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**Are Entrepreneurs and Managers Different?
Values and Ethical Perceptions of Entrepreneurs and Managers**

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Values and Ethical Perceptions between Entrepreneurs and Managers

ABSTRACT

Are entrepreneurs different from managers? This has been one of primary research questions in the field of entrepreneurship. This study attempts to examine differences in values and ethical perceptions between the two groups. Differences in values are examined in a more comprehensive values system developed by Schwartz (1992). Differences in ethical perceptions are examined across broader aspects of conducting business. A total of 286 responses are collected using a mail survey. The results indicate systematic differences in values and ethical perceptions between entrepreneurs and managers.

Keywords: Entrepreneurs, Managers, Personal Values, Ethical Perceptions

JEL Code: M10, M13, M14

INTRODUCTION

The fields of entrepreneurship have emerged as vital and growing areas of interest and inquiry for business researchers, educators and the public (Low and MacMillan 1988). The enthusiasm is justified given the discovery that small businesses were responsible for the creation of more than 20 million new jobs in the United States in the 1970s (Drucker 1984). To ignore these entrepreneurs and their contributions in the area of small businesses, when studying their values system and business ethics, is to ignore an increasingly important slice of the economic activity.

Entrepreneurs have often been regarded with both admiration and suspicion. The suspicion comes from the impression that the entrepreneur is willing to engage in ethically questionable business practices in order to succeed. Entrepreneurs personally confront numerous business decisions that involve ethical challenges (Hornsby, Kuratko, Naffziger, Lafollette and Hodgetts 1994). At the present time, relatively little has been known whether entrepreneurs are more or less ethical than their counter part of managers, and what are the driving forces for the differences if they are different. On a general note, it would seem that given the demands of their role—their independence and achievement needs for the survival, entrepreneurs may possess certain values that distinctively separate them from others. It is also believed that since they are less likely to be bound by organizational rules, they would tend to follow their own standards and business principles to justify what they perceive as ethical business practices, which may perhaps be at odds with generally accepted standards. Others may view these with suspicion, supporting the negative stereotype of the entrepreneur as unethical businessmen (Dees and Starr 1991).

Quinn (1997) has suggested that it is right for entrepreneurs to bring in their personal values and ethics in deciding on certain business decisions because it is their own money and

responsibility to ensure business survival. Therefore, the search for unique values shared by entrepreneurs and managers would be helpful in understanding the patterns of behaviour exhibited by the two groups, especially in their ethical orientation. Thus, this study aims to examine whether entrepreneurs are indeed more unethical in their business practices as opposed to managers who are operating in a more structured system with established ethical codes by identifying differences in their value system.

CONCEPTUAL BACKGROUND

Definition of Entrepreneurs

Research in the area of entrepreneurship has long been plagued by definitional problems (Cunningham and Lischeron 1991; Kao 1993). Entrepreneurship studies within the last two decades have employed several varying definitions to differentiate the entrepreneurs from the non-entrepreneurs. But only a few have actually employed the same definitions (Gartner 1988). However, these various definitions can be grouped into three categories depending on different aspects of entrepreneurs that have been examined. Table 1 summarizes three major aspects that have been examined in the past studies.

Insert Table 1 here

In the traits approach, the entrepreneur is assumed to be of some personality type, possessing unique characteristics that separate them from others. These entrepreneurs exhibit a set of traits such as being achievement-oriented, risk-taking and highly tolerant of ambiguous situations; characteristics that significantly differentiate them from the general population (Sexton and Bowman 1985; Begley and Boyd 1987). Entrepreneurs are also found to have in them a creative and innovative tendency. Although the traits approach has

been persistent in many research studies, it suffered a generalizability problem of definitional traits. In many cases, the identified definitional traits were not be observed in other replication studies.

While some theorists prefer to emphasize the use of personality traits to define entrepreneurs, others have chosen to develop definitions based on actual outcomes of entrepreneurial activities. In general, entrepreneurs are founders of businesses, who devote a large portion of their time to the managing of the business and are not employed elsewhere. In addition, the company must have been established for a certain number of years and has under its management, a certain number of employees (Hornaday and Bunker 1970; Hornaday and Aboud 1971; McGrath, MacMillan and Scheinberg 1992). Defining the entrepreneur along these measures of period of operation and staff capacity provides sufficient evidence to indicate that the business that is being founded has overcome the initial period of uncertainty and has gained legitimacy and resources for its survival as the business grows.

