entrepreneurial firms create the vast majority of net new jobs and may be the source of most economic growth (Kirchoff, 1987, 1991, c.f. Hannafey, 2006). As regions of the world continue to forecast future job growth needs to maintain economic health in their societies, entrepreneurs may have to take a greater moral responsibility in terms of employment issues (Hannafey, 2006).

Etzioni (1987) explored the social functions of entrepreneurship and suggested that entrepreneurs change existing obsolescent societal patterns. He also suggested that entrepreneurship contributes to society and the economy embedded within it. Etzioni’s idea is very similar to Schumpeter’s (1942) thoughts of entrepreneurship both creating and destroying
fundamental economic structures of the economy. Schumpeter (1942, pp 83) essentially
describes entrepreneurship as the driving force of market capitalism that “incessantly
revolutionizes the economic structure from within, incessantly destroying the old one,
incessantly creating a new one” Etizoni (1987) though argues that the degree of change that
entrepreneurs bring about depends upon the levels of legitimation afforded to entrepreneurship in
that particular society.

This meta-analysis by Etizoni (1987) provides an important ethical framework upon
which societies can begin to address the practical moral implications of entrepreneurship more
directly. Hannafey (2006) suggests that societies that give high levels of legitimization to
entrepreneurship may also need to find ways to deal with questions of social ethics that will
arise. Because of the importance of their economic functions, the question of whether
entrepreneurs have particular moral obligations to society has been frequently raised. Present
research though is unclear about the precise ethical meaning of entrepreneurial responsibility and
obligation. The other research stream that focuses more directly on the ethical concerns of
individual entrepreneurs addresses some of the questions that provide some insight into ethical
problems that entrepreneurs face.

**Ethics and the Entrepreneur**

Research dealing with ethics and the entrepreneur can be subdivided into four separate
focus areas namely – the individual entrepreneur, the entrepreneurial organization, the
entrepreneurial environment, and the new venture creation process. This section now lists the
current standing in each of these different areas.
The individual entrepreneur: Several studies exist that explore how individual entrepreneurs perceive and reason about ethical problems. Despite the diverseness of this body of literature, several important themes and patterns emerge from this research. A number of researchers contend that entrepreneurs possess unique personality characteristics that significantly impact their attitudes and reasoning about ethical dilemmas and questions (Hannafey, 2006). Longnecker et al. (1988) for instance compared the ethical perspectives of entrepreneurs with those of other business persons and suggested that individualism associated with entrepreneurial behavior might have an impact on entrepreneurial ethics. They suggest that entrepreneurs are autonomous thinkers who demonstrate a strong need for control, are distrustful of others, and prefer to take independent actions rather than carry out/follow the directions of others (Longnecker et al., 1988, pp 64-65). Another study (Bhide, 1996) suggested that entrepreneurs may have a powerful bias of action which may keep them from thinking about ethical considerations.

Other studies have also examined how entrepreneurs reason about ethical problems they encounter. Teal & Carroll (1999) concluded that independent-thinking entrepreneurs may exhibit slightly higher levels of moral reasoning skill compared to corporate middle-level managers or the general public. Teal & Carroll (1999) did this by administering a defining issues test (DIT) on entrepreneurs to measure their levels of moral reasoning skills. A similar line of research by Bucar & Hisrich (1998) suggested that while in general, there is agreement on many ethical issues between entrepreneurs and managers, entrepreneurs did place a greater emphasis on ethical behavior. This research (Bucar & Hisrich, 1998) compared the ethical views and perceptions of entrepreneurs with managers when confronted by particular business situations.
While they found more similarities than differences, they did suggest that entrepreneurs demonstrate stronger ethical perceptions about their relationship to the businesses in which they were involved. For instance, they found that a greater percentage of entrepreneurs believed that it was not ethical to use company services and supplies for personal use; and they also found that entrepreneurs were slightly more critical than were managers while deciding on ethics and legality of particular business situations.

Longnecker et al (1988) also measured differences in ethical perspectives between entrepreneurs and other business persons, and found that there were differences between the two–sometimes the former were stricter and sometimes they were more lax in their ethical judgments. The most important theme emerging from this is that entrepreneurs do differ from others in their ethical judgments (Longnecker et al, 1988). One area in which entrepreneurs differ in their ethical perspectives compared with other business persons is in the area of direct financial gain. Longnecker et al (1988) found that entrepreneurs are more likely than others to approve of actions that maximize personal financial rewards, even in situations where this gain is obtained at the expense of others. Thus, the way in which personal characteristics of entrepreneurs affect their ethical perspectives and business decision making remains a major topic in literature (Hannafey, 2006). Research still continues to try and examine the degree to which independence and autonomy may characterize the moral stance of entrepreneurs when confronted with ethical and moral dilemmas (Hannafey, 2006).

Another area that is conducive towards studying ethical dilemmas of entrepreneurs is the area that stems from relationships of entrepreneurs with their social network (family, friends, employees, previous business associates, investors and others). The reason it is conducive
towards studying ethical issues/dilemmas is that these relationships are ever changing, and so could lead to potential conflicts of interest (Hannafey, 2006). Dees & Starr (1992, pp 98) suggested that entrepreneurs encounter various relationship dilemmas which may lead to complex ethical problems. This is especially true when relationship roles change from the pre-venture to their post-venture status. For example – an entrepreneur’s relationship with a friend or a family member will change if these persons become investors in the new venture, and so would moral expectations. It is quite possible that conflicts of interest may emerge from these changes in entrepreneur’s relationships.

A lot of times, an entrepreneur needs to adopt varied social strategies to secure new venture resources. Family members, friends etc are often times early investors in new ventures. This results in special complications, both moral and financial, when parents and family members lend money to new startups (Hyatt, 1990). Similarly, Starr & MacMillan (1990) provide evidence that social transactions play an important role in raising resources for new ventures. Relationship dilemmas that result from entrepreneurial resource development cause difficulties for entrepreneurs as they may have a built-in-bias against ongoing relationships they perceive to be constricting (Hannafey, 2006).

Some early research actually did suggest that entrepreneurs have a tendency to enter into instrumental or transactional relationships. For example - Collins & Moore (1970) proposed that a transactional model best describes the relationship of entrepreneurs with others. They also proposed that entrepreneurs learn early in their careers about “the transactional mode of interpersonal relations… that no relationship need carry with it a continuing commitment… [and that] … relationships are to be entered into only as long as they are of benefit (Collins & Moore,
Collins & Moore (1970) also suggest that entrepreneurs have a patterned behavior of severing restrictive and unprofitable relationships. This obviously implies that entrepreneurs who relate to others in transactional or instrumental ways – regardless of consequences to creditors, investors, employees, and others – will likely face serious conflicts with the basic principles of ethics that persons should never be treated as a means to an end but must be treated as ends in themselves (Dee & Starr, 1990, pp 100 c.f. Hannafey, 2006).

Hannafey (2006) mentions that relationship dilemmas represent some of the most challenging and complex ethical problems faced by individual entrepreneurs.

**The entrepreneurial organization:** Entrepreneurial organizations are unique, and fairly stressful and volatile business environments – and their success often hinges on market acceptance of a single new product or service (Boyd & Gumpert, 1983). These startup organizations also encounter acute leadership and managerial difficulties when a number of partners are present. Existing research often looks at how the characteristics of entrepreneurial organizations may influence the ways persons in them deal with ethical issues (Hannafey, 2006).

Ethical cultures in start-ups are also underdeveloped; however, founding entrepreneurs can significantly influence a new venture’s ethical climate. They are able to set an initial moral tone and a basic approach to handling ethical issues in the organization and can introduce sound and creative approaches to ethics from the very start of the new venture (Schein, 1983). Special dynamics in startup organizations often require entrepreneurs to handle closely different viewpoints of a variety of persons and also to resolve internal problems (Chau & Siu, 2000). Some authors have then argued that these kinds of challenging management experiences may strengthen and enhance an entrepreneur’s ethical awareness and decision-making skills. Issues of
distributive justice and basic fairness in allocating organizational goods and obligations arise in case of independently owned new ventures, and these problems are quite difficult (Dees & Starr, 1992).

A number of studies have also focused on the influence entrepreneurs’ exercise on the ethical environment inside the organizations they create. Ackoff (1987) in particular points out that entrepreneur’s are able to create any organizational design they wish to, since they are unencumbered by an organizational past. In a similar vein, Longnecker et al (1988) observed that management practices in smaller firms reflected the personality and attitudes of the entrepreneur to a large extent. The ethical culture of a new organization can be shaped by the personality, vision, and actions of the entrepreneur (Schein, 1983; Godfrey, 1985).

The entrepreneurial environment: Entrepreneurs need to manage many changes in their business environments; dynamic environmental variables, such as competition, changes in technology, supply and demand, labor issues, legal developments, and relations with suppliers and creditors all require an entrepreneur’s careful attention (Hannafey, 2006). Researchers have considered and examined the influence of entrepreneurial environments on ethical decision making. Chau & Siu (2000) for instance explored the effects of entrepreneurial organizations on ethical decisions. They identified external time pressures, scarce resources and competition as major characteristics of entrepreneurial business environments. They then proceeded to conclude that the organizational characteristics and the individual characteristics of entrepreneurial conditions are conducive to ethical decision-making, while the environmental characteristics are detrimental to ethical decision-making. They also suggest that entrepreneurs both inside and outside of established organizations are required to manage others’ viewpoints and to resolve
moral conflicts (Chau & Siu, 2000, pp 370). They eventually suggest that as individuals, entrepreneurs may be more disposed to ethical decision making while environmental factors may seriously conflict with their dispositions. Powerful market pressures may alter entrepreneurs’ ethical perspectives.

A lot of research has also concentrated on studying the growing number of entrepreneurs in the former Soviet Union (Hannafey, 2006). The main focus of these studies is the difficult business environment prevailing in the former Soviet Republics, and the various problems faced by entrepreneurs. These problems range from bribery, weak accounting standards, tax evasion, secrecy corruption, extortion, and business related violence.

Radaev (1993; 1994) examined the ethical and legal practices of Russian entrepreneurs, and also studied the challenging economic legislative environment in Russia. He studied the perspectives of Russian entrepreneurs on ethical norms in relationship to the prevailing business environment, and he discovered that ethical norms form locally in individual segments of that market and as part of informal business associations. For instance – Radaev (1994, pp 20) found that the ethical experience of Russian entrepreneurs indicates that practical moral norms are constantly reworked as a product of live interactions among economic agents.

Similarly, Fuxman (1997) suggested in her study that western business firms that successfully pursue entrepreneurial opportunities in Ukraine and survive in that challenging environment pave the way for the next wave of entrepreneurs, who would eventually move towards acceptance of more developed codes of ethical business practice. These research efforts illustrate how powerful environmental business factors influence entrepreneurial morality.
The new venture creation process: This is yet another process that fosters special challenges in the handling of ethical and moral problems. This literature that deals with the new venture creation process often concentrates on promotion and innovation activities. A probable reason for that is that entrepreneurs often have to promote their new venture to different public sources (especially to key resource controllers). Dees & Starr (1992) found that there were a variety of promoter dilemmas that were encountered by entrepreneurs. For the most part, these promoter dilemmas are traced back to the newness, small size, risk of innovation, and limited availability of resources in startup firms.

The most common promoter dilemmas involve uncertainty in information relaying, as in, how much detailed information one needs to convey about the risks of a venture. Dees & Starr (1992) pose a lot of interesting questions about this subject. These questions range from questions on honesty when promoting an innovation; and the boundaries of honesty; and the digression of influence tactics from encouragement to manipulation and coercion (Hannafey, 2006). For instance – entrepreneurs may experience entrepreneurial euphoria and make successful usage of impression management in their interactions with key resource controllers (Dees & Starr, 1992, pp 97). However, at times this enthusiasm might limit the entrepreneur’s ability to recognize or make critical judgments about potential ethical problems. Also, limited resources and small business size may lead entrepreneurs to manage projected promotive appearances closely. The entrepreneur must typically place themselves in positions where they must manage the perception of risk, uncertainty, and novelty for others (Dees & Starr, 1992, pp 97). Future research is needed though to determine which ethical criteria can be used to
distinguish acceptable entrepreneurial influence, bargaining, and sales tactics from unethical distortion and deception (Hannafey, 2006).

The very process of business innovation itself raises new and unanticipated ethical dilemmas for entrepreneurs and society (Dees & Starr, 1992, pp 101). And individual entrepreneurs and society at large may not be prepared or equipped to deal with these problems (Hannafey, 2006). Etizoni (1987) suggests that the integration of new business patterns that entrepreneurs introduce is not the role of entrepreneurs. The general question that they pose is that should entrepreneurs be responsible for the effects of all the changes that they introduce? Entrepreneurial innovation can bring with it complex negative externalities that may require society to reconsider certain norms and values (Dees & Starr, 1992, c.f. Hannafey, 2006).

Schon (1967) did call for the development of a functional ethic of change to assist entrepreneurs and others with challenging questions of social ethics. He then proceeded to suggest that a meta-ethic for change is needed since little ethical guidance is available to entrepreneurs who go against established practices, norms, and values of stability in business and social environments (Schon, 1967, pp 203). However, on the whole, this existing research has not adequately represented an entrepreneurial ethic of change.

**Future Directions**

On the whole, the existing research integrating entrepreneurship and ethics is not quite fully developed or saturated as of yet. There are ample opportunities available for researchers to try and study larger samples of entrepreneurs, and thereby conduct more empirical research on actual entrepreneurs (Hannafey, 2006). Dees & Starr (1992) also suggest that some cross-
disciplinary work from the humanities to the social sciences may serve the needs of future entrepreneurial ethics research. Research that also studies the frequency with which entrepreneurs confront ethical conflicts is also needed. Careful theory development is needed in the field of entrepreneurial ethics in order that business professionals and ethicists are able to develop norms of behavior for specific kinds of entrepreneurial moral dilemmas.

Research studying the ethical perceptions and practices of entrepreneurs is also much needed. There is also a need to study why persons become entrepreneurs and how it affects their moral and ethical perspectives and behaviors. Furthermore, studying entrepreneurs and comparing them with other groups should also yield in a positive contribution to the field. Similarly, exploring the moral implications of entrepreneurial change and the effects of related technological change on the human person and communities are important subjects for social ethics.

The general state of the field of integrative entrepreneurial ethics is quite encouraging for future researchers, as there is ample opportunity to contribute to the field, and to thereby build it into a more developed field. The hope of my study is to make a contribution to the field of entrepreneurial ethics. I now proceed to delineate the literature that exists on moral awareness.

**Moral Awareness Research**

Moral awareness is a key component in Rest’s (1986) model, which was a four-component model for individual ethical decision making and behavior, whereby a moral agent must (a) recognize the moral issue, (b) make a moral judgment, (c) resolve to place moral concerns ahead of other concerns (establish moral intent), and (d) act on the moral concerns (c.f.
Jones, 1991). Rest argued that each component in the process is conceptually distinct and that success in one stage does not imply success in any other stage. For example, a person with a well-developed sense of moral awareness (component 1) will not necessarily have great resolve to act morally (Component 3). Most of the empirical work conducted in the context of this model involves either component 2 (moral reasoning/judgment), or the relationship between component 3 and 4 (Jones, 1991; O’Fallon & Butterfield, 2005). One possible reason for this apparent popularity in studying component 2 is the Defining Issues Test (DIT) developed by Rest (1979) which is used to evaluate the moral reasoning skills of an individual. Rest’s model is shown in figure 1.

**Figure 1 – Rest’s Four Component Model**

Moral awareness is a critical first step in an ethical decision-making process because issue interpretation is likely to set the foundation within which subsequent thought processes take place (Butterfield et al, 2000). This is an interpretive process that occurs when a person realizes that she/he could do something that would affect the interests, welfare, or expectations of other people (Rest, 1986). Rest also (1986, 1994) states that moral cognition *must* occur before moral judgment can begin, while Butterfield et al (2000, pp 982) define moral awareness as a
person’s recognition that his/her potential decision or action could affect the interests, welfare, or expectations of the self or others in a fashion that may conflict with one or more ethical standards.

It comes as rather a surprise after learning about the importance of moral awareness to see the number of published works on moral awareness especially in business settings and contexts. Scanty is a word rather inadequate to describe this state of affairs, however, sparse as it is, a literature review is in order and follows thusly. I first provide a brief summary of the findings of some works that comprise this sparse literature currently.

Jordan (2009) utilized a social cognition framework to examine moral awareness in business situations. She compared the recall, recognition, and ascription of importance to moral versus strategy related issues, and found that managers recalled strategy-related issues more than moral-related issues and ascribed importance to moral-related issues less than academics. She also found an inverse relationship between socialization in the business context and moral awareness.

VanSandt et al (2006) examined the relationship between ethical work climates and moral awareness. They found that an ethical work climate is a primary predictor of individual moral awareness – in fact, they obtained evidence that a direct, positive relationship exists between the two variables. One major implication of their research is that changing an organization’s ethical work climate may be associated with changes in the average degree of its employees’ moral awareness.

Reynolds (2006a) examined the role of individual ethical predispositions, preferences for utilitarian and formalistic ideals, on managerial moral awareness. He found that a manager’s
ethical predispositions influence his or her responses to the moral issue. Formalism in particular demonstrated a greater capacity to do so than did utilitarianism.

Reynolds (2006b) utilized a neurocognitive framework and suggested that there is a connection between schematic processes and moral awareness. He suggests that ethical decision making involves two interrelated yet functionally distinct cycles, one of which is a reflexive pattern matching cycle, and the other is a higher order conscious reasoning cycle.

Lowry (2003) empirically gauged students’ levels of moral awareness in order to explore the implications for the teaching of business ethics, particularly in terms of presenting the case for the importance of an integrated business ethics curriculum. One of her significant findings was that students who had an ethics module in the very last year of their program had lower moral awareness than others. She also suggested that business ethics education should start early in the undergraduate program.

Butterfield et al (2000) proposed that issue-related factors (magnitude of consequences of the moral issue and issue framing in moral terms) and social context-related factors (competitive context and perceived social consensus that the issue is ethically problematic) influence moral awareness. Through an empirical field study that utilized competitive intelligence practitioners, their hypotheses were generally supported. Their only hypothesis that failed to garner any support was the one that dealt with company norms encouraging harming competitors.

Butterfield, Trevino, & Weaver (1996) is probably one of the first articles that can be found to deal with an empirical examination of moral awareness antecedents. Here, the authors proposed that organizational norms, moral intensity, framing, and individual local of control, all
had direct relationships with moral awareness. They found partial support for all of their contentions.