However, such a definition does not differentiate entrepreneurs from ordinary small business owners. In order to ensure business survival due to competitive pressures, the entrepreneur must have the drive and urge to constantly improve his or her business so as to achieve higher levels profit and growth. In this respect, Hull, Bosley and Udell (1980) defined the entrepreneur as “a person who organizes and manages a business undertaking, assuming the risk *for the sake of profit* and includes those individuals who purchase or inherit an existing business with the intention (and the effort towards) expanding it.” Similarly, Carland, Hoy, Boulten and Carland (1984, p358) tried to distinguish entrepreneurs from small business owners by defining entrepreneurs as “persons who establishes and manages a business for the principle purposes of *profit and growth*.” The small business owner is “an individual who establishes and manages a business for the principle purpose of furthering

personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires." This definition, while intending to achieve greater precision, has actually created more confusion (Gartner 1988). According to Carland et al.'s (1984) definition, a small business owner establishes a business in pursuit of personal goals, but an entrepreneur does so strictly for profit and growth. If this were so, the implication is that such a definition assumes that there should be a clear demarcation separating personal goals from goals of profit and growth. In reality, the reasons for initiating a business vary indefinitely and it is not possible to organize them into neatly labeled categories.

In attempting to operationalize these definitional concepts, many researchers differ in their views. Some tried to distinguish small business owners from entrepreneurs, while others, believed that it is also possible for entrepreneurs to exist as employees in large organizations. These employees are known as "intrapreneurs" who exhibit entrepreneurial behavior such as developing innovative ideas for product enhancement and improvement (Stevenson and Gumpert 1985). It is thus clear from this discussion that there is no consensus definition of entrepreneurs or entrepreneurship. Despite being so, a working definition is necessary to classify entrepreneurs and non-entrepreneurs. This is to ensure that the definition provides a frame of reference, which serves as a foundation for the research process. This study takes note of the various definitional themes that have surfaced over the last decade and attempts to define the entrepreneur along some operational dimension. Focusing on the ability to identify and tap the pool of entrepreneurial sample, this study adopted definition based on actual outcomes of entrepreneurial activities, which avoids dependence on subjective distinctions. Thus the following definition is adopted in this study:

The entrepreneur is one who has started a business, which has been in operation for

at least two years. He or she owns and manages the business and is not employed elsewhere.

Values of Entrepreneurs

Values, according to Rokeach (1973), are a set of enduring beliefs that have an impact on an individual's display of certain behaviors. Values are a set of underlying assumptions that govern the way an individual behaves and acts. Through the values system, certain attitudes and choices are being influenced. Hofstede (1980 p19) defined values as "a broad tendency to prefer certain states of affairs over others". Values are determined early in life and reinforced throughout one's life through learned socialization, education and even cultural background. To a large extent, values are "programmed" into individuals. Hofstede (1980) suggested that shared values persist over time and are fairly stable within cultures because of institutionalization. As such they are often long-lasting and would not be subjected to the same kind of temporal and situational instability that is typical of personality and demographic variables. In this study, values of entrepreneurs are examined using Schwartz (1992) value system.

Building on Rokeach's (1973) work, Schwartz suggested a typology and a structure of values. The Schwartz values system (SVS) was first derived from the Schwartz and Bilsky model (1987, 1990) that focused on anthropological constructs to suggest that human values are culture based. They proposed that the main content of a value is a type of goal or motivational concern. These goals or concerns in turn represent three universal requirements of human existence—biological needs, requisites of coordinated social interaction, and demands of group functioning. Based on this theory, Schwartz (1992) came up with ten of such motivational goal types. From these goal types, specific values were selected to represent each of these goals. The strength of Schwartz's (1992) value system lies in the fact that, unlike other measures, it provides a globally developed set of ten values. Its

representation of the universality of values across cultures is well-described and is comparable to measures that have been used in East-West cross-cultural research (Hofstede and Bond 1988; Ralston, Gustafson, Cheung and Terpstra 1993; Schwartz 1992). Also, unlike other value schemes such as Hofstede's (1980) cultural values which operated on a societal level of analysis, Schwartz's (1992) values are operationalized and measured on an individual level, which makes them more appropriate for this study where we are comparing values between entrepreneurs and managers at an individual level. Figure 1 and Table 2 represents a summary of Schwartz's (1992) values, their motivational goals and the structure.

Insert Figure 1 and Table 2 here

The fundamental aspect of Schwartz's (1992) value system lies in the contrast between the pursuit of individual interests and collective interests. Values related to the pursuit of individual interests focus on self-reliance, whereas values related to the pursuit of collective interests focus on group support. According to Schwartz (1992), five values serve primarily serve individual interests (i.e., power, achievement, hedonism, stimulation, and self-direction) and three values serve primarily collective interests (i.e., benevolence, tradition, and conformity).