Besides the above mentioned business context articles, some multi-disciplinary work has also been conducted. This multi-disciplinary work spans fields such as health-care (Ersoy & Gundogmus, 2003; Hebert, Meslim & Dunn, 1992; Baab & Bebeau, 1990; Bebeau & Brabeck, 1989), communication (e.g., Lind, 1997), accounting (e.g., Patterson, 2001; Yetmar & Eastman, 2000; Shaub, Finn & Munter, 1993), and marketing (e.g., Sparks & Hunt, 1998). Some research has also been conducted on constructs such as moral sensitivity and ethical sensitivity, both of which are almost analogous to moral awareness, since they both refer to one’s ability to recognize that a given decision-making situation has ethical content (Baab & Bebeau, 1990; Bebeau & Brabeck, 1989, Simga-Mugan, Daly, Onkal, & Kavu, 2005; Shaub, Finn, and Munter, 1993)

The moral awareness literature typically relies on instruments that are vignettes with moral issues, and then prompt respondents to identify issues that they think are important to the situation (e.g. Bebeau, Rest, & Yamoor, 1985; Butterfield et al, 2000; Herbert, Meslin, Dunn, Byrne, & Reid, 1990, c.f. Jordan, 2009). Many studies view moral awareness as an either/or (0/1) phenomena (Butterfield et al, 2000 c.f. Jordan, 2009). In those types of research, subjects are confronted with situations with moral overtones, but are unaware that ethics is the focus of the study; the researchers’ goal then is to detect whether subjects demonstrate any degree of awareness of the moral issues at stake. This approach is different from some other approaches wherein moral awareness is deemed to be a more complex issue (Blum, 1991; VanSandt, 2001).
Several studies have examined moral awareness as an outcome of various individual, issue-related, and contextual influences. Individual characteristics have included ethical orientation (Reynolds, 2006; Myyry & Helkama, 2002; Shaub, Finn, & Munter, 1993), age (e.g., Singhapakdi, Vitell, & Kraft, 1996; Karcher, 1996), gender (Ameen, Guffey, & McMillan, 1996), role conflict, job satisfaction, and professional commitment (Yetmar & Eastman, 2000), perspective-taking (Sparks & Hunt, 1998), high professional standards (Singhapakdi et al., 1996), religiosity (Conroy & Emerson, 2004), regard for power, nationality (e.g., Simga-Mugan, Daly, Onkal, & Kavu, 2005; Cherry et al., 2003), and years of academic study (Lowry, 2003). This stream of research has shown significant relationships between moral awareness and age, job satisfaction, use of utilitarian or formalist reasoning, being female, perspective-taking, high professional standards, professional commitment, religiosity (positive) and relativism, need for power, hedonism, and role conflict (negative).

So, on the whole, theory and research on moral awareness is still the Cinderella component of ethical decision-making, however the existence of a somewhat promising research base suggests that the clock has not yet turned to midnight, and that there is still plenty to be done in order to advance our knowledge on moral awareness. There is in particular a lot of potential to advance this particular component of Rest’s (1979, 1986) model especially in the context of entrepreneurial ethics, as that would advance two fields simultaneously.

**Summary**

On the whole, future research efforts in entrepreneurial ethics and moral awareness appear to be encouraging; there is ample opportunity available to expand and build the existent
literature. One way by which to do so is to try and explore research agendas that allow us to try and advance both the entrepreneurial ethics and moral development literature bases. This dissertation aims to do so by studying moral awareness in an entrepreneurial context, along with offering new variables that serve as moderators. The next chapter in this dissertation outlines and delineates the theoretical rationale behind the hypotheses that are tested in this study.
CHAPTER 3.
THEORETICAL BACKGROUND AND RATIONALE

This chapter offers the theoretical rationale for the hypotheses that are tested in this study. Firstly, an overview of social identity theory is offered, followed by an application of the theory to make the hypotheses central to this dissertation. As I mentioned earlier on in this dissertation, the theory I use to support my hypotheses is social identity theory. One of the central tenets of SIT is that in order for an individual to identify with a group, the process termed as categorization needs to occur (Tajfel & Turner, 1986). Categorization is defined as the process whereby an individual is classified into a group based on a variety of characteristics such as age, race, status, religion, and organizational membership among other characteristics (Tsui, Egan, & O’Reilly, 1992). When categorization occurs, the recognition that the membership in that group relates to certain values happens, and then social identification occurs (Tajfel, 1982, c.f. Tajfel & Turner, 1986). This results in depersonalization, which in turn leads individuals to start thinking and acting according to the group’s perceived prototypical characteristics. As these characteristics become internalized, a group member starts behaving exactly in line with those characteristics (Tajfel & Turner, 1986). Now, I present some background material on social identity theory (SIT), and then proceed to utilize it in my hypotheses.

Social Identity Theory (SIT)

Just as Frederick Taylor is considered the father of scientific management, Henri Tajfel (1972a, 1972b, 1978, 1981) can be similarly christened as the father of SIT, even though John Turner (1975, 1982, 1984, 1985) did lend a hand in developing SIT, one could argue that Tajfel
was the primary parent. Tajfel & Turner (1986) also collaborated on the development of SIT and its extension, Social Categorization Theory. These two theories are mainly focused on explaining in-group bias and discrimination. Categorization is a necessary antecedent for the two processes to occur, categorization is the process whereby an individual is classified into a group based on a variety of characteristics such as age, race, status, religion, and organizational membership for instance (Tajfel & Turner, 1986). This process allows individuals to define themselves as well as define others (Tajfel & Turner, 1986). Ashforth & Mael (1989) for instance wrote a theoretical piece on social identity in an organizational context. The categorization process happens to be a relational one, in that individuals need to be able to define themselves in relation to other individuals in different categories.

A wide variety of research evidence (c.f. Sturmer, Snyder, Kropp, & Siem, 2006) shows that the in-group/out-group relationship between the helper and the recipient of assistance plays a crucial role in the helping. It follows therefore that this classification of individuals into groups creates an in-group and an out-group, wherein some individuals are members of one’s own group and others are not. This categorizing people into two groups has been considered sufficient to induce in-group bias and inter-group discrimination (Tajfel et al, 1971).

Tajfel (1972b, 1975) and Turner (1975) explained this in-group bias and intergroup discrimination by offering that social categorization automatically stimulates comparisons between the in-group and out-group. Tajfel (1978) also conjectured that groups, beyond the individual level of analysis as proposed in social comparison theory, engage in a comparison process and are motivated by a need to be view favorably. A positive social identity is obtained
when the results of a comparison made between two groups yields favorable evaluations for one’s group (Tajfel, 1972b).

Identification is one of the fundamental dimensions of social identity theory. Social identity itself is defined as “that part of an individual’s self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership” (Tajfel, 1981, p 255). Three conditions are however required for an individual to achieve social identification – the first condition is that an individual be aware of his/her membership in a group; the second condition is that an individual recognize the group’s representative attributes, behaviors, or norms; the third condition is that there be an emotional investment on the part of the individual. SIT proposed that when these three conditions are realized, an individual starts feeling and thinking like a representative of a social group rather than a distinct individual (Mackie, 1986, c.f. Hogg & Vaughan, 2008).

Personal identity is an identity that an individual has about him/her self; those qualities are considered as unique compared to others in the in-group; whereas, social identity refers to the self-categories that define a person in terms of their in-group membership. So, then the characteristics of the in-group become the characteristics of the individual. SIT therefore suggests that the perception of the self as a unique individual will shift towards being an exemplar of the group (Hogg & Vaughan, 2008).

People do have multiple identities; any one person at a given time can be fulfilling multiple identities. Take a college professor for instance, at any given time, he or she has several identities (parent, spouse, child, academic, teacher, researcher, etc). It would however depend on the salience factor as to which identity is triggered – the salience would in turn be dictated by
specific situational contexts (Turner, 1985) or that would fit in with an individual’s own priorities (Deaux & Major, 1987, c.f. Hogg & Vaughan, 2008). Salience itself is a function of two components: accessibility and fit (Oakes, 1987, c.f. Hogg & Vaughan, 2008). The former is the readiness with which an individual is able to use a particular self-category, whereas the latter is the degree to which the characteristics of the given context match the criteria that defines the category. As accessibility and fit increase, individuals start moving away from a personal identity towards a social identity. An important outcome resulting from this shift of personal identity to a social identity is depersonalization.

Depersonalization is the process wherein individuals start acting and thinking in accordance to the perceived prototypical characteristics of a particular group – this is also termed as self-stereotyping. As identification with the group becomes more salient, individual characteristics are minimized and individuals start seeing themselves as representatives of the group (Turner & Oakes, 1989; c.f. Hogg & Vaughan, 2008). Depersonalization happens when individuals accept the group’s prototypical characteristics and define themselves in terms of the group. This produces normative behavior, stereotyping, positive in-group attitudes and cohesion, cooperation and other such attitudes and behaviors (Hogg & Vaughan, 2008).

Prototypes are fuzzy sets of characteristics that embody the attributes of a group, which distinguish the group from an out-group and are typically defined as the group’s attitudes, values, beliefs, norms, feelings and behaviors (Hogg & Vaughan, 2008). The more an individual identifies with the perceived prototypicality of a group, the more the individual will act in accordance to the distinguishing characteristics (Ashforth & Mael, 1989). Therefore, it would be fair to say that the prototypical characteristics of a group dictate appropriate group member
behavior – this has been borne out by a number of studies (e.g. Barreto & Ellemers, 2000; Pierro, Cicero, Bonaiuto, von Knippenberg, & Kruglanski, 2005; Schmitt & Branscombe, 2001; Terry & Hoag, 1996; c.f. Hogg & Vaughan, 2008).

SIT considers that prototypical characteristics and prototypes fulfill a need for uncertainty reduction (Hogg & Mullin, 1999; Hogg & Vaughan, 2008). This effectively implies that when an individual becomes part of a group, that individual’s subjective uncertainty is reduced – this in turn would lead to a situation wherein an individual may well start embodying the prototypical characteristics of the group in order to reduce his/her uncertainty. For instance – many freshmen join fraternities and sororities in order to reduce their feelings of uncertainty in their new environments (Hogg & Mullin, 1999).

Identification with a group does not mandate that the individual adopt the goals of the group, but rather, identification occurs when individuals psychologically attach themselves to the fate of the group. Upon identification with a group, an individual accepts the prototypical values, norms, and behaviors that define the group as a whole (Hogg & Vaughan, 2008).

Now, since individuals do have multiple identities, they can identify with several groups, and as discussed earlier by me. Also, it is quite conceivable that two of these identities may end up clashing with one another. Let us imagine a case where a person is a police officer and discovers that his/her son/daughter has been selling illegal drugs – obviously, the two identities (that of a parent and that of a cop would clash). Even though the example I used is rather extreme, it can be envisaged, and several less extreme and more probably examples can also be easily thought of. Under these clashing situations, an individual can reduce the level of conflict using at least four ways – firstly, by characterizing themselves in terms of the most salient
identity; and secondly, by deferring to the identity that receives the most amount of social pressure; and thirdly, by decoupling the identities so as to avoid the perception of conflict; and lastly, by submitting themselves to each conflicting identity, one after the other, so that the inconsistencies would not have to be resolved with any given action (Stryker & Serpe, 1982; Thoits, 1983; Janis & Mann, 1977; Steinburner, 1974; Cyert & March, 1963; c.f. Hogg & Vaughan, 2008). However, despite the four possible mechanisms, SIT researchers agree that a specific social identity is activated by the most relevant setting (Turner, 1982, 1985, c.f. Hogg & Vaughan, 2008). Therefore, the identity that has the most salience (in terms of fit and accessibility) in a particular situation is the one that is accepted.

**Can SIT Be Used As A Theoretical Rationale Here?**

Now, of course after having provided a somewhat lucid theoretical background of social identity theory, one would ask whether this can be utilized as an explanatory theory for this particular dissertation. I would contend that SIT is definitely very appropriate for usage in my dissertation. For starters, several researchers have lamented the general lack of theoretical grounding in empirical ethics research (O’Fallon & Butterfield, 2005), and also in particular, a social cognition framework was evoked by Butterfield et al (2000) to explain their theory and findings. Gioia (1992) used the social cognitive concept of scripts and schemas to explain his own behavior at the Ford Motor Company (c.f. Jordan, 2009). Butterfield et al (2000) proposed that approaching an ambiguous situation with a moral, rather than an amoral script, would trigger the processes necessary for moral judgment.
Reynolds (2006b) agrees with Gioia (1992) and Butterfield et al (2000) about the connection between schematic processes and moral awareness, but has employed a neurocognitive framework instead. He asserts for instance that a significant part of the ethical decision making process is non-conscious and involves pattern matching and reflexive judgments. In his other (2006a) piece, he examines issue specific factors and ethical predispositions that affect individual’s moral awareness. O’Fallon (2007) employs a social cognitive approach to study the influence of unethical peer behavior on observers’ unethical behavior. He utilizes three social cognitive frameworks – social learning theory, social identity theory, and social comparison theory, in his work. Jordan (2009) too employs a social cognition framework in her work in order to examine moral awareness in managers and academics.

Now, after having established that the utilization of social identity theory in order to study moral awareness is quite apt, it is time to consider whether entrepreneurs can be studied using the principles of SIT. As I mentioned much earlier, one of the prominent pleas by Hannafey (2006) was to integrate research on entrepreneurship and ethics, one way by which to do so, is the main purpose of this dissertation. Now, on applying SIT principles, one can easily see that for an entrepreneur, the role of an entrepreneur is likely to be very prominent. One of the most accessible social identities that an entrepreneur has is that he or she is an entrepreneur – this is a very intuitive statement. In fact, it is the current trend for rap artists to declare themselves as entrepreneurs, 50-Cent and Jay-Z for instance define themselves as entrepreneurs rather than just music artists (Web Reference, 2009). Obviously, for an entrepreneur to consider him/her self an entrepreneur, categorization needs to take place, and has taken place.
In the case of entrepreneurs, this has obviously happened, since they do obviously consider themselves as entrepreneurs. And, entrepreneurship as a whole can be considered a fairly high status group, which would imply that entrepreneurs are desirous of being part of that group. One can see that the three components needed for an individual to achieve identification (Tajfel, 1982; c.f. Hogg & Vaughan, 2008) namely the cognitive awareness that the member is a part of the group; and the recognition that the membership is related to some value connotations; and the emotional significance i.e. the emotional investment one obtains in the awareness of group membership are all present in case of entrepreneurs/ship. Therefore, one can see that entrepreneurs would be likely to emphasize a social identity – now again, since SIT proposes that an individual’s identity is triggered if it becomes salient under a specific situational context (Turner, 1985; c.f. Hogg & Vaughan, 2008). Salience is composed of two components – accessibility and fit, and to an entrepreneur, his or her categorization as an entrepreneur is a very salient one. An important implication of this is that entrepreneurs may well then start identifying with the prototypical characteristics of entrepreneurs, and thus start thinking and acting in accordance with the perceived prototypical characteristics of entrepreneurs (in other words, self-stereotyping). This proposition, that the prototypical characteristics of entrepreneurs dictate individual entrepreneur behavior can be thus stated – since the general proposition has been borne out by a number of studies (e.g. Barreto & Ellemers, 2000; Pierro, Cicero, Bonaiuto, von Knippenberg, & Kruglanski, 2005; Schmitt & Branscombe, 2001; Terry & Hoag, 1996; c.f. Hogg & Vaughan, 2008). Another reason for me to suggest that entrepreneurs are likely to exemplify the prototypical entrepreneur characteristics is that by doing so, they would be reducing their uncertainty (Hogg & Mullin, 1999; Hogg & Abrams, 1993; c.f. Hogg & Vaughan,
2008). The same set of arguments would also equally apply to managers, as they are the referent group to be compared with entrepreneurs here. One can easily see that the salience of a manager is high, and that one way for managers to reduce their uncertainty would be for them to exemplify the prototypical managerial characteristics, just like entrepreneurs would.

Now, after establishing that SIT can be used to pose that entrepreneurs and managers are both likely to embody prototypical entrepreneur/manager characteristics, I now propose what these prototypical characteristics of entrepreneurs and managers are likely to be, and what they would imply.

**Prototypical Entrepreneur Characteristics**

Entrepreneurs are supposed to be living treasures (Salimath, 2006); however, one can be hard-pressed to mention the perceived qualities of these living treasures. It would depend entirely on who you are asking the question to, and what they believe are the prototypical characteristics of entrepreneurs. I now propose two possible countervailing explanations as to the perceived prototypical entrepreneurial characteristics, and what they each imply for moral awareness. One explanation will render a rather positive, benevolent and almost altruistic image of an entrepreneurs characteristics, whereas the other explanation will render a rather more opportunistic and less benevolent image. I utilize an argument centered around and borrowing from the positive deviance and social entrepreneurship literature bases for the first explanation, and relying on a stereotype threat and microanomie literature base for the second explanation. I refer to the former explanation as a positive explanation, and the latter explanation as a negative explanation.
Prototypical Managerial Characteristics

Managers while not considered living treasures are certainly still considered important, as they should be. However, just like entrepreneurs could have two possible prototypical characteristics, so can managers. It would depend entirely on who you are asking the question to, and what they believe are the prototypical characteristics of managers. One explanation, which closely follows the positive benevolent entrepreneurial explanation, uses as support the literature on corporate social responsibility, whereas the second more negative explanation borrows from the stereotype threat and microanomie literature base. Again, I refer to the former explanation as a positive explanation, and the latter as a negative explanation.

Before embarking on the explanation of these different prototypical characteristics, and what they would entail, it would be prudent to discuss the different differences that previous research has obtained when comparing entrepreneurs and managers. This is shown in the next section.

Entrepreneurs and Managers – Differences

As one can see from past research efforts (Longnecker et al, 1988) there are conflicting and unstable results about the differences in ethical perspectives between entrepreneurs and managers. In some cases, entrepreneurs have been found to have been more ethical than managers, whereas in some cases they have not. Longnecker et al (1988) also measured differences in ethical perspectives between entrepreneurs and other business persons, and found that there were differences between the two – sometimes the former were stricter and sometimes
they were more lax in their ethical judgments. The most important theme emerging from this is that entrepreneurs do differ from others in their ethical judgments (Longnecker et al, 1988).

Bucar & Hisrich (2001) compared ethical attitudes and standards of entrepreneurs and managers both in the U.S. and abroad. They found that substantive differences exist between entrepreneurs and managers in the U.S. with respect to their ethical attitudes. Similarly, in their 1999 article, Teal & Carrol investigated differences in moral reasoning skills of managers and entrepreneurs, and obtained some limited support to the contention that entrepreneurs may exhibit moral reasoning skills at a slightly higher level than middle-level managers and the general adult population.

All this prior evidence although somewhat contradictory, does allow us to see that entrepreneurs and managers do differ in terms of ethical standards, attitudes, and judgments. This would lead one to suggest that entrepreneurs and managers would differ in terms of their levels of moral awareness. This leads us to our first hypothesis which is as follows –

**H1: Entrepreneurs and managers differ in terms of levels of moral awareness exhibited.**

Hypothesis 1 is essentially a hypothesis that tests for a main effect. However, the interaction effects would need a wholly different set of hypotheses to test for them. As mentioned above, we can have two different sets of perceptions for both managers and entrepreneurs – one positive and benign, and the other negative and malignant. It is the contention of this research that self perceptions and others’ perceptions will influence levels of moral awareness (i.e. entrepreneur perceptions, and manager perceptions), in that, they will act as moderators in the overall relation between work status (i.e. entrepreneur or manager) and moral awareness.
Now, the prototypical characteristics of entrepreneurs and managers are going to be discussed, which in turn would affect perceptions.

**Entrepreneur Characteristics and Perceptions**

As I mentioned earlier, people can have either positive or negative perceptions of entrepreneurs. These positive and negative perceptions of entrepreneurs follow based on how prototypical characteristics of entrepreneurs are perceived. It is the contention of this dissertation that the negative and positive perceptions will play a moderating role in influencing moral awareness. Before offering hypotheses, a little bit of explanation of these characteristics and perceptions is in order and is duly offered.

**Positive Entrepreneur Characteristics/perceptions Ascribed To A Positive Deviance and Social Entrepreneurship Base**

Before embarking on these characteristics, it would only be fair to provide some background on positive deviance and the social entrepreneurship bases. I begin with some background information about the positive deviance base.

*Positive Deviance:* Deviance refers to intentional behaviors that depart from organizational norms that threaten the well-being of an organization, its members, or both (Robinson & Bennett, 1995; Bennett & Robinson, 2000; Spreitzer & Sonenshein, 2004). Typical deviant behaviors include stealing, incivility, sabotage, sexual harassment among others. Although, studying such behaviors is important, there seems to be a preponderance of interest in negative
deviance behaviors, which led Spreitzer & Sonenshein (2004) to try and define a construct for positive deviance. The basic rationale behind developing a construct for positive deviance was to avoid narrow conceptualization of deviance as a negative set of behaviors, because that would result in not studying positive norm-departing behaviors (Spreitzer & Sonenshein, 2004).

Early deviance research focused on the morally objectionable, forbidden, and disvalued as well as other social phenomena that might be termed offensive; it then took on a functionalist approach (seeing the role of deviance as occupying a vital place in the maintenance of social order) and a social reactionist approach (focusing on the process of becoming deviant). Contemporary research on deviance has sought to learn from boundaries of human behavior about social order, control, and change (Scull, 1988, c.f. Spreitzer & Sonenshein, 2004).

In essence, there are four kinds of approaches that could be utilized towards defining positive deviance-statistical, supraconformity, reactive, and normative. Each approach is to be briefly described now. The first approach is a statistical approach (Clinard & Meier, 2001; Heckert, 1998). This is a very intuitive approach, and it refers to behaviors that differ from average or normal experiences. Deviants in the statistical sense engage in behaviors that the majority in a group do not engage in. Quinn & Quinn (2000) have utilized the statistical approach in studying positive deviance in organizations. They viewed positive deviants as individuals found at the far right of a normal distribution of behavior. Individuals such as world class athletes and internally driven managers were considered as positive deviants by Quinn (1996). Statistical deviance would potentially consider all sorts of behaviors as deviant, either negatively or positively. Therefore, the statistical deviance approach was considered inadequate for conceptualizing positive deviance (Spreitzer & Sonenshein, 2004).
The second approach is the supraconformity or excessive conformity to norms approach (Ewald & Jiobu, 1985; Hughes & Coakley, 1991). This kind of behavior is conceptualized as pronormative, but becomes deviant because it extends beyond the bounds deemed appropriate by a referent group (Dodge, 1985). According to this approach, too much of even a good thing becomes problematic, leading to dysfunction such as addiction. That implies that supraconformity positive deviance collapses into traditional deviance, as overly eager participants are actually dysfunctional because their addictions dominate their lives (Spreitzer & Sonenshein, 2004).

The third approach is the reactive approach, which focuses on the reactions of an audience to a behavior. Reactive deviance considers a behavior deviant if a negative condemnation by an audience occurs (Dodge, 1985; Heckert, 1989). Absent any such negative reaction, no deviant behavior has taken place. The reactive approach has been criticized because of its adherence to the negative condemnation outcome in order for a deviant behavior to have taken place, as that effectively renders positive or virtuous deviance to not be classified as deviance because deviance requires a negative reaction (Spreitzer & Sonenshein, 2004).

The fourth approach is the normative approach. This defines deviance as a departure from norms (Dodge, 1985). This inference that a norm exists is inferred from the presence of a reaction to a perceived violation of a norm (O’Reilly & Chatman, 1996). This approach is the one that is most common within the organizational studies literature where deviance is defined by the Robinson & Bennett (1995) definition. Most work on normative deviance has focused on negative behaviors, however there are a few examples of nonnegative normative deviance. Warren (2003) and Spreitzer & Sonenshein (2003) had offered an initial definition of normative
positive deviance. Positive deviance is defined as follows: *intentional behaviors that depart from the norms of a referent group in honorable ways*. Positive deviant behaviors also depart from expectations (Goode, 1991).

In short, Spreitzer & Sonenshein (2004) offers that the normative approach is best suited towards studying positive deviance, as it differs from the other three approaches in several ways – (i) it does not rely on behavior as having to be observed in order to be named deviant, rather, the approach is that if the behavior were to be observed, it would be declared as deviant, (ii) there is a referent group evaluation available in this approach, and (iii) the honorable intent aspect of it prevents it from collapsing into negative deviance by overly relying on outcomes.

Norms exist in all industries; these norms could be strategic, legal, or ethical norms. These norms define basic expectations of industry participants (Hartman, Wilson, & Arnold, 2005). Deviance must be assessed in relationship to a specific reference group (Warren, 2003). These reference groups include the *individual, work group, program, system, and organizational* levels. At each social level, there may either be conformity to a reference group behavior, negative deviance from reference group behavior, or positive deviance from reference group behavior. Whether or not deviance is positive or negative depends on the extent to which the relevant agents adhere to specific norms.

Strategic norms refer to standards within an industry such as generally accepted best practices. Legal norms refer to norms that have been effectively articulated and required by legitimate governing authorities. Ethical norms may include standards determined by reference to human rights, and to corresponding worker rights. Positive deviance would obviously include behaviors that deviate from these different norms in positive, honorable ways.

47
Entrepreneurs as Positive Deviants: As Teal & Carroll (1999) remarked, an individual who decides to become an entrepreneur is, in a sense, going against the norms of society. A very tiny percentage of individuals decide to become entrepreneurs (8.5% of the total working labor force in 1994, c.f. Teal & Carroll, 1999), and these individuals have rejected the norm of seeking employment with another person or company.

Sarasvathy, Simon & Lave (1998) considered entrepreneurship as inherently risky as when compared to operating existing business. Therefore, if we consider an entrepreneur, who after having rejected societal norms of employment, embarks on his/her own business, which in more cases than not, is extremely risky, one is made even more assured of the fact that these entrepreneurs are deviants from normal societal norms.

We can examine an entrepreneur using the four lenses of positive deviance approaches. From the statistical approach, it is apparent that entrepreneurs are deviants because of the relative infrequency of entrepreneurs in the total labor force. Similarly, from the supraconformity approach, we can again consider entrepreneurs as deviants because an entrepreneur basically follows his/own norms over zealously. And then, with the reactive approach, if an entrepreneur’s outcomes are unsuccessful, yet again, the entrepreneur is considered deviant. However, with three of these positive deviance approaches, their shortcomings can be easily noted. It is not quite possible to brand entrepreneurs as positive deviants using these three approaches, so one needs to follow Spreitzer & Sonenshein’s (2004) definition of positive deviancy.

If one examines an entrepreneur from the normative positive deviance approach, one can easily see that an entrepreneur is essentially a positive deviant. The reasons for that are simple enough – according to the normative approach, entrepreneurs are positive deviants because they
deviate from norms, and they do so with positive honorable intentions. The honorable intent of entrepreneurs is unquestionable, even if the entrepreneur’s entrepreneurial outcome is unsuccessful. Therefore, an entrepreneur can be considered as a positive deviant.

**Social Entrepreneurship and Social Entrepreneurs:** There is a seemingly burgeoning literature on social entrepreneurship, which is an area in entrepreneurship that is becoming rather important these days. And, this importance in particular may be attributed to a rather enthusiastic coverage by the popular press. However, since social entrepreneurship is not the main focus of this dissertation, I only provide a basic overview of the state of affairs in this field, in particular, with respect to social entrepreneur characteristics.

Austin & Wei-Skillern (2006) differentiated social entrepreneurs from traditional entrepreneurs in terms of people, methods, situations, and opportunities. They asserted that the primary objectives of the two were rather different – whereas social entrepreneurs try to serve the basic needs of society, a traditional entrepreneur tries to grab large market gaps and make profits through doing so. Barendsen & Gardener (2004) described social entrepreneurs as leaders who act willingly on their obligations, and also as possessing the ability to see things positively. An ability to evaluate their work is another attribute, especially in light of the impact of their activities on society (c.f. Vasakarla, 2008).

Gillian, Weerawardena, & Carnegie (2003) interjected that virtuousness, social opportunity recognition, judgment, risk tolerance, and innovativeness are all required attributes for social entrepreneurs. Thompson (2002) defined social entrepreneurs as people similar to
business entrepreneurs but that they operated with a focus on the community. Caretakers of society would be a good way to describe them, is the gist of Thompson’s (2002) argument.

Johnson (2002) found that social entrepreneurs possess a strong desire for social justice, and often think of collaborative ways by which to pursue the same. Catford (1998) also talked about the collaborative ways that social entrepreneurs possess, especially in terms of building wide network alliances– they also possess a rare combination of pragmatism with visionary and professional insights, and ethical behavior with tactical thrust (c.f. Vasakarla, 2008).

Therefore, as one can see social entrepreneurs on the whole can be said to possess characteristics that include, a strong desire for social justice, optimism, self-confidence, being ethical, and typically have a strong family support system (Vasakarla, 2008). She also stresses that social entrepreneurs do have the same desire to succeed and take risks; however, this particular characteristic is tempered by their innate positioning of human values and ethics as the quality deemed most important.

One can therefore argue utilizing the fraternal twin perspectives of positive deviance and social entrepreneurship that entrepreneurs are positive deviants, and more specifically, deviants with positive and honorable motives with an aim of improving society and paving the way for social justice. This when combined with their innate value for and of human values and ethics, should suggest that one prototypical characteristic that entrepreneurs may possess is that of a highly ethical and pro-social justice seeker.

Also, as I mentioned earlier, social entrepreneurship is becoming more and more an important subject to research and is also gaining an enthusiastic popular media approval, it is quite possible that these allusions to social entrepreneurship will have an effect on people’s
perceptions of entrepreneurs. More importantly, it is quite feasible to suggest that entrepreneurs may well be likely to associate these characteristics that would be associated with positive deviants and social entrepreneurs, as prototypical characteristics. In particular, if one extrapolates from the ethical and human value aspects of social entrepreneurs, it wouldn’t be hard to suggest that entrepreneurs will associate entrepreneurs as being more ethical than other comparison groups.

**Positive Manager Characteristics/Perceptions Ascribed To a Corporate Social Responsibility Base**

Corporate social responsibility (CSR) has been attracting attention across a whole range of disciplines (Hemingway & Maclagan, 2004), and has in fact become fairly well entrenched in the public mindset. In essence, there are four components that need to be present before a company can claim it is socially responsible. These four components are economic, legal, ethical, and philanthropic (Carroll, 1991). The ethical component has to do with the issue of being profitable, while the legal component has to do with being obedient and following the law, and the ethical component has to do with being ethical and fair, and to avoid harm. The philanthropic component has to do with improving the quality of life and the community. The key distinguisher between the ethical and the philanthropic component is that the philanthropic component is a voluntary one, and is meant to be purely voluntary (Carroll, 1991; Carrol, 1996). Therefore, one expectation of CSR is that the courses of action be beyond the requirements of the law, and not because of the law requirements.
Mosley, Pietri, & Megginson (1996) say that CSR requires adaptation by management as well as individual managers. This in turn suggests that CSR is essentially formulated and implemented by individuals (Hemingway & Maclagan, 2004). One could then argue that CSR might just be a function of self-preservation rather than being dictated by an altruistic concern – this can be seen as CSR is very much tied in with corporate image management (Menon & Menom, 1997; McWilliams & Siegel, 2001, c.f. Hemingway & Maclagan, 2004). In fact, Caulkin (2002) accuses organizations that they go in for CSR in order to cultivate a clean good image and cover up the impact of corporate misdemeanor. Caulkin (2002) uses the example of Enron, which apparently was the largest corporate contributor in Houston, Texas before its downfall, to emphasize his point. Another reason for companies to use CSR is to gain access into foreign and new markets (Kell & Ruggie, 2001, c.f. Hemingway & Maclagan, 2004).

However, quite a few researchers have argued the case for CSR in that it’s not just a greedy cynical ploy of organizations to boost their reputation. For instance, Desai & Rittenberg (1997) argue that individual managers shape the moral environment in which they work, and a host of other researchers (Wood, 1991; Drumwright, 1994; Swanson, 1995; Fineman & Clarke, 1996; Menon & Menon, 1997, c.f. Hemingway & Maclagan, 2004) assert that CSR directly depends on the patronage managers, despite the risky commercial as well as personal outcomes. Wilson (2002) in particular suggests that the newer younger generation of managers are very much aligned with the philanthropic component of CSR. Drumwright (1994) and Harris & Crane (2002) both argue that managers who push through CSR have certain personality characteristics such as being more ethical, being more supportive of social justice, and very supportive of social welfare, and anxious to do the right thing.
Therefore, one can see even though there are a few skeptics, for the most part the research community seems overwhelmingly disposed towards considering CSR as an altruistic activity. And, there is no denying that overall CSR has a very positive and beneficial role to play with building up and buttressing organizational reputation. Also, since CSR is so well-known and well-documented by different media sources, it is quite possible that these allusions to CSR and the role that managers play in pushing through CSR will have an effect on people’s perceptions of managers. More importantly, it is quite feasible to suggest that managers may well be likely to associate these characteristics as prototypical characteristics.

These two different but similar explanations of entrepreneurs and managers’ prototypical characteristics can lead us to see how perceptions of the two groups will differ. If an manager believes that a manager is someone who is heavily tied in to the concept of CSR, then the manager will have a positive perception of a manager, similarly, if an entrepreneur believes that an entrepreneur is someone who is a positive deviant, or is tied in to social entrepreneurship, positive perceptions of entrepreneurs will follow suit. I now suggest the first of my moderating hypotheses, the ones that deal with positive perceptions of entrepreneurs and managers. These perceptions were measured with a scale developed to do so – the scale and its items are discussed more in-depth in the methods section.

**H2a: Positive perceptions of entrepreneurs influence moral awareness levels among entrepreneurs in a positive way.**

**H2b: Positive perceptions of managers influence moral awareness levels among managers in a positive way.**

However, just as entrepreneurs and managers could potentially believe in positive characteristics of entrepreneurs and managers, and hence be more morally aware; another
explanation exists that would just predict the opposite of the above hypothesis. This other explanation can be termed as a doppelganger explanation, but it would be far simpler to term it as the negative explanation. This particular explanation use theoretical backing from the literature on stereotype threats and microanomie. Before embarking on the explanation and the resulting hypothesis, a re-telling of the literature bases is in order.

**Stereotypes and Stereotype Threats:** Stereotypes were originally described by Lippman (1922) as “pictures in our heads” (c.f. Kunda, 1999). Allport (1954) defined stereotypes as an exaggerated belief associated with a category. Stereotypes are typically viewed as cognitive structures that contain our knowledge, beliefs, and expectations about a social group (Fazio, Jackson, Dunton, & Williams, 1995; Esses, Haddock, & Zanna, 1993).

Most theorists view stereotypes as containing a mix of abstract knowledge about a group (for example: teachers are patient and understanding) along with exemplars of group members (for example: my neighbor the teacher, the teacher on my favorite TV show etc) (Hamilton & Sherman, 1994, c.f., Kunda, 1999). Stereotypes are typically measured and reported as prototypes, that is, lists of unrelated attributions that vary in typicality (e.g. African Americans are stereotyped as poor, uneducated, and criminal), although there is increasing recognition that stereotypes are also imbued with theoretical, causal knowledge (e.g., the discrimination and declining economic opportunities experienced by African Americans have restricted their educational opportunities and produced poverty and criminality; Wittenbrink, Gist, & Hilton, 1997, c.f., Kunda, 1999).

Stereotypes also contain knowledge about variability. This is important because when a group is seen as more invariable, one is more willing to generalize from a small number of group
members to other group members and to the group as a whole, and similarly, more willing to
apply the stereotype of the group to individual members (Park & Hastie, 1987; Park, Judd, &
Ryan, 1991; Park & Rothbart, 1982; Quattrone & Jones, 1980). An example of this sort of
generalization is when one assumes that one feminist is the same as any other feminist (Kunda,
1999).

Group stereotypes can guide our expectations about group members and color
interpretations of their behaviors and traits (Kunda & Thagard, 1996). Stereotypes can tie
together and give meaning and structure to attributes that one might have trouble making sense
of otherwise (Kunda, 1999). This stereotype makes it easier to form impressions of other
persons, the effort saved in the impression-formation task can be applied to other tasks (Macrae,

Stereotypes can be activated automatically. Devine (1989) demonstrated this aspect of
stereotype activation in her study on white university of Wisconsin students. Her study
participants automatically activated the prevalent negative stereotype of African Americans.
Similarly, the automatic activation of the stereotypes of old and young people and gender
stereotypes has also been demonstrated (Blair & Banaji, 1996; Purdue & Gurtman, 1990). One
consequence of the automatic activation of stereotypes is that it may give rise to a vicious and
escalating cycle of increasing negative responses. An activated stereotype can affect people’s
behavior towards stereotyped individuals, and that in turn would influence their reactions to
people. A negative group stereotype may lead one to treat members of that group poorly, which
in turn, would elicit a behavior from them that would confirm the stereotype.
Stereotypes can also be activated outside of consciousness, which would again influence behaviors in a two-way manner (Chen & Bargh, 1997). In their study, Chen & Bargh (1997) found that the black stereotype was activated unconsciously and that affected participants’ behavior. This was done so in a completely automatic way, and there was no visible record of consciousness.

Stereotypes also have an effect on stereotyped people that is a lot more insidious than one would imagine. The knowledge that others are viewing a person through the lens of a negative stereotype definitely impacts a person’s performance and behavior. Stereotype threats are one such impacting agent.

Stereotype threats refer to the fear that one will be reduced to the negative stereotype of one’s group. For instance—a girl who gives a wrong math answer risks confirming the stereotype that girls can’t do math. Similarly, a black child who gives a wrong answer risks confirming the racial inferiority of African Americans (Kunda, 1999). Such individuals operate under a cloud of suspicion of inferiority: they fear that any mishap on their part may confirm this suspicion. A variety of research has documented situations that give rise to stereotype threat can undermine performance (Steele, 1997).

For instance—there is a well-documented and persistent gap between the academic achievements of white and black students at all levels of schooling and college. This gap may be attributed in part to background factors, but it remains true even among students with similar backgrounds. This underachievement may be in part to the fact that stereotype threat depresses the performance of black students on academic tests. Steele & Aronson (1995) conducted a test in which they were able eliminate the negative effects of stereotype threats for black students.
This they were able to do by disguising their tests as not being indicative of ability. That did not allow the stereotype threat to get activated, and therefore black students’ performance did not suffer.

Stereotype threat is not unique to African-Americans; it could depress the performance of members of any group stereotyped as incompetent when they find themselves in situations that appear to test their ability in the domain of their alleged incompetence. For instance, women’s performance at math could be undermined by stereotype threat (Spencer, Steele, & Quinn, 1999). This can be noticed by the gender gap between boys and girls in math, especially as they mature into adulthood (Steele, 1997). Stereotype threat definitely contributes to women’s underachievement at math. Spencer, Steele, & Quinn, 1999) were able to demonstrate that quite convincingly.

Negative stereotypes are quite insidious and have very harmful effects, but the trouble with stereotypes is that they are quite hard and impervious to change. One possible way by which negative stereotypes can be undermined is to utilize the contact hypothesis. That hypothesis posits that social contact between members of minority and majority groups would reduce prejudice. However, this only works when the people are of equal status and in pursuit of common goals. So, in short, the contact hypothesis only works when the members of the two groups have equal status, exposure to evidence that disproves the stereotype, shared goals, and active cooperation (Kunda, 1999). And, even then, the contact is not always effective in reducing prejudice. Since, negative stereotypes often resist change even in the face of intense manipulations involving cooperation with members of the stereotyped groups over long periods of time (Stephan, 1985, c.f., Kunda, 1999).
The major reason why group stereotypes remain unchanged even in the face of contact with group members, whose behaviors and attributes are nothing like their stereotypic expectations, is that it is very hard for people to realize that such individuals disconfirm the stereotypes because even their neutral and innocent behaviors are interpreted as consistent with the negative stereotypes. And, even when the recognition that these individuals disconfirm the stereotype of their group happens, it still fails to change group stereotypes because those members are considered atypical of their group (Kunda, 1999).