The values identified by Schwartz (1992) based on different motivational goal types from a circular structure that captures the notion that the pursuit of different value types can be compatible or in conflict, depending on how close the values are located in the structure. The circular structure is based on two higher order value dimensions, that is, Openness-to-Change versus Conservation and Self-transcendence versus Self-enhancement. These two higher order dimensions could be used to describe the individualism-collectivism dimension with greater precision. The Openness-to-Change versus Conservatism dimension indicates the extent to which a person is motivated to follow his or her own intellectual and emotional

interests in non-prescribed ways as opposed to the extent to which he or she desires to preserve the status quo and certainty it provides in relationships with close others, institutions, and traditions. The two value types underlying Openness-to-Change are Stimulation and Self-Direction while the three value types pertaining to Conservatism are Security, Conformity and Tradition.

Studies that centered on the extraordinary capabilities and traits of the entrepreneurs have also depicted them as individuals who are capable of initiating change, through a new venture creation. Unlike their corporate counterparts, they are more willing to adjust to change, and are less concerned about maintaining status quo. Their innovative approaches to decision making and plans to strategic management are often a result of their refusal to conform. Sexton and Bowman (1985) concluded that entrepreneurs responded negatively to conformity, a condition resulting from a receptive attitude towards change. Therefore, entrepreneurs are expected to possess more openness-to-change orientation relative to conservation orientation (called “resultant openness-to-change”; cf. Feather 1995; Steenkamp, Hofstede and Wedel 1999). On the other hand, managers who are subject to a certain organization need to learn to conform to the organizational values in order to stay on and to be promoted to the level of manager.

The second bipolar dimension, Self-enhancement versus Self-transcendence, represents the extent to which a person is motivated by the pursuit of self-interests at the expense of others as opposed to the extent of transcending selfish concerns to promote the welfare of others and nature. Self-enhancement is comprised of Power, Achievement and Hedonism and Self-transcendence reflects Benevolence and Universalism.

Holt (1997) found that individuals who possessed high individualistic values sought self-actualization and emphasized personal gains over the interests of the collective group. The rationale for this is that individuals who become too concerned with their own interests

often neglect the needs and preferences of other people. In the same way, as entrepreneurs strive to outdo their competitors for survival and profit motives, they would tend to protect their own interests by focusing on how ways to benefit themselves and their businesses. Therefore, entrepreneurs are expected to show higher resultant self-enhancement orientation (i.e., Self-enhancement values minus Self-transcendence values) than managers. The stronger pressure to succeed in business and ensure continuity is seemingly more pressing for entrepreneurs as compared to managers. Thus, the following hypothesis is suggested.

H1-1: Entrepreneurs possess higher level of resultant openness-to-change than managers. Therefore, compared to managers, entrepreneurs would reveal higher level of value on (a) stimulation and (b) self-direction.

H1-2: Entrepreneurs possess lower level of resultant conservation than managers. Therefore, compared to managers, entrepreneurs would reveal lower level of value on (a) tradition, (b) conformity, and (c) security.

H2-1: Entrepreneurs possess higher level of resultant self-enhancement than managers. Therefore, compared to managers, entrepreneurs would reveal higher level of value on (a) power, (b) achievement, and (c) hedonism.

H2-2: Entrepreneurs possess lower level of resultant self-transcendence than managers. Therefore, compared to managers, entrepreneurs would reveal lower level of value on (a) universalism, and (b) benevolence.

Ethical Perceptions of Entrepreneurs

Understanding what is valued by entrepreneurs and managers is critical in understanding their ethical perceptions because the values system would serve to reflect their social and moral priorities. More importantly, specific value systems have also been examined as being the ultimate source underlying business practices and business dealings (Barnett and Karson 1987). Glover, Bumpus, Logan & Ciesla (1997) found in their study that values determined one's moral judgment and reasoning. When faced with conflicting social situations, the individual weighs these values and makes a decision based on the priority of such values. Bartels (1967) also found that values and customs were important

factors in influencing ethics. All these findings imply that when confronted with ethical dilemmas concerning business decisions, an individual's values would play an important role in deciding final outcome of the decisions. Therefore, it is personal values that would be central in deciding what he or she perceives as ethical or unethical in his or her business decisions.

In previous section, entrepreneurs are assumed to possess higher individualistic values (i.e., stimulation, self-direction, power, achievement, and hedonism). Individualism describes a tendency to focus on aspects of self. While a few theorists have proposed a relationship between individualism and ethical perceptions (Ferrell and Gresham 1985), very little work has been done to test this relationship. As an individualistic person, the degree to which one is motivated to promote self-interest and personal gain takes precedence over all others. This includes forsaking group interests and ignorance of the general well-being of other people (Schwartz 1992). Since they are mainly concerned about events and activities that would serve them good, it would seem to appear that as long as their position is not threatened, other matters are of secondary importance. This includes compromising their ethical standards. Armstrong (1996) found a negative relationship between individualism and ethical perceptions.