Therefore, on the whole stereotypes are quite prevalent, and negative stereotypes are quite hard to change, despite efforts to do so because of the different reasons described earlier.

**Are Entrepreneurs’ Sterotyped?**

Stereotypes afflict a variety of groups. Most of the current research on stereotypes focuses on African Americans and gender issues (Kunda, 1999), as it should as the prevalent negative stereotype afflicting those two issues is quite noxious and has a very negative impact on several groups of people. This brings an interesting question into mind – i.e. are entrepreneurs’ stereotyped against, and if they are, does that bring about a perception of a stereotype threat in them?

Entrepreneurs are commonly understood to take a lot of risks in their professional lives, as entrepreneurship is inherently a risky endeavor (Sarasvathy et al, 1998). This inherent riskiness is instrumental in entrepreneurs’ valuing success a lot. As Fassin (2005, pp 271) says, “Entrepreneurs want to succeed; the last thing they want to do is fail” The reason for this emphasis on success is to be found in the very fabric of entrepreneurship, as entrepreneurship is
all about achievement and success. As Fassin (2005) mentions, some entrepreneurs are very opportunistic in their pursuit of success. This inherently results from the tremendous negative connotation of failure that entrepreneurs’ fear – the tremendous pressures from workers and unions; pressures from suppliers and their lawyers and bailiffs; financial pressures from banks, and pressure from family and friends (Fassin, 2005).

Similarly, Fassin (2005) mentions the example of entrepreneurs that have a large ego and seek media attention and honors. This invariably results in a plethora of unethical behavior displays on part of those entrepreneurs. For some opportunistic entrepreneurs, their apparent slogan is “get on, get honest, get honors” (Fassin, 2005). History is supposedly full of examples of entrepreneurs who built their fortunes on ethically dubious businesses or methods, and this pattern is still displayed even in present day entrepreneurs (Fassin, 2005).

The important thing to consider here is that entrepreneurs are recognized as being driven to succeed, and more importantly, to be opportunistic while striving for success. In a similar vein, entrepreneurs are generally recognized as being capable of anything in order to achieve their goal of success. That would certainly suggest that entrepreneurs have a stereotype that they would do anything to achieve success; this is in fact even suggested as a characteristic that entrepreneurs have (Vasakarla, 2008). This coupled with the spirit of entrepreneurship (i.e. the need to achieve success) would suggest that people hold a stereotype of entrepreneurs that entrepreneurs are capable of doing anything to achieve success.

I now introduce a brief retelling of the literature in microanomia and how it could be utilized in the negative explanation.
A Microanomic Perspective

Anomie is a condition of deregulation or normlessness (Durkheim, 1897; c.f. Konty, 2005). While Durkheim used his theory in order to effectively study suicide rates in societies that were rapidly changing, Robert Merton (1964) brought anomie in to explain crime and laid the groundwork for the theoretical construct of strain; he explains (1938) how a disjunction in American society between individual goals and the legitimate means to achieve them results in a pressure to remedy the situation (c.f. Konty, 2005). In other words, criminal behavior is viewed as a response to structural conditions that prevent one from achieving wealth and status, by approved means such as hard work and achievement (c.f. Konty, 2005).

In strain theory, crime is viewed as a response to negative feelings people experience and anomie is one such source of those feelings. When people are denied access to valued goals, negative affect is the resultant (Konty, 2005). Konty goes on to add that anomie’s effect on behavior is cognitive, not affective by utilizing arguments made by Bernard (1995) who said that the relationship between anomie and crime is cognitive, and Agnew (1995) who argued that cognition has a role in preventing crime rather than producing it. Konty then defines anomie as an imbalance between social and self-interests. He defines this cognitive state of anomie as microanomie – in other words, he terms the individual-level imbalance between social-interests and self-interest values as microanomie (Konty, 2005, p 111).

This very definition of microanomie suggests that for a typical entrepreneur (not a social entrepreneur), this imbalance certainly exists, wherein self-ascending values trounce self-transcending values. And, again people are quite likely to associate a typical entrepreneur with an abundance of self-interest values rather than social-interest values. This again is quite likely to
be reflected in an entrepreneur’s own thoughts about other entrepreneurs’ value systems. This would suggest that since entrepreneurs have a high level of self-interest values, they would perhaps, not be as ethically oriented as they could. They will probably associate a prototypical entrepreneurial characteristic as something to do with success and self-interest – this would certainly lead them to be probably less morally aware than other groups.

It is also quite possible that entrepreneurs are aware of other people’s expectations and thoughts about them, and thereby, a stereotype threat might be actually taking place wherein entrepreneurs are aware that people believe that they are capable of doing anything to achieve success, and this belief on their part, actually compels entrepreneurs to do anything to achieve success. This thirst to succeed at any cost does not auger very well for an entrepreneur’s ethical behavior (note that is different for social entrepreneurs, because of the primary importance that social entrepreneurs grant to human values and ethics).

**Negative Manager Characteristics/perceptions Ascribed To A Stereotype Threat and Microanomie Base**

One can therefore argue utilizing the fraternal twin perspectives of stereotype threats and microanomie that entrepreneurs are likely to be thought of as very self-interested at the expense of social-interest, and also likely to do anything in order to achieve success, often at the cost of ethical behavior. This should suggest that one prototypical characteristic that entrepreneurs may possess (and believe that they possess) is that of a highly self-interest seeking person with a burning thirst for success at any cost.
Also, as I mentioned earlier, according to stereotype threats, a member of a particular group that is stereotyped operates under a cloud of suspicion of inferiority (in regards to this particular dissertation, the inferiority is likely to be inferiority in terms of moral awareness). These insidious results of stereotype threats suggest that if entrepreneurs are affected by the stereotype threat (i.e. the stereotype that entrepreneurs are capable of doing anything for success), they might not be very inclined to be morally developed, because people and they themselves actually expect them to be not so morally developed.

More importantly, it is quite feasible to suggest that entrepreneurs may well be likely to associate these characteristics that would be associated with people that are willing to trade their souls for gold, as prototypical characteristics of entrepreneurs. In particular, it wouldn’t be hard to suggest that entrepreneurs will associate entrepreneurs as being less ethical than other comparison groups, and this in turn will lead them to starting thinking and acting less ethically (i.e. following the self-stereotyping aspect that social identity theory suggests).

**Are Managers Stereotyped?**

Just like entrepreneurs can be said to be stereotyped, so can managers said to be similarly stereotyped. The proliferation of Dilbert comics and the portrayal of managers as inept pointy-haired bosses have certainly painted a poor picture of typical managers. This persistent caricature of managers as lazy, inept, cruel, evil has definitely penetrated a lot of minds – Feldman (2000) talks about how the Dilbert phenomena has penetrated people’s subconscious. This in turn makes people extremely cynical about their managers – they in particular do not trust managers to do
the right thing, they believe that managers will take undue advantage of them if offered the chance, and that they are untrustworthy (Mirvis & Kanter, 1992, c.f. Feldman, 2000)

Another problem that causes managers to be stereotyped is the proliferation of ethical scandals, that many a time have an unethical manager or CEO sitting at the helm of affairs. This obviously enough ends up tarnishing the reputation of managers as a whole. Another problem, which is fairly recent, can also add to this unsavory reputation of managers. The phenomena of very obviously unsuccessful managers and CEOs still getting handsome severance packages will obviously add fuel to the stereotype that managers are greedy, unethical, and very prone to act for their own benefit over others benefit. (Web Reference(b), 2009). This in turn brings another interesting question into mind – i.e. are managers stereotyped against, and if they are, does that bring about a perception of a stereotype threat in them? It would stand to reason that managers will be stereotyped based on these few extreme cases – especially, since the media does play a huge role in emphasizing on a daily basis the greed and corruption of managers. Another possible negative perception that managers might cause is related to their ego. A lot of celebrity CEOs keep coming into a daily focus based on their more eccentric pastimes (for e.g. Richard Branson and Donald Trump) – that again could cause some negative perception of managers.

The definition of microanomie as explained earlier suggests that for a typical manager too self-ascending values would trounce self-transcending values. And, again people are quite likely to associate a typical manager with an abundance of self-interest values rather than social-interest values (again, this is separate from the managers involved in CSR). This again is quite likely to be reflected in an managers’ own thoughts about other managers’ value systems.. They
will probably associate a prototypical managerial characteristic as someone who desperately 
craves money and pursues self-interest goals at the cost of others well-being.

This stereotyping of managers as being greedy, self-serving unethical frauds will 
certainly cause stereotype threats, and if managers actually believe in these negative perceptions 
of themselves, it should definitely curtail their moral awareness.

**Negative Manager Characteristics/perceptions Ascribed To A Stereotype Threat and 
Microanomic Base**

One can therefore argue utilizing the fraternal twin perspectives of stereotype threats and 
microanomie that managers are likely to be thought of as very self-interested at the expense of 
social-interest, and also likely to be very greedy, often at the cost of ethical behavior. This 
should suggest that one prototypical characteristic that managers may possess (and believe that 
they possess) is that of a highly self-interest seeking person with a burning greed for money.

More importantly, it is quite feasible to suggest that managers may well be likely to 
associate these characteristics that would be associated with people that are willing to trade their 
souls for gold, as prototypical characteristics of managers.

These two different but similar explanations of entrepreneurs and managers’ prototypical 
characteristics can lead us to see how perceptions of the two groups will differ. If a manager 
believes that a manager is someone who is heavily invested in pursuing money at the cost of 
others wellbeing, then the manager will have a negative perception of a manager, similarly, if an 
entrepreneur believes that an entrepreneur is someone who can do anything to pursue success, 
negative perceptions of the entrepreneur will follow. I now suggest the second of my moderating
hypotheses, the ones that deal with negative perceptions of entrepreneurs and managers. These perceptions were measured with a scale developed to do so – the scale and its items are discussed more in-depth in the methods section.

**H3a:** Negative perceptions of entrepreneurs influence moral awareness levels among entrepreneurs in a negative way.

**H3b:** Negative perceptions of managers influence moral awareness levels among managers in a negative way.

Baron & Kenny (1986) are credited with the article that is possibly one of the most cited ones in social psychology and management research – their article on mediating and moderating variables. They defined a moderating variable as a qualitative (e.g. sex, race, class) or quantitative (e.g. level of reward) variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable (Baron & Kenny, 1986, p, 1174). A moderating effect is typically represented by an interaction between the independent variable and the moderating variable. As one can see through the sets of hypotheses, I have one main effect hypothesis, and four interaction effect hypotheses. The moderators that I have in this study are negative and positive perceptions of entrepreneurs and managers.

**Control Variables:** In my dissertation, I choose some categorical variables as control variables (specifically gender, age, and exposure to ethics training). This is keeping in line with previous research (Butterfield et al, 2000). These three control variables have been chosen based on a few reasons. Firstly, these variables have in previous studies shown some degree of effect on ethical attitudes, judgment, and behavior. However, a consistent correlation has not been
observed, so by including these variables as control variables, one can ensure that the effects be controlled.

Gender has been in the middle of a debate as to whether or not it has an effect on ethical perceptions and attitudes (Luthar, DiBattista, & Gautschi, 1997; c.f. VanSandt et al, 2006). Gilligan (1982) had criticized Kohlberg’s measures of measuring moral development by arguing that females have a different way of approaching moral issues than men, as they place emphasis on care, empathy, and compassion, rather than on rights, justice, and fairness (c.f. VanSandt, 2008). Gilligan’s (1982) ideas of gender differences in moral development have been supported by other researchers (Langdale, 1983; Lyons, 1983), and some other studies have found that females take more highly ethical positions, than do their male counterparts (Rest, 1986; Arlow, 1991; Ruegger & King, 1992; c.f. VanSandt et al, 2006). However, some other studies have found absolutely no differences between males and females ethical attitudes or moral development (McNichols & Zimmerer, 1985; Fritzsche, 1988; Derry, 1989; c.f. VanSandt et al, 2006). VanSandt et al (2006) did not find a significant moderating effect of gender in their examination of the relationship between an ethical climate and moral awareness.

Age too has been a popular candidate as a control variable in prior research. England (1978) and Johnson, Neelankavil, & JadHAV (1986) showed a moderating effect of age on emphasis given to money and advancement opportunities, as did Barnett & Karson (1989) who discovered that younger respondents acted less ethically than did their older peers (in terms of career stage). VanSandt et al (2006) did not however find a moderating effect of age in their examination of the relationship between an ethical climate and moral awareness.
Ethics training can also be considered for use as a control variable, even though many studies have not found significant results to assert such a position (Arlow, 1991; Mayer, 1988; Stevens, 1984; c.f. VanSandt et al, 2006). Some research though has shown that ethics training sensitizes students to moral issues (Bok, 1976; Gautschi & Jones, 1998; c.f. VanSandt et al, 2006). VanSandt et al (2008) did not however find a moderating effect of ethics training in their examination of the relationship between an ethical climate and moral awareness.

The methodology for testing these hypotheses is outlined in the next chapter. Essentially there were two conducted studies to gauge support for the different hypotheses – one on a student sample, followed by a field survey of managers and entrepreneurs. The overall model that was tested in this dissertation is shown in figure 2.

**Figure 2 – Overall Theoretical Model**

![Overall Theoretical Model](image-url)
CHAPTER 4.
RESEARCH DESIGN AND METHODOLOGY

The preceding chapters have established a theoretical framework for the hypothesized predictions of moral awareness levels of entrepreneurs and managers. I now present the research design and methodology.

Study 1 – Student Sample

Participants: The participants in this study were business major students enrolled in business courses at Washington State University. These participants were obtained from majors such as management, management information science, marketing, finance, and entrepreneurship. Participants were divided into managers and entrepreneurs based off on some criteria. One criteria used was major (entrepreneurship majors were considered as entrepreneurs) and the other criteria used was if students had participated in an entrepreneurship competition. The ones that were not classified into entrepreneurs were classified as managers, because they were all solicited from management courses, and a significant number (64%) of them were management majors. Participation was voluntary and confidential.

Response Rate: Approximately 600 business students (ranging from sophomores to graduate students) in WSU could be considered as potential participants. Out of these, 471 completed the survey, 422 of which yielded usable complete data. Therefore, the response rate was 70.33%. The mean age was 23.99 and about 72.51% of them reported that they had received some formal ethics training. The sample was about 42.89% female, and 57.11% male.
**Survey Procedure:** The survey was administered via surveymonkey, and was administered as an online survey. Students could not repeat the survey because they were supposed to take the survey for extra credit in their respective classes. In order to ensure that they received the extra credit, they had to enter their official school email addresses. This helped in the process of weeding out duplicate survey takers. The survey had the IRB approval form on there, followed by the entrepreneur and manager perceptions scales. This was then followed by a demographic section, after which participants randomly got assigned to one of two scenarios (both scenarios were adapted from Butterfield et al, 2000) – one scenario dealt with a hiring decision involving competitive information, whereas the other scenario dealt with a mystery shopping scenario (attached in appendix A and B respectively). These two scenarios were chosen because they were ethically ambiguous and yet engaging and realistic, and thus served as scenarios to elicit moral awareness (or perhaps not elicit). After participants got a chance to read the scenarios, they had to respond to questions that essentially mapped their levels of moral awareness (attached in appendix A and B respectively). These questions were qualitative questions as well as quantitative questions, although the qualitative questions preceded the quantitative questions.

**Independent Variable**

**Work Status:** The independent variable that I examine here in this dissertation may be termed as work status (i.e. is a person classified as an entrepreneur or as a manager). This independent variable is a categorical variable, and so chosen, because the goal of this dissertation is essentially to test differences in moral awareness between entrepreneurs and their comparison
group managers. Participants were assigned to one of the two possible work statuses based on their behavior. They were considered as entrepreneurs if they had demonstrated entrepreneurial behavior and attitudes, in this case, by either having taken entrepreneurship courses, or being an entrepreneurship major or double-major, or by having participated in an entrepreneurship competition (for instance, a student whose major is hospitality but who competed in a national level entrepreneurship competition would be considered as an entrepreneur). And, if they did not fulfill the criteria for an entrepreneur, they were considered as managers (this was done, because all the students, regardless of their major, were enrolled in a management course). Entrepreneurs were coded as a 0 and managers were coded as a 1 – this was followed even for study 2.

**Dependent Variable**

**Moral Awareness:** The dependent variable that is examined here in this dissertation is moral awareness. Psychologists struggled for ages with the problem of measuring awareness (Nisbett & Wilson, 1977, c.f. Butterfield et al, 2000). However, Butterfield et al (2000) developed a qualitative measure that offered the best possible way to capture the respondent’s awareness of the issues present in the scenarios. In this, participants are asked to list the issues they feel to be important in the scenario as well as the relative importance of those issues. I followed Butterfield et al (2000) in terms of measuring moral awareness. One way to measure moral awareness is to utilize the qualitative approach, and the other is to employ a quantitative approach, which is essentially a series of scale items, which were intended to tap the multiple forms of moral awareness. These various forms correspond to the ethical issues present in the
scenarios (for e.g. issues of integrity, breaking laws, issues or misrepresentation, loss of reputation etc).

**Moderating Variables**

**Perceptions of Entrepreneurs:** A scale was developed which included items that were intended to tap into the positive as well as negative perceptions of entrepreneurs. Along with these two constructs, another construct, which was termed as general perceptions of entrepreneurs (for e.g. an entrepreneur is typically risk-seeking), was also measured via means of items. The reason this was done was to ensure that participants understood what being a typical entrepreneur involved. This particular construct though was utilized in data analysis as a control variable, rather than as a moderator. So, essentially this scale was intended to capture two constructs (i.e. negative and positive perceptions of entrepreneurs).

**Perceptions of Managers:** Another scale was also developed which included items that were intended to tap into the positive as well as negative perceptions of managers. Along with these two constructs, another construct, which was termed as general perceptions of managers (for e.g. a manager), was also measured via means of items. The reason this was done was to ensure that participants understood what being a typical manager involved. This particular construct though was utilized in data analysis as a control variable, rather than as a moderator. So, essentially this scale was intended to capture two constructs (i.e. negative and positive perceptions of managers).

**Data Analysis Techniques**
Quantitative Data Analysis: The scale items were analyzed using exploratory factor analyses, Cronbach’s alpha, hierarchical regression analyses, and t-tests. The factor analysis was conducted on both the perception scales, in order to obtain factor scores from the appropriate factors, to be used as moderators (i.e. positive and negative perceptions of managers and entrepreneurs). Hierarchical regression was conducted three times – twice for the qualitative measure of moral awareness, and once for the quantitative measure of moral awareness. The quantitative measure of moral awareness was an average score of respondents agreeing with the given statement. For instance, if a person selected an agreement with the issue corresponding to 3 for all the questions, the overall moral awareness score for that person would be 3 (18 divided by 6). This measure was identified as DV-Quan in the regression analysis.

Qualitative Data Analysis: Moral awareness was measured qualitatively using the qualitative questions that were presented to respondents. Respondents had to identify issues and then rate the importance of those issues (if any were identified) that seemed pertinent to the decision involved in the given scenario. Participants identified an average of about 2.87 issues for the first scenario, and about 2.26 issues for the second scenario. In the final analysis, the data from these two surveys were pooled into one single database to facilitate data analysis and presentation (Butterfield et al, 2000). This could be done because the two scenarios were highly similar in terms of length and ethical content. Essentially, the different issues present in the hiring as well as the mystery shopping scenario, if identified by the respondents would represent moral awareness. For the hiring decision scenario, for instance, the issues involved the ethics/legality of hiring a candidate to obtain trade secrets, and potential non-disclosure contracts being breached, and potential harm to image and reputation. The mystery shopping scenario, for
instance, involved issues that were centered around misrepresentation and the ethics/legality of doing so, and concerns regarding harm to the protagonist’s own company’s image.

Using these potential issues as a guide, I then rated all of the issues mentioned by the participants as either representing moral awareness (coded as a 1), or not representing moral awareness (coded as a 0). Every issue that pertained to any of the issues that were present in the scenarios was coded with a 1. For instance, some participants simply listed “Ethics” or “Legal trouble” as issues. These issues were coded with a 1 because they clearly represented moral awareness. Participants identified an average of 0.978 ethical issues for both scenarios put together.

However, in order to ensure that rater bias was corrected, inter-rater agreement was conducted to check for reliability of the coding process. Two research assistants were asked by me to read the scenarios, given the definition of moral awareness, and shown the list of issues corresponding to moral awareness, and then asked to rate the respondent identified issues with either a 0 (no moral awareness) or a 1 (moral awareness).

Inter-rater agreement was computed using the P-Statistic (Light, 1971, c.f. Butterfield et al, 2000). This involved dividing the total number of issues for which all three raters agreed by the total number of issues. Inter-rater agreement was 0.912 for the hiring decision scenario, and 0.946 for the mystery shopping scenario. This fairly high inter-rater agreement suggests that the raters agreed on what constituted moral awareness (for e.g., “it might cause legal problems”, “the integrity of Joe Armstrong”, and “ethically troublesome”) and what did not constitute moral awareness (for e.g., “will this help our profit margin?”, “will the candidate require more money?” and “is the candidate a minority?”). However, there was some debate with the two
research assistants and me with respect to one particular issue that many respondents identified (“Can we trust the information that he will give us?”). The two research assistants felt that this constituted moral awareness due to the word Trust, however after a little discussion, they were able to see that this statement did not constitute moral awareness as it was more of an instrumental issue rather than a moral issue. The total number of issues identified by each respondent were then added together to come up with a composite score (for e.g. 0 + 0 + 1 + 1 + 0 + 0 would yield a total of 2.) All the composite scores were considered as a score of moral awareness. This measure was identified as DV-Issues in the regression analysis.

The other method of calculating the dependent variable was to take the relative significance of each issue into account. For instance, a respondent might have written “inefficient hiring decision” (no moral awareness) as the first issue, “the integrity of Joe Armstrong” as the second issue, (moral awareness) and “ethically troublesome” (moral awareness) as the third issue. It might make intuitive sense to argue that the first issue is of greater significance than the other two because it was listed first. However, to do so, would be erroneous, as the respondent might have simply mentioned it first as that was the first issue to come to mind, not because it was the issue of greatest importance. Participants were asked to rate the significance of the issues from 0 to 6, with 0 representing low significance, and 6 representing high significance. The issues listed by the participants were multiplied by their respective significance scores assigned by the participants. These results were added together, to produce a single number, which represented the respondent’s level of moral awareness.

This weighted measure of moral awareness was considered as the second qualitative measure of moral awareness in this dissertation. An example to illustrate the way in which this
was calculated is as follows – suppose, a respondent identified six issues, three of which represent moral awareness. The first issue, “legal troubles” was rated with a significance of 3, and the other “ethically troublesome” was rated with a significance of 6, and the third one “potential harm to reputation” was rated with a significance of 2. This person would have a score of $(1 \times 3) + (1 \times 6) + (1 \times 2) = 11$. A subject who did not identify any issue corresponding to moral awareness would however still get a score of 0 because the significance of the issues would not matter as the issues themselves were coded as a zero.

In addition to these different methods, a qualitative approach adapted from Butterfield, Trevino, & Ball (1996), c.f. Butterfield, et al, (2000) was also utilized. Here, essentially the three qualitative measures were content analyzed in order to break them down into categories. Since, I utilized the same two scenarios that Buttefield et al (2000) did; the categorization was expected to follow the same pattern as it did in their earlier work. It would be interesting to see though which category of moral awareness got highlighted the most, and which category got mentioned the least.

**Results of Study 1**

For study 1, the results are presented as follows – factor analysis results, and regression results, and the content analysis results. The correlation matrix did not reveal any abnormalities in the data as is shown in Table 2.
<table>
<thead>
<tr>
<th>Variable ID</th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4.85</td>
<td>5.23</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>0.98</td>
<td>1.03</td>
<td>0.94</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3.69</td>
<td>1.43</td>
<td>0.08</td>
<td>0.08</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>0.43</td>
<td>0.50</td>
<td>-0.14</td>
<td>-0.05</td>
<td>-0.03</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>0.27</td>
<td>0.45</td>
<td>0.04</td>
<td>0.00</td>
<td>0.05</td>
<td>-0.07</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>23.99</td>
<td>5.33</td>
<td>0.10</td>
<td>-0.03</td>
<td>-0.04</td>
<td>0.10</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>0.00</td>
<td>1.00</td>
<td>0.03</td>
<td>-0.01</td>
<td>-0.05</td>
<td>-0.02</td>
<td>0.01</td>
<td>-0.05</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>0.00</td>
<td>1.00</td>
<td>0.12</td>
<td>0.11</td>
<td>-0.02</td>
<td>-0.04</td>
<td>-0.03</td>
<td>-0.06</td>
<td>0.29</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>0.64</td>
<td>0.48</td>
<td>0.01</td>
<td>0.03</td>
<td>0.00</td>
<td>0.09</td>
<td>-0.19</td>
<td>-0.12</td>
<td>-0.01</td>
<td>-0.02</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.01</td>
<td>0.05</td>
<td>-0.04</td>
<td>-0.12</td>
<td>0.00</td>
<td>-0.02</td>
<td>0.06</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.04</td>
<td>-0.02</td>
<td>-0.06</td>
<td>0.09</td>
<td>-0.07</td>
<td>-0.02</td>
<td>0.00</td>
<td>0.03</td>
<td>0.03</td>
<td>0.00</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.03</td>
<td>-0.03</td>
<td>-0.01</td>
<td>0.01</td>
<td>-0.04</td>
<td>-0.01</td>
<td>-0.06</td>
<td>0.00</td>
<td>-0.02</td>
<td>0.02</td>
<td>0.10</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.03</td>
<td>-0.03</td>
<td>-0.08</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.03</td>
<td>0.04</td>
<td>0.00</td>
<td>0.05</td>
<td>0.09</td>
<td>0.16</td>
<td>0.00</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>0.03</td>
<td>0.80</td>
<td>0.01</td>
<td>0.01</td>
<td>-0.03</td>
<td>0.07</td>
<td>-0.02</td>
<td>-0.07</td>
<td>0.03</td>
<td>-0.01</td>
<td>0.03</td>
<td>0.80</td>
<td>0.07</td>
<td>0.09</td>
<td>0.08</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>0.01</td>
<td>0.78</td>
<td>-0.01</td>
<td>0.01</td>
<td>0.00</td>
<td>0.09</td>
<td>0.06</td>
<td>-0.01</td>
<td>0.02</td>
<td>-0.01</td>
<td>0.01</td>
<td>0.07</td>
<td>0.78</td>
<td>0.09</td>
<td>0.10</td>
<td>0.09</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>-0.01</td>
<td>0.79</td>
<td>0.03</td>
<td>0.03</td>
<td>-0.02</td>
<td>0.04</td>
<td>0.07</td>
<td>-0.02</td>
<td>-0.10</td>
<td>0.00</td>
<td>-0.01</td>
<td>0.10</td>
<td>0.09</td>
<td>0.79</td>
<td>0.04</td>
<td>0.12</td>
<td>0.11</td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>0.02</td>
<td>0.78</td>
<td>-0.09</td>
<td>-0.10</td>
<td>-0.04</td>
<td>-0.02</td>
<td>-0.06</td>
<td>-0.02</td>
<td>0.01</td>
<td>0.03</td>
<td>0.02</td>
<td>0.08</td>
<td>0.10</td>
<td>0.04</td>
<td>0.78</td>
<td>0.10</td>
<td>0.13</td>
<td>0.05</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable ID</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moral Awareness Weighted Qualitative</td>
</tr>
<tr>
<td>2</td>
<td>Moral Awareness Issues Qualitative</td>
</tr>
<tr>
<td>3</td>
<td>Moral Awareness Quantitative</td>
</tr>
<tr>
<td>4</td>
<td>Gender</td>
</tr>
<tr>
<td>5</td>
<td>Training</td>
</tr>
<tr>
<td>6</td>
<td>Age</td>
</tr>
<tr>
<td>7</td>
<td>General Manager Perceptions</td>
</tr>
<tr>
<td>8</td>
<td>General Entrepreneur Perceptions</td>
</tr>
<tr>
<td>9</td>
<td>Work Status</td>
</tr>
<tr>
<td>10</td>
<td>Positive Manager Perceptions</td>
</tr>
<tr>
<td>11</td>
<td>Negative Manager Perceptions</td>
</tr>
<tr>
<td>12</td>
<td>Positive Entrepreneur Perceptions</td>
</tr>
<tr>
<td>13</td>
<td>Negative Entrepreneur Perceptions</td>
</tr>
<tr>
<td>14</td>
<td>Work Status × Positive Manager Perceptions</td>
</tr>
<tr>
<td>15</td>
<td>Work Status × Negative Manager Perceptions</td>
</tr>
<tr>
<td>16</td>
<td>Work Status × Positive Entrepreneur Perceptions</td>
</tr>
<tr>
<td>17</td>
<td>Work Status × Negative Entrepreneur Perceptions</td>
</tr>
</tbody>
</table>
**Factor Analysis Results**

This was conducted on the two perception scales. A principle components analysis was conducted on the scales, and a varimax rotation was used. Latent factors left of the scree plot’s curve inflection were retained, and items with a loading of 0.6 and greater were considered important contributors to that factor (Kline, 2007).

Firstly, the entrepreneur scale factor analysis results are reported. As expected, the scale was composed of three factors (i.e. the way the scale was designed). The overall scale was composed of 16 questions which measured the three factors (Cronbach’s alpha of 0.820 for the overall scale). The three factors were the general perceptions scale (Cronbach’s alpha of 0.858 for the 7 item scale), the positive perceptions scale (Cronbach’s alpha of 0.820 for the 5 item scale), and the negative perceptions scale (Cronbach’s alpha of 0.916 for the 4 item scale). These results are displayed in Table 3.

The manager perception scale factor analysis is reported next. Here too, the scale was composed of three factors, and the overall scale was composed of 13 questions which measured the three factors (Cronbach’s alpha of 0.809 for the overall scale). The three factors were the positive perceptions scale (Cronbach’s alpha of 0.881 for the 5 item scale), the general perceptions scale (Cronbach’s alpha of 0.764 for the 4 item scale), and the negative perceptions scale (Cronbach’s alpha of 0.918 for the 4 item scale). These results are displayed in Table 4.
### TABLE 3 - Entrepreneur Perception Scale Items – Study 1

<table>
<thead>
<tr>
<th>Item</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>An entrepreneur is self reliant</td>
<td>.678</td>
<td>-.006</td>
<td>.130</td>
</tr>
<tr>
<td>An entrepreneur is independent</td>
<td>.722</td>
<td>.018</td>
<td>.041</td>
</tr>
<tr>
<td>An entrepreneur is warm</td>
<td>.161</td>
<td>.210</td>
<td>.749</td>
</tr>
<tr>
<td>An entrepreneur is sympathetic</td>
<td>.006</td>
<td>.157</td>
<td>.787</td>
</tr>
<tr>
<td>An entrepreneur has leadership abilities</td>
<td>.668</td>
<td>.171</td>
<td>.171</td>
</tr>
<tr>
<td>An entrepreneur is sensitive to other's needs</td>
<td>.111</td>
<td>.270</td>
<td>.686</td>
</tr>
<tr>
<td>An entrepreneur is willing to take risks</td>
<td>.763</td>
<td>.049</td>
<td>.093</td>
</tr>
<tr>
<td>An entrepreneur is understanding</td>
<td>.248</td>
<td>.340</td>
<td>.663</td>
</tr>
<tr>
<td>An entrepreneur acts like a leader</td>
<td>.708</td>
<td>.199</td>
<td>.209</td>
</tr>
<tr>
<td>An entrepreneur is compassionate</td>
<td>.046</td>
<td>.228</td>
<td>.681</td>
</tr>
<tr>
<td>An entrepreneur is competitive</td>
<td>.778</td>
<td>.038</td>
<td>-.040</td>
</tr>
<tr>
<td>An entrepreneur is ambitious</td>
<td>.756</td>
<td>.061</td>
<td>.035</td>
</tr>
<tr>
<td>An entrepreneur is forceful</td>
<td>.192</td>
<td>.693</td>
<td>.374</td>
</tr>
<tr>
<td>An entrepreneur is secretive</td>
<td>.102</td>
<td>.881</td>
<td>.279</td>
</tr>
<tr>
<td>An entrepreneur is conceited</td>
<td>.052</td>
<td>.860</td>
<td>.315</td>
</tr>
<tr>
<td>An entrepreneur cares more for monetary profit than other factors</td>
<td>.051</td>
<td>.895</td>
<td>.242</td>
</tr>
<tr>
<td>Component</td>
<td>Component 1</td>
<td>Component 2</td>
<td>Component 3</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>A manager is warm</td>
<td>.746</td>
<td>.256</td>
<td>.121</td>
</tr>
<tr>
<td>A manager is sympathetic</td>
<td>.790</td>
<td>.270</td>
<td>.066</td>
</tr>
<tr>
<td>A manager has leadership abilities</td>
<td>.322</td>
<td>.084</td>
<td>.693</td>
</tr>
<tr>
<td>A manager is sensitive to other's needs</td>
<td>.798</td>
<td>.199</td>
<td>.186</td>
</tr>
<tr>
<td>A manager is understanding</td>
<td>.700</td>
<td>.307</td>
<td>.320</td>
</tr>
<tr>
<td>A manager acts like a leader</td>
<td>.299</td>
<td>.157</td>
<td>.732</td>
</tr>
<tr>
<td>A manager is compassionate</td>
<td>.758</td>
<td>.246</td>
<td>.164</td>
</tr>
<tr>
<td>A manager is competitive</td>
<td>-.026</td>
<td>.078</td>
<td>.759</td>
</tr>
<tr>
<td>A manager is ambitious</td>
<td>.111</td>
<td>.189</td>
<td>.739</td>
</tr>
<tr>
<td>A manager is forceful</td>
<td>.379</td>
<td>.646</td>
<td>.260</td>
</tr>
<tr>
<td>A manager is secretive</td>
<td>.263</td>
<td>.891</td>
<td>.172</td>
</tr>
<tr>
<td>A manager is conceited</td>
<td>.259</td>
<td>.876</td>
<td>.104</td>
</tr>
<tr>
<td>A manager cares more for monetary profit than other factors</td>
<td>.290</td>
<td>.884</td>
<td>.135</td>
</tr>
</tbody>
</table>
Regression Results

As discussed earlier, three regression analyses were performed in total. Two involved qualitative measures of moral awareness, and the third utilized the quantitative measure of moral awareness. All the regression equations involved three hierarchical steps.

The first regression involved the control variables (age, ethics training, and gender) and the dependent variable (DV-Issues) The change in R-squared for this step was significant (change in R-square = 0.026, F = 2.195, p = 0.054). In the second step, the independent variable was added after being dummy coded along with the moderator variables. No significant main effect was found. Next, the interaction terms were added to the equation to test for significant interactions. Here, some support was obtained for the interactions. All four interactions were significant (p ranging from 0.005 to 0.076). In particular, the interactions between work status and negative entrepreneur perceptions (p = 0.005), and the interaction between work status and positive manager perceptions (p = 0.038) were highly significant. The overall step was also highly significant (change in R-square = 0.038, F = 4.154, p = 0.003). These results can be seen in Table 5. The results suggest that the hypothesis related to positive perceptions were supported for managers, however the hypotheses related to entrepreneurs perceptions were not supported. In fact the direction was reversed for those two hypotheses. The hypothesis dealing with negative perceptions of managers was not supported. The different interaction figures corresponding to the regression are now listed.
Figure 3

Positive Perceptions of Entrepreneurs

Moral Awareness Issues

Entrepreneurs

Figure 4

Positive Perceptions of Managers

Moral Awareness Issues

Managers
The second regression involved the control variables (age, ethics training, and gender) and the dependent variable (DV-Qual). The change in R-squared for this step was significant (change in R-square = 0.027, F = 2.327, p = 0.042). In the second step, the independent variable was added after being dummy coded along with the moderator variables. Again, no significant main effect was found. Next, the interaction terms were added to the equation to test for significant interactions. Here, some support was obtained for the interactions. Three interactions were significant (p ranging from 0.011 to 0.069), and one interaction was not (this was the interaction between work status and negative perceptions of managers: p = 0.22). In particular, the interaction between work status and negative entrepreneur perceptions (p == 0.011 was highly significant. The overall step was also highly significant (change in R-square = 0.031, F = 3.342, p = 0.01). These results can be seen in Table 6. The results suggest that the hypothesis related to positive perceptions were supported for managers, however the hypotheses related to entrepreneurs perceptions were not supported. In fact the direction was reversed for those two
hypotheses. The hypothesis dealing with negative perceptions of managers was not supported.
The different interaction figures corresponding to the regression are now listed.

Figure 6

**Positive Perceptions of Entrepreneurs**

<table>
<thead>
<tr>
<th>Moral Awareness Weighted Qualitative</th>
<th>Positive Perceptions of Entrepreneurs Low</th>
<th>Positive Perceptions of Entrepreneurs High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 7

**Positive Perceptions of Managers**

<table>
<thead>
<tr>
<th>Moral Awareness Weighted Qualitative</th>
<th>Positive Perceptions of Managers Low</th>
<th>Positive Perceptions of Managers High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The third regression involved the control variables (age, ethics training, and gender) and the dependent variable (DV-Quan) The change in R-squared for this step was not significant (change in R-square = 0.06, F = 0.534, p = 0.75). In the second step, the independent variable was added after being dummy coded along with the moderator variables. No significant main effect was found. Next, the interaction terms were added to the equation to test for significant interactions. Here, no support was obtained for any of the interactions, and the overall step was also not significant (change in R-square = 0.013, F = 1.319, p = 0.262). These results can be seen in Table 7.
### TABLE 5
Hierarchical Regression Results – Study 1

**A. Moral Awareness – Issues**

<table>
<thead>
<tr>
<th>Hierarchical Step</th>
<th>Variables</th>
<th>$\Delta R^2$</th>
<th>Beta</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Control Variables</td>
<td>0.026*</td>
<td></td>
<td>2.195*</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>- 0.095*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>- 0.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>- 0.008</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Entrepreneur Perceptions</td>
<td>0.131**</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Manager Perceptions</td>
<td>- 0.044</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Independent Variable</td>
<td>0.031</td>
<td>0.051</td>
<td>0.433</td>
</tr>
<tr>
<td></td>
<td>Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interaction Effects</td>
<td>0.069</td>
<td></td>
<td>4.154</td>
</tr>
<tr>
<td></td>
<td>Positive Entrepreneur Perceptions × Work Status</td>
<td>0.149</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive Manager Perceptions × Work Status</td>
<td>0.169*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Entrepreneur Perceptions × Work Status</td>
<td>- 0.226**</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Manager Perceptions × Work Status</td>
<td>0.140*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$N = 422$, * = p < 0.05, ** = p < 0.01
TABLE 6
Hierarchical Regression Results – Study 1
A. Moral Awareness – Weighted Qualitative

<table>
<thead>
<tr>
<th>Hierarchical Step</th>
<th>Variables</th>
<th>ΔR²</th>
<th>Beta</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Control Variables</td>
<td>0.027*</td>
<td>0.103*</td>
<td>2.327**</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>-0.003</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>-0.033</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Entrepreneur Perceptions</td>
<td>-0.003</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Manager Perceptions</td>
<td>0.129*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Independent Variable</td>
<td>0.008</td>
<td>0.051</td>
<td>0.409</td>
</tr>
<tr>
<td></td>
<td>Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interaction Effects</td>
<td>0.031**</td>
<td></td>
<td>3.342**</td>
</tr>
<tr>
<td></td>
<td>Positive Entrepreneur Perceptions × Work Status</td>
<td>0.151</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive Manager Perceptions × Work Status</td>
<td>0.149</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Entrepreneur Perceptions × Work Status</td>
<td>-0.204*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Manager Perceptions × Work Status</td>
<td>0.097</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 422, * = p < 0.05, ** = p < 0.01
<table>
<thead>
<tr>
<th>Hierarchical Step</th>
<th>Variables</th>
<th>$\Delta R^2$</th>
<th>Beta</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Control Variables</td>
<td>0.006</td>
<td></td>
<td>0.750</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>- 0.037</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>- 0.026</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>- 0.047</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Entrepreneur Perceptions</td>
<td>- 0.008</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Manager Perceptions</td>
<td>- 0.049</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Independent Variable</td>
<td>0.08</td>
<td>0.007</td>
<td>0.629</td>
</tr>
<tr>
<td></td>
<td>Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interaction Effects</td>
<td>0.013</td>
<td>-0.43</td>
<td>0.262</td>
</tr>
<tr>
<td></td>
<td>Positive Entrepreneur Perceptions × Work Status</td>
<td>-0.43</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive Manager Perceptions × Work Status</td>
<td>0.136</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Entrepreneur Perceptions × Work Status</td>
<td>0.015</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Manager Perceptions × Work Status</td>
<td>0.124</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 422, ** = p <0.05, *** = p < 0.01
Content Analysis Results

In line with the result obtained by Butterfield et al (2000), the data in this study yielded the same categories here. There were eight observed moral awareness categories for the hiring decision scenario, and six observed moral awareness categories for the mystery shopping scenario. The different category names, standards represented by the categories, frequencies, and examples are provided in tables 8 and 9.

About 177 participants failed to demonstrate any form of moral awareness (86 in the hiring decision survey, and 91 in the mystery shopping survey). The remainder of the respondents wrote comments that were within the range of 1 and 5, with a mean of 1.575 issues associated with moral awareness being identified by respondents for the hiring scenario, and 1.707 issues associated with moral awareness being identified by respondents for the mystery shopping scenario.

The most common form of moral awareness appeared to be general ethics followed by general legal concerns. Not so frequently occurring was the moral awareness corresponding to concerns regarding the self or own company’s integrity.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICABLE STANDARD OR NORM</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ethics – Unspecified/ambiguous statements regarding ethics (89)</td>
<td>General moral standards/norms</td>
<td>“Would this be ethical?” “Related to ethics”</td>
</tr>
<tr>
<td>General Legal concerns – Unspecified/ambiguous statements regarding legal issues (44)</td>
<td>Standards or norms regarding obeying the law</td>
<td>“Is this legal?” “Legal trouble”</td>
</tr>
<tr>
<td>Impropriety of hiring the candidate only for the purpose of obtaining trade secrets (28)</td>
<td>Standards of norms regarding propriety</td>
<td>“Is it ethical to hire him just to get at secrets?”</td>
</tr>
<tr>
<td>Concern regarding violating a non-disclosure agreement between the candidate and his/her former company (31)</td>
<td>Standards of norms regarding fair/legal business practices</td>
<td>“Is there a non-disclosure clause?”</td>
</tr>
<tr>
<td>Concern regarding harming the competition (market share, profits, existence, etc) (14)</td>
<td>Standards of norms regarding harming a competitor</td>
<td>“Will Techtronics be put out of business?”</td>
</tr>
<tr>
<td>Concerns regarding the candidate’s integrity (79)</td>
<td>Standards of norms regarding integrity/trust-worthiness</td>
<td>“Does he have integrity?”</td>
</tr>
<tr>
<td>Concern regarding the self or own company’s integrity (11)</td>
<td>Standards of norms regarding integrity</td>
<td>“My moral integrity”</td>
</tr>
<tr>
<td>Association of image/reputation with unethical practices (12)</td>
<td>Standards of norms regarding ethical business practices</td>
<td>“Will the company image suffer?”</td>
</tr>
</tbody>
</table>
TABLE 8
Qualitative Categories, Applicable Moral Standards or Norms, Frequencies, and Examples for Study 1, Mystery Shopping Scenario

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICABLE STANDARD OR NORM</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ethics – Unspecified/ambiguous</td>
<td>General moral standards/norms</td>
<td>“Is this ethical?”</td>
</tr>
<tr>
<td>statements regarding ethics (92)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Legal concerns - Unspecified/ambiguous</td>
<td>Standards or norms regarding obeying</td>
<td>“Are any legal problems going to happen?”</td>
</tr>
<tr>
<td>statements regarding legal issues (27)</td>
<td>the law</td>
<td></td>
</tr>
<tr>
<td>Propriety of mystery shopping</td>
<td>Standards or norms regarding propriety</td>
<td>“Mystery shopping is unethical”</td>
</tr>
<tr>
<td>(misrepresentation/fraud/deception/espionage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/full disclosure/dishonesty (28)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concern regarding harming the competition</td>
<td>Standards of norms regarding harming</td>
<td>“Is it ethical to put someone out of business?”</td>
</tr>
<tr>
<td>(market share, profits, existence, etc)</td>
<td>a competitor</td>
<td></td>
</tr>
<tr>
<td>Concern regarding the self or own</td>
<td>Standards of norms regarding integrity</td>
<td>“The honesty of the company”</td>
</tr>
<tr>
<td>company’s integrity (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association of image/reputation with</td>
<td>Standards of norms regarding ethical</td>
<td>“Value of our image getting affected”</td>
</tr>
<tr>
<td>unethical practices (10)</td>
<td>business practices</td>
<td></td>
</tr>
</tbody>
</table>
Discussion of Study 1 Results

The regression results supported three out of the five study hypotheses, and a partially significant finding was in the opposite direction for one measure (i.e. DV-Issues). The regression results obtained support for some of the hypotheses depending on the dependent variable. I will now proceed to discuss the results obtained. For all three measures of the dependent variable, there was no support at all for the main hypothesis, and therefore I failed to obtain any support for hypothesis 1. This however does not imply that entrepreneurs and managers are similar – the problem with the sample that I had for analysis is that it was not an equal sample. There were significantly more managers than there were entrepreneurs (63.74% were managers, and only 36.26% were entrepreneurs). It is very likely that this disparity in numbers had something to do with hypothesis 1 not getting supported. It would be too hasty to declare that entrepreneurs and managers are similar in terms of moral awareness – more research with a more equal sample would need to be conducted before one could arrive at a conclusion.

However, the other hypotheses did obtain some degree of support. In particular, hypothesis 2b was supported rather well. This indicates that if managers had positive perceptions of managers, their moral awareness levels were impacted positively. Hypothesis 2a and 3a were both not supported in the direction they were proposed, they suggested something puzzling instead – they suggest that entrepreneurs who had positive perceptions of entrepreneurs actually have lower levels of moral awareness, and vice versa, that entrepreneurs who had negative perceptions of entrepreneurs actually have higher levels of moral awareness. This could possibly be an artifact of the fact that entrepreneurs with higher levels of moral awareness are just better at recognizing and perceiving the qualities of their group. Or it could suggest that they have
much more stringent criteria than others while evaluating people’s characteristics. Hypothesis 3b was not supported at all.

The quantitatively obtained measure of moral awareness yielded absolutely no significant results at all. This gives credence to the contention that the measure itself was flawed. One possible reason for the quantitative measure to be contaminated is that it followed the qualitative measure, and as a result, may have primed the participant. This in turn possibly contaminated the scores, which in turn, potentially caused the hypotheses not to be supported. This would suggest that order effects need to be considered – if a person had a limitless sample size and a limitless supply of funding, order effects could easily be corrected, but in this particular case, I felt it prudent to have participants complete the qualitative measure first, because had they completed the quantitative measure first, I might have ended up getting all measures contaminated and therefore practically useless to analyze.

Following study 1, another study was conducted. This was conducted on a professional sample of entrepreneurs and managers, who were recruited by Qualtrics to participate in the study. The next section describes how study 1 was conducted, and the results that were obtained from study 2.

**Study 2 – Professional Sample**

In this study, I tested the different hypotheses again, albeit to a different sample of participants. This comprised the field study component of this dissertation. Participants again got assigned to one of two scenarios in a random manner (the same scenarios from study 1).
Participants: The respondents for this field survey were actual professional entrepreneurs and managers. An organization called Qualtrics was contacted by me to arrange for the professional sample. Qualtrics essentially is an organization that exists to help researchers avoid the leg work (although at the cost of an arm and leg) that is commonly associated with social science research. Qualtrics was contacted and put to the task of organizing and arranging for a sample of professional managers and entrepreneurs that the scenarios and other questions would be administered to. Qualtrics finally provided me with a sample of 119 participants (114 of whose surveys were usable; 5 could not be used as they were incomplete, and were therefore expunged from the analysis). Out of these 114 participants, 58 were managers, and 56 were entrepreneurs. The sample was composed of about 70.17% female and 29.83% male. The mean age was about 48.51, and about 35% of them had received some sort of ethics training.

Survey Procedure: The survey was administered via qualtrics, and was administered as an online survey. The survey had the IRB approval form on there, followed by the entrepreneur and manager perceptions scales (attached in appendix C and D respectively). This was then followed by a demographic section, after which participants randomly got assigned to one of two scenarios (both scenarios were the same as in study 1, and are attached in appendix A and B respectively). After participants got a chance to read the scenarios, they had to respond to questions that essentially mapped their levels of moral awareness. These questions were qualitative questions as well as quantitative questions, although the qualitative questions preceded the quantitative questions.

Independent Variable
Work Status: The independent variable that I examine here in this dissertation was again work status (i.e. is a person classified as an entrepreneur or as a manager). This independent variable is the same as it was in study 1, and so chosen, because the goal of this dissertation is essentially to test differences in moral awareness between entrepreneurs and their comparison group managers. Participants were assigned to one of the two possible work statuses based on their behavior. They were considered as entrepreneurs if they had demonstrated entrepreneurial behavior and attitudes, in this case, if they had actually opened their own new venture or business. Managers were considered managers if they had some managerial experience in an organization, and were entrusted with managing subordinates and lower-level employees. This was coded just like in study 1.

Dependent Variable

Moral Awareness: The dependent variable that is examined here in study 2 is again moral awareness. I followed study 1’s method of measuring moral awareness. One way was to utilize the qualitative approach, and the other was to employ a quantitative approach, which was essentially a series of scale items, which were intended to tap the multiple forms of moral awareness.

Moderating Variables

Perceptions of Entrepreneurs: The same scale that was utilized for study 1 was utilized for study 2 as well. It included the same three factors that were found in study 1, and two of these factors were treated as moderators (positive and negative perceptions of entrepreneurs).
**Perceptions of Managers:** The same scale that was utilized for study 1 was utilized for study 2 as well. It included the same three factors that were found in study 1, and two of these factors were treated as moderators (positive and negative perceptions of entrepreneurs).

**Data Analysis Techniques**

**Quantitative Data Analysis:** The scale items were analyzed using exploratory factor analyses, Cronbach’s alpha, hierarchical regression analyses, and t-tests. The factor analysis was conducted on both the perception scales, in order to obtain factor scores from the appropriate factors, to be used as moderators (i.e. positive and negative perceptions of managers and entrepreneurs). Hierarchical regression was conducted three times – twice for the qualitative measure of moral awareness, and once for the quantitative measure of moral awareness. The quantitative measure of moral awareness was measured the same way it was in study 1. This measure was identified as DV-Quan in the regression analysis.

**Qualitative Data Analysis:** Moral awareness was measured qualitatively using the qualitative questions that were presented to respondents. This was again identical to the way it was measured in study 1. Respondents had to identify issues and then rate the importance of those issues (if any were identified) that seemed pertinent to the decision involved in the given scenario. Participants identified an average of about 4 issues for the first scenario, and about 3.66 issues for the second scenario. In the final analysis, the data from these two surveys were pooled into one single database to facilitate data analysis and presentation (Butterfield et al, 2000).

Using these potential issues as a guide, I then rated all of the issues mentioned by the participants as either representing moral awareness (coded as a 1), or not representing moral
awareness (coded as a 0). Every issue that pertained to any of the issues that were present in the scenarios was coded with a 1. For instance, some participants simply listed “Ethics” or “Legal trouble” as issues. These issues were coded with a 1 because they clearly represented moral awareness. Participants identified an average of 1.14 ethical issues for both scenarios put together.

However, in order to ensure that rater bias was corrected, inter-rater agreement was conducted to check for reliability of the coding process. Two research assistants were asked by me to read the scenarios, given the definition of moral awareness, and shown the list of issues corresponding to moral awareness, and then asked to rate the respondent identified issues with either a 0 (no moral awareness) or a 1 (moral awareness).

Inter-rater agreement was computed using the P-Statistic (Light, 1971, c.f. Butterfield et al, 2000). This involved dividing the total number of issues for which all three raters agreed by the total number of issues. Inter-rater agreement was 0.969 for the hiring decision scenario, and 0.931 for the mystery shopping scenario. This fairly high inter-rater agreement suggests that the raters agreed on what constituted moral awareness (for e.g., “it might cause legal problems”, “the integrity of Joe Armstrong”, and “ethically troublesome”) and what did not constitute moral awareness (for e.g., “will this help our profit margin?”,”will the candidate require more money?” and “is the candidate a minority?”). The total number of issues identified by each respondent were then added together to come up with a composite score (for e.g. 0 + 0 + 1 + 1 + 0 +0 would yield a total of 2.) All the composite scores were considered as a score of moral awareness. This measure was identified as DV-Issues in the regression analysis.
The other method of calculating the dependent variable was to take the relative significance of each issue into account. Here again, the issues listed by the participants were multiplied by their respective significance scores assigned by the participants. These results were added together, to produce a single number, which represented the respondent’s level of moral awareness. This weighted measure of moral awareness was considered as the second qualitative measure of moral awareness in study 2. This was calculated the same way as it was in study 1.

In addition to these different methods, just like in study 1, a qualitative approach adapted from Butterfield, Trevino, & Ball (1996), c.f. Butterfield, et al, (2000) was also utilized. Here, essentially the three qualitative measures were content analyzed in order to break them down into categories. Here again the categorization was expected to follow the same pattern as it did in study 1. It would be interesting though to see though which category of moral awareness got highlighted the most, and which category got mentioned the least.

Results of Study 2

For study 2, the results are presented as follows – factor analysis results, regression results, and content analysis results. The correlation matrix again revealed no abnormalities and is as shown in Table 9.
<table>
<thead>
<tr>
<th>Variable ID</th>
<th>Variables</th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moral Awareness Weighted Qualitative</td>
<td>4.85</td>
<td>5.23</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Moral Awareness Issues Qualitative</td>
<td>0.98</td>
<td>1.03</td>
<td>0.94</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Moral Awareness Quantitative</td>
<td>3.69</td>
<td>1.43</td>
<td>0.08</td>
<td>0.08</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Gender</td>
<td>0.43</td>
<td>0.50</td>
<td>-0.14</td>
<td>-0.05</td>
<td>-0.03</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Training</td>
<td>0.67</td>
<td>0.47</td>
<td>-0.17</td>
<td>-0.21</td>
<td>0.03</td>
<td>0.12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Age</td>
<td>48.7</td>
<td>11</td>
<td>0.23</td>
<td>0.19</td>
<td>0.17</td>
<td>-0.2</td>
<td>0.12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>General Manager Perceptions</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.01</td>
<td>-0.01</td>
<td>-0.02</td>
<td>0.01</td>
<td>-0.05</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>General Entrepreneur Perceptions</td>
<td>1.00</td>
<td>0.22</td>
<td>0.19</td>
<td>0.21</td>
<td>-0.12</td>
<td>0.02</td>
<td>0.16</td>
<td>0.05</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Work Status</td>
<td>0.54</td>
<td>0.5</td>
<td>0.05</td>
<td>0.03</td>
<td>0.00</td>
<td>0.09</td>
<td>-0.19</td>
<td>-0.12</td>
<td>-0.01</td>
<td>-0.02</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Positive Manager Perceptions</td>
<td>-0.01</td>
<td>1.01</td>
<td>0.2</td>
<td>0.17</td>
<td>0.19</td>
<td>-0.05</td>
<td>0.13</td>
<td>0.23</td>
<td>0.04</td>
<td>0.39</td>
<td>-0.13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Negative Manager Perceptions</td>
<td>0</td>
<td>0.03</td>
<td>0.03</td>
<td>-0.01</td>
<td>-0.18</td>
<td>-0.02</td>
<td>0.05</td>
<td>-0.02</td>
<td>0.11</td>
<td>-0.04</td>
<td>-0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Positive Entrepreneur Perceptions</td>
<td>-0.03</td>
<td>1</td>
<td>-0.05</td>
<td>-0.03</td>
<td>0.06</td>
<td>0.05</td>
<td>-0.07</td>
<td>0.05</td>
<td>0.16</td>
<td>0.02</td>
<td>-0.34</td>
<td>0.05</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Negative Entrepreneur Perceptions</td>
<td>0.02</td>
<td>0.99</td>
<td>-0.02</td>
<td>-0</td>
<td>0.01</td>
<td>-0.09</td>
<td>0.01</td>
<td>-0.07</td>
<td>0.12</td>
<td>0.02</td>
<td>0.4</td>
<td>-0</td>
<td>-0.34</td>
<td>-0.01</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>Work Status × Positive Manager Perceptions</td>
<td>0.06</td>
<td>0.72</td>
<td>0.15</td>
<td>0.1</td>
<td>0.14</td>
<td>-0.1</td>
<td>0.07</td>
<td>-0.01</td>
<td>-0.12</td>
<td>0.27</td>
<td>0.08</td>
<td>0.72</td>
<td>0.12</td>
<td>0.1</td>
<td>0.15</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15</td>
<td>Work Status × Negative Manager Perceptions</td>
<td>-0.02</td>
<td>0.66</td>
<td>0.14</td>
<td>0.12</td>
<td>0.04</td>
<td>-0.09</td>
<td>-0.09</td>
<td>0.16</td>
<td>-0.04</td>
<td>0.1</td>
<td>-0.03</td>
<td>0.13</td>
<td>0.66</td>
<td>-0.07</td>
<td>-0.3</td>
<td>0.18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>Work Status × Positive Entrepreneur Perceptions</td>
<td>-0.18</td>
<td>0.71</td>
<td>0</td>
<td>0.01</td>
<td>-0.01</td>
<td>-0.05</td>
<td>-0.03</td>
<td>-0.02</td>
<td>0.04</td>
<td>-0.1</td>
<td>-0.24</td>
<td>0.1</td>
<td>-0.07</td>
<td>0.75</td>
<td>0.01</td>
<td>0.16</td>
<td>-0.11</td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>Work Status × Negative Entrepreneur Perceptions</td>
<td>0.21</td>
<td>0.67</td>
<td>-0.04</td>
<td>-0.02</td>
<td>0.08</td>
<td>-0.03</td>
<td>0.12</td>
<td>0.19</td>
<td>0.07</td>
<td>-0.03</td>
<td>0.29</td>
<td>0.16</td>
<td>-0.29</td>
<td>0.02</td>
<td>0.74</td>
<td>0.2</td>
<td>-0.43</td>
<td>0.09</td>
</tr>
</tbody>
</table>
**Factor Analysis Results**

This was conducted on the two perception scales. A principle components analysis was conducted on the scales, and a varimax rotation was used. Latent factors left of the scree plot’s curve inflection were retained, and items with a loading of 0.6 and greater were considered important contributors to that factor (Kline, 2007).

Firstly, the entrepreneur scale factor analysis results are reported. As expected, the scale was composed of three factors (i.e. the way the scale was designed). The overall scale was composed of 28 questions which measured the three factors (Cronbach’s alpha of 0.936 for the overall scale). The three factors were the general perceptions scale (Cronbach’s alpha of 0.954 for the 15 item scale), the positive perceptions scale (Cronbach’s alpha of 0.949 for the 10 item scale), and the negative perceptions scale (Cronbach’s alpha of 0.936 for the 3 item scale). This can be seen in Table 10.

The manager perception scale factor analysis are reported now. Here too, the scale was composed of three factors, and the overall scale was composed of 28 questions which measured the three factors (Cronbach’s alpha of 0.954 for the overall scale). The three factors were the positive perceptions scale (Cronbach’s alpha of 0.961 for the 10 item scale), the general perceptions scale (Cronbach’s alpha of 0.957 for the 15 item scale), and the negative perceptions scale (Cronbach’s alpha of 0.980 for the 3 item scale). This can be seen in Table 11.
<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>An entrepreneur is self reliant</td>
<td>.697</td>
<td>.347</td>
<td>-.042</td>
</tr>
<tr>
<td>An entrepreneur is helpful</td>
<td>.369</td>
<td>.733</td>
<td>-.119</td>
</tr>
<tr>
<td>An entrepreneur is independent</td>
<td>.743</td>
<td>.334</td>
<td>.031</td>
</tr>
<tr>
<td>An entrepreneur is assertive</td>
<td>.791</td>
<td>.153</td>
<td>.094</td>
</tr>
<tr>
<td>An entrepreneur has a strong personality</td>
<td>.775</td>
<td>.200</td>
<td>.168</td>
</tr>
<tr>
<td>An entrepreneur is forceful</td>
<td>.679</td>
<td>.218</td>
<td>.176</td>
</tr>
<tr>
<td>An entrepreneur is warm</td>
<td>.156</td>
<td>.848</td>
<td>-.084</td>
</tr>
<tr>
<td>An entrepreneur is sympathetic</td>
<td>.068</td>
<td>.850</td>
<td>-.155</td>
</tr>
<tr>
<td>An entrepreneur is sensitive to other's needs</td>
<td>.161</td>
<td>.817</td>
<td>-.260</td>
</tr>
<tr>
<td>An entrepreneur is truthful</td>
<td>.290</td>
<td>.802</td>
<td>-.190</td>
</tr>
<tr>
<td>An entrepreneur is willing to take risks</td>
<td>.818</td>
<td>.206</td>
<td>.049</td>
</tr>
<tr>
<td>An entrepreneur is understanding</td>
<td>.272</td>
<td>.839</td>
<td>-.076</td>
</tr>
<tr>
<td>An entrepreneur is secretive</td>
<td>.094</td>
<td>.029</td>
<td>.708</td>
</tr>
<tr>
<td>An entrepreneur is compassionate</td>
<td>.101</td>
<td>.887</td>
<td>-.104</td>
</tr>
<tr>
<td>An entrepreneur is individualistic</td>
<td>.778</td>
<td>.223</td>
<td>-.010</td>
</tr>
<tr>
<td>An entrepreneur is sincere</td>
<td>.231</td>
<td>.796</td>
<td>-.120</td>
</tr>
<tr>
<td>An entrepreneur is self sufficient</td>
<td>.741</td>
<td>.195</td>
<td>-.100</td>
</tr>
<tr>
<td>An entrepreneur is unsympathetic</td>
<td>.061</td>
<td>-.159</td>
<td>.745</td>
</tr>
<tr>
<td>An entrepreneur is competitive</td>
<td>.787</td>
<td>.016</td>
<td>.193</td>
</tr>
<tr>
<td>An entrepreneur is conceited</td>
<td>.054</td>
<td>-.087</td>
<td>.826</td>
</tr>
<tr>
<td>An entrepreneur is tactful</td>
<td>.202</td>
<td>.724</td>
<td>-.055</td>
</tr>
<tr>
<td>An entrepreneur is ambitious</td>
<td>.825</td>
<td>.077</td>
<td>.160</td>
</tr>
<tr>
<td>An entrepreneur values success a lot</td>
<td>.771</td>
<td>.075</td>
<td>.229</td>
</tr>
<tr>
<td>An entrepreneur does not care much for ethical considerations</td>
<td>-.020</td>
<td>-.198</td>
<td>.899</td>
</tr>
<tr>
<td>An entrepreneur cares more for his/her success than his/her family’s wellbeing</td>
<td>.071</td>
<td>-.196</td>
<td>.895</td>
</tr>
<tr>
<td>An entrepreneur cares more for his/her success than someone else’s wellbeing</td>
<td>.184</td>
<td>-.194</td>
<td>.799</td>
</tr>
<tr>
<td>An entrepreneur cares more about monetary profit than other factors</td>
<td>.287</td>
<td>-.135</td>
<td>.707</td>
</tr>
<tr>
<td>Component</td>
<td>Component 1</td>
<td>Component 2</td>
<td>Component 3</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>A manager is helpful</td>
<td>.827</td>
<td>.021</td>
<td>.045</td>
</tr>
<tr>
<td>A manager has strong beliefs</td>
<td>.767</td>
<td>.037</td>
<td>.119</td>
</tr>
<tr>
<td>A manager is conscientious</td>
<td>.771</td>
<td>-.137</td>
<td>.237</td>
</tr>
<tr>
<td>A manager is forceful</td>
<td>.359</td>
<td>.251</td>
<td>.677</td>
</tr>
<tr>
<td>A manager is reliable</td>
<td>.863</td>
<td>-.134</td>
<td>.103</td>
</tr>
<tr>
<td>A manager is warm</td>
<td>.833</td>
<td>.028</td>
<td>-.084</td>
</tr>
<tr>
<td>A manager is analytical</td>
<td>.783</td>
<td>.032</td>
<td>.173</td>
</tr>
<tr>
<td>A manager is sympathetic</td>
<td>.855</td>
<td>-.048</td>
<td>-.010</td>
</tr>
<tr>
<td>A manager is willing to take a stand</td>
<td>.810</td>
<td>-.138</td>
<td>.194</td>
</tr>
<tr>
<td>A manager has leadership abilities</td>
<td>.809</td>
<td>-.217</td>
<td>.208</td>
</tr>
<tr>
<td>A manager is sensitive to other's needs</td>
<td>.832</td>
<td>-.270</td>
<td>.101</td>
</tr>
<tr>
<td>A manager is truthful</td>
<td>.819</td>
<td>-.201</td>
<td>.132</td>
</tr>
<tr>
<td>A manager is understanding</td>
<td>.862</td>
<td>-.115</td>
<td>.100</td>
</tr>
<tr>
<td>A manager acts like a leader</td>
<td>.764</td>
<td>-.044</td>
<td>.176</td>
</tr>
<tr>
<td>A manager is secretive</td>
<td>-.098</td>
<td>.688</td>
<td>.391</td>
</tr>
<tr>
<td>A manager makes decisions easily</td>
<td>.785</td>
<td>.089</td>
<td>.111</td>
</tr>
<tr>
<td>A manager is adaptable</td>
<td>.870</td>
<td>-.171</td>
<td>.088</td>
</tr>
<tr>
<td>A manager is compassionate</td>
<td>.883</td>
<td>-.155</td>
<td>.039</td>
</tr>
<tr>
<td>A manager is sincere</td>
<td>.870</td>
<td>-.141</td>
<td>.103</td>
</tr>
<tr>
<td>A manager is unsympathetic</td>
<td>-.185</td>
<td>.774</td>
<td>.307</td>
</tr>
<tr>
<td>A manager is competitive</td>
<td>.353</td>
<td>.212</td>
<td>.659</td>
</tr>
<tr>
<td>A manager is conceited</td>
<td>-.123</td>
<td>.775</td>
<td>.344</td>
</tr>
<tr>
<td>A manager is tactful</td>
<td>.851</td>
<td>-.100</td>
<td>.103</td>
</tr>
<tr>
<td>A manager is likeable</td>
<td>.833</td>
<td>.022</td>
<td>.018</td>
</tr>
<tr>
<td>A manager is passionate</td>
<td>.791</td>
<td>-.034</td>
<td>.183</td>
</tr>
<tr>
<td>A manager does not care much for ethical considerations</td>
<td>-.018</td>
<td>.873</td>
<td>-.069</td>
</tr>
<tr>
<td>A manager cares more for his/her success than his/her family’s wellbeing</td>
<td>-.116</td>
<td>.900</td>
<td>.007</td>
</tr>
<tr>
<td>A manager cares more for his/her success than someone else’s wellbeing</td>
<td>-.038</td>
<td>.874</td>
<td>-.168</td>
</tr>
</tbody>
</table>
Regression Results

As discussed earlier, three regression analyses were performed in total. Two involved qualitative measures of moral awareness, and the third utilized the quantitative measure of moral awareness. All the regression equations involved three hierarchical steps.

The first regression involved the control variables (age, ethics training, and gender) and the dependent variable (DV-Issues) The change in R-squared for this step was significant (change in R-square = 0.06, F = 0.534, p = 0.75). In the second step, the independent variable was added after being dummy coded along with the moderator variables. No significant main effect was found. Next, the interaction terms were added to the equation to test for significant interactions. Here, no support was obtained for any of the interactions, and the overall step was also not significant (change in R-square = 0.013, F = 1.319, p = 0.262). This is as seen in Table 12.

The second regression involved the control variables (age, ethics training, and gender) and the dependent variable (DV-Qual) The change in R-squared for this step was significant (change in R-square = 0.118, F = 2.894, p = 0.017). In the second step, the independent variable was added after being dummy coded along with the moderator variables. No significant main effect was found. Next, the interaction terms were added to the equation to test for significant interactions. Here, no support was obtained for any of the interactions, and the overall step was also not significant (change in R-square = 0.022, F = 0.65, p = 0.628). This is as seen in Table 13.

The third regression involved the control variables (age, ethics training, and gender) and the dependent variable (DV-Quan) The change in R-squared for this step was not significant
In the second step, the independent variable was added after being dummy coded along with the moderator variables. No significant main effect was found. Next, the interaction terms were added to the equation to test for significant interactions. Here, no support was obtained for any of the interactions, and the overall step was also not significant (change in R-square = 0.018, $F = 0.491$, $p = 0.742$). This is as seen in Table 14.
### TABLE 12
Hierarchical Regression Results – Study 2

**A. Moral Awareness – Issues**

<table>
<thead>
<tr>
<th>Hierarchical Step</th>
<th>Variables</th>
<th>$\Delta R^2$</th>
<th>Beta</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Control Variables</td>
<td>0.127*</td>
<td></td>
<td>2.195*</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>0.216*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>-0.032</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>-0.191*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Entrepreneur Perceptions</td>
<td>0.186*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Manager Perceptions</td>
<td>-0.014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Independent Variable</td>
<td>0.017</td>
<td></td>
<td>0.433</td>
</tr>
<tr>
<td></td>
<td>Work Status</td>
<td>0.046</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interaction Effects</td>
<td>0.03</td>
<td></td>
<td>4.154</td>
</tr>
<tr>
<td></td>
<td>Positive Entrepreneur Perceptions × Work Status</td>
<td>0.183</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive Manager Perceptions × Work Status</td>
<td>0.008</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Entrepreneur Perceptions × Work Status</td>
<td>-0.080</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Manager Perceptions × Work Status</td>
<td>0.155</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 114, * = p < 0.05, ** = p < 0.01
TABLE 13
Hierarchical Regression Results – Study 2

B. Moral Awareness – Weighted Qualitative

<table>
<thead>
<tr>
<th>Hierarchical Step</th>
<th>Variables</th>
<th>$\Delta R^2$</th>
<th>Beta</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Control Variables</td>
<td>0.127*</td>
<td></td>
<td>3.142*</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>0.216*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>- 0.032</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>- 0.191*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Entrepreneur Perceptions</td>
<td>0.186*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Manager Perceptions</td>
<td>- 0.014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Independent Variable</td>
<td>0.017</td>
<td>0.046</td>
<td>0.403</td>
</tr>
<tr>
<td></td>
<td>Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interaction Effects</td>
<td>0.030</td>
<td>0.183</td>
<td>0.895</td>
</tr>
<tr>
<td></td>
<td>Positive Entrepreneur Perceptions × Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive Manager Perceptions × Work Status</td>
<td></td>
<td>0.008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Entrepreneur Perceptions × Work Status</td>
<td></td>
<td>- 0.080</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Manager Perceptions × Work Status</td>
<td></td>
<td>0.155</td>
<td></td>
</tr>
</tbody>
</table>

N = 114, * = p < 0.05, ** = p < 0.01
### TABLE 14
Hierarchical Regression Results – Study 2

#### C. Moral Awareness – Quantitative

<table>
<thead>
<tr>
<th>Hierarchical Step</th>
<th>Variables</th>
<th>$\Delta R^2$</th>
<th>Beta</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Control Variables</td>
<td>0.118</td>
<td>0.181</td>
<td>2.894</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>-0.034</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>-0.229*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Entrepreneur Perceptions</td>
<td>0.164</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Manager Perceptions</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Independent Variable</td>
<td>0.013</td>
<td>0.007</td>
<td>0.318</td>
</tr>
<tr>
<td></td>
<td>Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interaction Effects</td>
<td>0.022</td>
<td>0.164</td>
<td>0.650</td>
</tr>
<tr>
<td></td>
<td>Positive Entrepreneur Perceptions × Work Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive Manager Perceptions × Work Status</td>
<td>-0.083</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Entrepreneur Perceptions × Work Status</td>
<td>-0.058</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negative Manager Perceptions × Work Status</td>
<td>0.131</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$N = 114, * = p < 0.05, ** = p < 0.01$
Content Analysis Results

In line with the result obtained by Butterfield et al (2000), the data in this study yielded the same categories here. There were eight observed moral awareness categories for the hiring decision scenario, and six observed moral awareness categories for the mystery shopping scenario. The different category names, standards represented by the categories, frequencies, and examples are provided in tables 15 and 16.

About 44 participants failed to demonstrate any form of moral awareness (18 in the hiring decision survey, and 26 in the mystery shopping survey). The remainder of the respondents wrote comments that were within the range of 1 and 5, with a mean of 1.48 issues associated with moral awareness being identified by respondents for the hiring scenario, and 2.08 issues associated with moral awareness being identified by respondents for the mystery shopping scenario. Results similar to study 1 were obtained in the content analysis. These results are as shown in Tables 15 and 16.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICABLE STANDARD OR NORM</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ethics – Unspecified/ambiguous statements regarding ethics (55)</td>
<td>General moral standards/norms</td>
<td>“It’s unethical”</td>
</tr>
<tr>
<td>General Legal concerns - Unspecified/ambiguous statements regarding legal issues (41)</td>
<td>Standards or norms regarding obeying the law</td>
<td>“Is this legal?”</td>
</tr>
<tr>
<td>Impropriety of hiring the candidate only for the purpose of obtaining trade secrets (9)</td>
<td>Standards of norms regarding propriety</td>
<td>“Should the person with inside knowledge be hired to attain that knowledge?”</td>
</tr>
<tr>
<td>Concern regarding violating a non disclosure agreement between the candidate and his/her former company (14)</td>
<td>Standards of norms regarding fair/legal business practices</td>
<td>“Did Armstrong sign a non-compete agreement with prior employer?”</td>
</tr>
<tr>
<td>Concern regarding harming the competition (market share, profits, existence, etc) (12)</td>
<td>Standards of norms regarding harming a competitor</td>
<td>“Unethical to try and harm competitor”</td>
</tr>
<tr>
<td>Concerns regarding the candidate’s integrity (18)</td>
<td>Standards of norms regarding integrity/trust-worthiness</td>
<td>“Are Techtronics candidate’s ethics in keeping with company ethical standards?”</td>
</tr>
<tr>
<td>Concern regarding the self or own company’s integrity (4)</td>
<td>Standards of norms regarding integrity</td>
<td>“Should Pat be making this decision?”</td>
</tr>
<tr>
<td>Association of image/reputation with unethical practices (11)</td>
<td>Standards of norms regarding ethical business practices</td>
<td>“Image will GET damaged if word gets around”</td>
</tr>
</tbody>
</table>
**TABLE 16**
Qualitative Categories, Applicable Moral Standards or Norms, Frequencies, and Examples for Study 2, Mystery Shopping Scenario

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICABLE STANDARD OR NORM</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ethics – Unspecified/ambiguous statements regarding ethics (42)</td>
<td>General moral standards/norms</td>
<td>“Ethical issues”</td>
</tr>
<tr>
<td>General Legal concerns - Unspecified/ambiguous statements regarding legal issues (15)</td>
<td>Standards or norms regarding obeying the law</td>
<td>“Could open a government investigation”</td>
</tr>
<tr>
<td>Propriety of mystery shopping (misrepresentation/fraud/deception /espionage/full disclosure/dishonesty (12))</td>
<td>Standards or norms regarding propriety</td>
<td>“Paying money for someone else to be deceitful”</td>
</tr>
<tr>
<td>Concern regarding harming the competition (market share, profits, existence, etc) (16)</td>
<td>Standards of norms regarding harming a competitor</td>
<td>“Unethical to try to put competitor put of business”</td>
</tr>
<tr>
<td>Concern regarding the self or own company’s integrity (6)</td>
<td>Standards of norms regarding integrity</td>
<td>“Is the company behaving ethically?”</td>
</tr>
<tr>
<td>Association of image/reputation with unethical practices (13)</td>
<td>Standards of norms regarding ethical business practices</td>
<td>“Risking the company's good name”</td>
</tr>
</tbody>
</table>
Discussion of Study 2 Results

The regression results did not lend any support to any of the hypotheses. This rather disappointing scenario probably resulted from a variety of factors. For one, the sample size was really too small – a sample size of 114 is certainly too small to yield any significant results (it does seem plausible to suggest here that had the sample size been larger, perhaps the situation would have been different. A t-test revealed a mean difference of 1.06 between entrepreneurs and managers, and if the sample were much larger, it could potentially have led to a main effect, and perhaps some interaction effects getting supported. However, since monetary concerns were prominent here, the sample size ended up being rather limited. It is quite possible that with a bigger and larger sample size, support for the overall hypotheses may be obtained.

Another issue with the professional sample here is that the mean age of the participants here was very high. It leads one to then speculate that perhaps Qualtrics obtained a sample of entrepreneurs and managers that were retirees or semi-retired. This might have truncated the overall main effects as age tends to be positively correlated with ethics (Barnett & Karson, 1989 c.f. Van Sandt et al, 2006).

Yet another issue with the professional sample here is that the sample was inordinately female. This again leads one to then speculate that perhaps the skewness of the sample caused the overall model to not work well. This again might have truncated the overall main effects as gender tends to be associated with ethics, in particular, women are found to be more ethical than men. This might have confounded the overall results.

Yet again, the quantitatively obtained measure of moral awareness yielded unusually bad results. This gives additional credence to the contention that the quantitative measure itself
was flawed. Therefore, one potential caveat that can be learned following these studies is to concentrate on qualitative measures for moral awareness rather than quantitative measures, as quantitative measures may end up inadvertently priming participants and thereby eliciting moral awareness where none exists.

Therefore, for the reasons mentioned above, it might make sense to ignore the disappointing results of study 2, due to the inherent problems that the Qualtrics sample ended up having, and instead focus on the results that were obtained from study 1. The next section will discuss the conclusions and offer suggestions for future research.
CHAPTER 5.
CONCLUSIONS AND SUMMARY

This dissertation accomplished some goals and offers a suitable contribution to the field of entrepreneurial ethics, and in particular, to the literature on moral awareness. This dissertation reviewed previous literature in entrepreneurial ethics and moral awareness, and offers advancement on the previous existent knowledge base. New moderators are proposed in this dissertation, and borne out as justified moderators. This research also incorporates a new effort to develop reliable and stable scales to measure perceptions of managers and entrepreneurs. This chapter summarizes the findings of this research, and offers strengths and limitations of this research, and provides implications and suggests future research topics.

Positive perceptions of managers does influence the relationship between managers and moral awareness in a positive way. This finding suggests that if managers hold positive perceptions of managers, then perhaps, they are likely to be more morally aware. One possible interesting explanation of this finding is that if managers have positive benign perceptions of their particular group, then it augers well for moral awareness. Something similar to this would be the Pygmalion effect (Kunda, 1999) wherein if a person has a good opinion of someone else, then the person ends up performing well.

Positive perceptions of entrepreneurs also influence the relationship between work status and moral awareness albeit in a negative way. This finding suggests that if entrepreneurs hold positive perceptions of entrepreneurs, then perhaps, they are likely to be less morally aware. This could be explained by suggesting that entrepreneurs who have more positive perceptions of entrepreneurs are potentially naïve individuals.
Similarly negative perceptions of entrepreneurs influence the relationship between work status and moral awareness in a positive way. This finding suggests that if entrepreneurs hold negative perceptions of entrepreneurs, then perhaps, they are likely to be more morally aware. One possible interesting explanation of this finding is that those entrepreneurs who have negative perceptions of entrepreneurs actually are more morally aware than other entrepreneurs. Perhaps their higher moral awareness causes them to harbor more negative perceptions of their group.

Negative perceptions of managers do not seem to impact work status and moral awareness at all. However, one possible way to explain this would be that the Dilbert Effect (Feldman, 2000) has succeeded in permeating people with a negative image of managers, but that the negativity is confined to the realms of ineptitude and incompetence. If that were to be the case, it would explain why negative perceptions of managers do not seem to influence moral awareness.

Entrepreneurs and managers were not found to have significant differences in moral awareness in this research. As speculated earlier, for the student sample, it is possible that the unevenness of the sample contributed towards not getting support. If additional research on a more even and equal sample were conducted, one might succeed in obtaining support for this contention.

**Limitations and Strengths**

Some limitations of this research and then some strengths of this research are now mentioned.

**Limitations:** Some limitations of the methodology include the reliance on a student sample in study 1, and the resulting limited generalizability of the results. This limitation was
tried and corrected in study 2, but then study 2 was hampered by an overly skewed and small sample. Another limitation rises from the usage of scenarios – scenarios are subject to criticisms, however Greenberg & Eskew (1993) assert that they are appropriate tools when the intent of the study is to study basic cognitive processes (c.f. Butterfield et al, 2000).

Another limitation that could have occurred is due to the anonymity of the study – this could have sacrificed some information about non-response bias. Social responsibility bias could also have occurred here, but then it was not included in the study, because then the study would have been deemed too long, and that might have hampered the response rate (as the study was conducted online).

Yet another limitation of this research is that the quantitative measure used here was corrupted by the qualitative measure that immediately preceded it. This was a difficult choice to make, as whichever measure was provided first (qualitative or quantitative) would end up corrupting the following measure. However, qualitative measures were deemed as being more interesting and potentially richer, and hence that was presented first to the participants.

**Strengths:** Despite the limitations, the research does have a number of strengths as well. For one, this is the first kind of research to specifically examine managers and entrepreneurs’ differences in levels of moral awareness, as well as propose new moderator variables that influence moral awareness.

The scenario methodology also offers some strength. For one, the scenarios employed were very realistic and engaging, yet ambiguous, which allowed adequate variance along the dimension of moral awareness. Scenarios are also extremely inexpensive, as when compared to face-to-face interviewing techniques (Dillman, 2005).
Another strength offered by this research is the extreme richness of the qualitative measures that were used here. This rich data is hard to obtain in a simple quantitative approach. Qualitative data is always considered a richer source of data than is quantitative data (Rosenthal & Rosnow, 2005).

**Implications for Future Research**

Some implications for future research are now offered. For one thing, it is definitely essential to conduct research in order to truly determine whether or not entrepreneurs and managers differ along the terms of moral awareness. A more equal and even sample would be required in order to test for that effect. Another interesting implication would be to study why entrepreneurs and managers are affected differently by positive perceptions, in that, why exactly are negative perceptions affecting entrepreneurs the way they are.

The moderators that were utilized in this study should be further examined in order to determine whether or not other similar perceptual moderators exist that would impact moral awareness levels. Perhaps, other work status groups could be considered in future research efforts, and depending on the work status groups, new perception scales could be thought of and designed and tested.

It would also be very interesting to examine the differences that culture might bring into the equation. Therefore, replicating this research in different international contexts might be the next step. Perhaps, one could compare US managers and entrepreneurs with Chinese managers and entrepreneurs to see if one obtains the same results.
The next step would be to examine the role of these moderators in influencing moral reasoning and ethical behavior, and see if there is any role played by them at all. Also, other personality variables could be brought into the picture, to see whether they have any impact on moral awareness levels and any impact on the moderators. Perhaps, three-way interactions could be discovered when new variables are brought into the equation.

Implications for Practitioners

One possible implication that could be suggested here is that positive perceptions of managers would certainly help in boosting levels of moral awareness for managers. Perhaps there is need for reducing or eliminating the cynical and negative portrayals of managers in media and other modes of communication. Perhaps, if a manager discovers that a person holds very negative perceptions of entrepreneurs or managers, then a little effort via training to induce some perceptual shifting is asserted. Although, one must take into account that the variety of scandals that keep happening will continue to feed negative and malignant perceptions of both managers – they need to be countered by positive news that would contribute to positive perceptions of the two groups. And the only way for positive news to actually be conveyed is to perhaps emphasize in schools and colleges the importance of being socially responsible and ethical individuals. That will perhaps lead to more positive perceptions being generated, as there should be more positive news abounding.
References


117


Caulkin, S. 2002. Good Thinking, Bad Practice. *The Observer* (7th April), 11


Gilligan, C. 1982. *In a Different Voice* (Harvard University Press, Cambridge, MA)


Powell, S.S. 1990. *The Entrepreneur as the Mainspring of Economic Growth* (Stanford University, The Hoover Institution, Stanford CA)


Rest, J.R. 1979. *Development in judging moral issues* (University of Minnesota, Minneapolis, MN)


127


APPENDIX
APPENDIX A: HIRING DECISION SCENARIO

Instructions: Please read the following scenario carefully and answer the questions that follow it.

- Pat Sneed is a manager for Johnson Company, a large, diversified company. Pat just returned from a meeting in which Taylor Wright, a Vice President and Pat's boss, announced that Johnson's competitors in electronic components are increasing their market share, while Johnson's market share and profitability are suffering. Pat and the other managers were disheartened by this news because Johnson Company has always taken great pride in being the market leader in all of its businesses.

Feeling somewhat exhausted after the meeting, Pat sank into a chair with the day's third cup of coffee, and started to plow through an overstuffed in-basket. Toward the top of the pile, a memo that had been flagged with a Post-it note by Pat's assistant immediately caught Pat's eye. The memo was from the controller's office, urging Pat and the other managers to cut their overhead, especially salaries, telephone bills, and travel expenses.

Just as Pat began to concentrate on other pressing matters, Taylor Wright barged into Pat's office.

- Taylor: Sorry for the interruption, this is important.

- Pat: (frustrated) Isn't everything.

- Taylor: As you recall, late last month Brett Caldwell resigned from the position of sales representative for District 8. Since that time, customers haven't gotten the service they deserve. That's why I'm anxious to fill the position immediately.

- Pat: OK, so what would you like me to do?

- Taylor: Human resources has narrowed the prospects down to two applicants and has outlined their qualifications. I'd like you to look at them. (Taylor hands the following sheet of paper to Pat):

-------------------------------------------
MIKE GIBSON
Age: 32
Sales Experience: Mens' Dept. Supervisor, 3 years (while in college); travel agency sales, 4 years; electronic equipment sales, 5 years.
Work Experience: Bright's Dept. Store, 3 years; Harold's World of Travel, 4 years; Monroe Business Machines, 5 years.
Education: BA, marketing
References: Excellent - learns quickly, personable, good sales record.

JOE ARMSTRONG
Age: 30
Sales Experience: Automobile sales, 4 years; electronic equipment sales, 5 years.
Work Experience: Wingate Chevrolet, 4 years; Techtronics, Inc., 5 years
Education: BA, management.
References: Very good - hard worker, ambitious, good sales record.
- Pat: (pausing to consider the two candidates) Well, at first glance, they seem fairly equal. But sometimes I wonder why we bother spending so much time on these decisions. We haven't had much luck lately getting good people.

- Taylor: It's our job to get good people. You should also know that both candidates did well in their interviews, and so I think either one could handle the job. But, there is one potentially important difference, although I'm hesitant to bring it up because it might call our integrity into question. Joe Armstrong has past sales experience in a similar position with Techtronics, Inc, who, as you know, is a small company, but is one of our primary competitors in the electronic components market. In fact, the R&D people are encouraging me to hire him. They say that he has valuable information about a new product being designed at Techtronics. It's similar to something our own R&D group has been working on. But our people have run into a problem they can't solve. Joe has told me he is willing to share the information he has if we hire him and promise not to divulge the source of the information.

- Pat: Having that information would be nice. Is there anything else I should know?

- Taylor: Maybe just one more thing. Some of our people have said they're certain that this information could give us an edge by allowing us to solve our technical problem, which would win over some of Techtronics' customers. I've run some numbers, and I think that with this information, we could put Techtronics out of business. The only downside I can see is, if this gets out, our good name could be completely destroyed. At any rate, I'd like your input as soon as possible so that we can fill this position by the end of the week. My only concern is the propriety of doing this - I'm just not sure this is right.
1. What (if any) issues would you be involved in making the hiring decision in this scenario? Please identify at least two issues, or as many are as relevant based on your experience.

   a. ________________________________________________________________

   b. ________________________________________________________________

   c. ________________________________________________________________

   d. ________________________________________________________________

   e. ________________________________________________________________

   f. ________________________________________________________________

2. What is the significance of the issues that you identified in the previous question?

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. To the best of your ability, describe in detail what Pat would think about when making the hiring decision (i.e. describe Pat’s thoughts, step-by-step, in making the decision about whom to recommend).

   ___________________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________
   ___________________________________________________________________

4. What do you think Pat would do (i.e., would Pat recommend Joe Armstrong or Mike Gibson)?

   ___________________________________________________________________
5. Next, to the best of your ability, please indicate the degree to which the following phrases describe what Pat’s reactions are likely to be in regard to this decision.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Does Not Describe Pat's Reaction at all</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>Completely Describes Pat's Reaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pat would question the ethics of hiring Joe Armstrong</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pat would question Joe Armstrong's character</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pat would be concerned about Technotronic's employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pat would be concerned about the impact of this decision on Technotronics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pat would question Joe Armstrong's integrity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pat would care about how Technotronics might be affected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pat would think about the ethics of this decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX B: MYSTERY SHOPPING SCENARIO

Instructions: Please read the following scenario carefully and answer the questions that follow it.

- At exactly 8:15 am, Chris Borman, a manager for Midland Financial Services, a Fortune 100 financial services firm, strode confidently into Midland's plush office building and down the hallway, ready to begin another hectic day. Turning a corner, Chris' eyes locked up with those of Lee Jones, Chris' boss. With an obvious sense of urgency, Lee pulled Chris aside.

- Lee: It's about time you got here. We need to move quickly on something.

- Chris: OK. I'm ready. What's going on?

- Lee: Well, the numbers are out. I can't believe how bad they are. Our profits are quickly shrinking relative to Terra Company, our primary competitor. Frankly, I'm a bit embarrassed. We have to redouble our efforts and be more aggressive to increase our bottom line.

- Chris: Um, uh.... well I suppose I suspected... but... I had no idea that we're doing that badly.

- Lee: Well, something has to change. We simply have to turn things around.

- Chris: Sounds like you have something in mind?

- Lee: My idea, although I'm concerned that it may be verging on misrepresentation, is to gather information on Terra Company's sales tactics using a mystery shopping method one of our consultants offers.

- Chris: Mystery shopping?

- Lee: The consultant hires mystery shoppers - small business owners who might be in the market for financial services. Each mystery shopper sets up an appointment with a Terra Company financial consultant. The purpose is to learn as much as possible about Terra's sales tactics and services. The mystery shoppers then report back to the consultant, who will compile and summarize the information and provide us with a report. We will be paying the small business owners for their time, the consultant for managing the project, and of course Terra also gets paid for their services. This would be a great way for us to improve our bottom line. If we get the right breaks, we could really score big.

- Chris: Off the top of my head, this sounds great.

- Lee: Listen, I have to make a quick phone call, meet me in my office in five minutes and we'll continue our discussion.

Chris turned away from Lee and nearly ran over Edna, Chris' secretary.

- Edna: Chris, don't forget that you have to meet with the other managers at 8:45 to discuss the hiring, salaries, and benefits programs.
Chris groaned, having completely forgotten about the meeting, then hurried to check the company database for information regarding Midland's and Terra's financial status. Just then, Lee stormed back into Chris' office.

- Lee: I've been thinking more about this project. It seems to me that it makes sense for a lot of reasons. It matches our strategic direction. It will allow us to increase our customer base. In addition, I just got off of a conference call with the V.P. of marketing, who agreed that if we get the right information, we could put Terra Company out of business. Furthermore, although we've had some bad breaks, this project will allow us to 'take the bull by the horns'. The only downside I can see is that if this gets out, our good name could be completely destroyed.

- Chris: Well, I hope we can turn the numbers around.

- Lee: I think we can. Why don't you think about this tonight and let me know what you think in the morning? My only concern is the propriety of doing this - I'm just not sure this is right.
1. What (if any) issues would you be involved in making the hiring decision in this scenario? Please identify at least two issues, or as many are as relevant based on your experience.

a. ____________________________________________________________________________

b. ____________________________________________________________________________

c. ____________________________________________________________________________

d. ____________________________________________________________________________

e. ____________________________________________________________________________

f. ____________________________________________________________________________

2. What is the significance of the issues that you identified in the previous question?

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th></th>
<th></th>
<th></th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. To the best of your ability, describe in detail what Chris would think about whether or not to go ahead with this project (i.e. describe Chris’s thoughts, step-by-step, in making the decision to accept or not accept the project).

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
4. What do you think Chris would do (i.e., would Chris recommend going ahead with this project, or would Chris recommend against not going ahead with this project)?

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

5. Next, to the best of your ability, please indicate the degree to which the following phrases describe what Pat’s reactions are likely to be in regard to this decision.

<table>
<thead>
<tr>
<th></th>
<th>Does Not Describe Chris's Reaction at all</th>
<th></th>
<th></th>
<th></th>
<th>Completely Describes Chris's Reaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris would wonder whether this project involves misrepresentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris would care about how Terra Company might be affected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris would be concerned about Terra Company's employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris would question the ethics of the mystery shopping approach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris would consider the impact of the decision on Terra Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris would think about how Terra Company might be affected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris would think about the ethics of this decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix C

**DIRECTIONS:** Think about a typical entrepreneur's attitudes and behaviors. And then choose a position that corresponds to how much you agree or disagree with a given sentence.

<table>
<thead>
<tr>
<th>SD</th>
<th>MD</th>
<th>SMD</th>
<th>SMA</th>
<th>MA</th>
<th>SA</th>
</tr>
</thead>
</table>

An Entrepreneur is self reliant
An Entrepreneur is helpful
An Entrepreneur has strong beliefs
An Entrepreneur is independent
An Entrepreneur is conscientious
An Entrepreneur is assertive
An Entrepreneur has a strong personality
An Entrepreneur will do whatever it takes to achieve success
An Entrepreneur is forceful
An Entrepreneur is reliable
An Entrepreneur is warm
An Entrepreneur is analytical
An Entrepreneur is sympathetic
An Entrepreneur is unwilling to take a stand
An Entrepreneur has leadership abilities
An Entrepreneur is sensitive to other's needs
An Entrepreneur is aggressive
An Entrepreneur is truthful
An Entrepreneur is willing to take risks
An Entrepreneur is understanding
An Entrepreneur acts like a leader
An Entrepreneur is secretive
An Entrepreneur is decisive
An Entrepreneur is adaptable
An Entrepreneur is compassionate
An Entrepreneur is individualistic
An Entrepreneur is sincere
An Entrepreneur is self-sufficient
An Entrepreneur is conceited
An Entrepreneur is dominant
An Entrepreneur is tactful
An Entrepreneur is ambitious
An Entrepreneur is likeable
An Entrepreneur values success a lot
An Entrepreneur values success over other factors
An Entrepreneur is passionate
An Entrepreneur cares more about monetary profit than other factors
An Entrepreneur cares a lot for social justice
An Entrepreneur cares a lot for humanitarian concerns
An Entrepreneur cares a lot for ethical considerations

SD = STRONGLY DISAGREE
MD = MOSTLY DISAGREE
SMD = SOMEWHAT DISAGREE
SMA = SOMEWHAT AGREE
MA = MOSTLY AGREE
SA = STRONGLY AGREE
Appendix D

DIRECTIONS: Think about a typical manager’s attitudes and behaviors. And then choose a position that corresponds to how much you agree or disagree with a given sentence.

A Manager is self reliant
A Manager is helpful
A Manager has strong beliefs
A Manager is independent
A Manager is conscientious
A Manager is assertive
A Manager has a strong personality
A Manager will do whatever it takes to achieve success
A Manager is forceful
A Manager is reliable
A Manager is warm
A Manager is analytical
A Manager is sympathetic
A Manager is unwilling to take a stand
A Manager has leadership abilities
A Manager is sensitive to other’s needs
A Manager is aggressive
A Manager is truthful
A Manager is willing to take risks
A Manager is understanding
A Manager acts like a leader
A Manager is secretive
A Manager is decisive
A Manager is adaptable
A Manager is compassionate
A Manager is individualistic
A Manager is sincere
A Manager is self-sufficient
A Manager is conceited
A Manager is dominant
A Manager is tactful
A Manager is ambitious
A Manager is likeable
A Manager values success a lot
A Manager values success over other factors
A Manager is passionate
A Manager cares more about monetary profit than other factors
A Manager cares a lot for social justice
A Manager cares a lot for humanitarian concerns
A Manager cares a lot for ethical considerations

SD = STRONGLY DISAGREE
MD = MOSTLY DISAGREE
SMD = SOMEWHAT DISAGREE
SMA = SOMEWHAT AGREE
MA = MOSTLY AGREE
SA = STRONGLY AGREE