Individuals with high achievement need are identified to lean toward entrepreneurial initiation (McClelland 1961). For those who value achievement, their performance must reflect competency and superiority above all else. The desire to be successful, capable and influential motivates them to pursue their ideals and work towards the realization of the targeted goals. Since business environment is perceived as unstable and dynamic, the unpredictability of events would further encourage entrepreneurs to place performance and reaching their goals as values far important than any others, including bending ethical norms.

With the possession of high levels of Individualistic values, strong achievement

motivation, and risk-taking propensity, a likely consequence would be a gradual permissive attitude towards moral discipline and ethical beliefs. Evidences of an association between some of these values and entrepreneurs have led us to infer that entrepreneurs may perceive unethical business practices with greater tolerance than managers (Glover, Bumpus, Logan and Ciesla 1997). In *Recapturing the Spirit of Enterprise*, Gilder (1992) gave mention to Adam Smith's most popular lines describing entrepreneurs who possessed "selfishness and rapacity (p4)." From this, the likely inference one would make is that the entrepreneur might feel compelled to employ tactics of all sorts in order to ensure business survival. This includes the belief that business is not about observing strict ethical codes. Thus it is hypothesized that,

H3: Entrepreneurs are more likely to perceive unethical business practices as being acceptable and tolerable than managers.

METHOD

The Sample

Mail survey was used to collect data for this study. Mailing list was obtained from two sources: members of National University of Singapore Graduate Alumni and members of the Association of Small and Medium Enterprises (ASME). The list from the university alumni was selected from the pool of those who graduated 10 years before the time of data collection. A total of 3,320 lists were drawn from the two sources. A copy of questionnaire was mailed to each person on the list with self-addressed return envelope and a cover letter.

A total of 436 questionnaires were returned, resulting in 13.13% of response rate. Of those returned, 402 were usable, which make effective response rate of 12.11%. 34 cases were removed because they were currently unemployed. The samples were further cleaned by following the procedure suggested for proper use of Schwartz Value Survey (Schwartz 2009). The procedure recommends dropping some respondents from the analysis to avoid

misrepresentation of the results. They are those who leave 15 or more items blank and who use a particular scale anchor 35 times or more. This cleaning procedure eliminated 116 respondents and resulting 286 cases were used for later analysis.

Classification of Entrepreneurs and Managers

Entrepreneurs and managers were identified first by asking whether they were self-employed (i.e., founder of your business) or not. Then, a couple of qualifying questions were asked. In the case of entrepreneurs, it was checked whether the operation period of their business was more than two years and whether they were involved in making important decisions concerning the growth of the company and charting out company's future plan. Managers were further classified into two groups: core managers and non-core managers. Among those of who were not self-employed, if respondents had a job title of chairman/CEO, managing director, or general manager and if they were involved in making important decisions concerning growth and future plan of their company, they were classified as core manager groups. Otherwise, they were grouped as non-core managers. The segregation of manager group was made because we thought that the core managers could be a valid comparison group against entrepreneurs. However, comparison against non-core manager group could also portrait full spectrum of comparison between entrepreneurs and managers.

Measures

Personal Values. The relevant values for entrepreneurs and managers were measured using the Schwartz Values Survey (Schwartz 1992). SVS is adopted because it represents value dimensions that are universal and are comparable to measurements used in East-West cross-cultural research. SVS consists of 56 items measuring the extent to which respondents regard certain values to be of importance to them. Each of these items is measured on a 5-point scale ranging from 1= "Of no importance" to 5= "Of supreme importance". A 5-point rating was favored over the original 9-point rating in the Schwartz (1992) study because of

simplicity and clarity. Scores on the 10 value dimensions were calculated by taking average scores of associated values to each value dimension.

Ethical Perceptions. The construction of the ethical perception scale was adapted from 4 studies. First, 17 items were adapted from a study of the management of ethics by Newstrom and Ruch (1975). These 17 statements mainly describe ethical dilemmas in the workplace on employee conduct and personal integrity that are more applicable to managers and employees. In order to develop a more comprehensive scale to include situations and ethical dilemmas that entrepreneurs are more likely to encounter, 11 more statements were adapted from three other studies. Of the 11, six were adapted from Lee (1981) and Armstrong (1996). These items are mainly concerned with the way business is being conducted. Examples include business practices such as methods of gathering information and obtaining trade secrets. The selected items from Newstrom and Ruch (1975), Lee (1981) and Armstrong (1996) were then compared with items in the Schlegelmilch and Robertson (1995) scale. Without overlapping items that have been selected, another 5 items were taken from the Schlegelmilch and Robertson (1995) scale. The ethical perception scale in this study was thus constructed from a consolidation of these 28 items. These items cover a good balance of statements regarding ethical dilemmas in the workplace setting that is applicable to both entrepreneurs and managers. Each of these statements measure the degree to which respondents perceive the behavior or act as unethical. Possible answers include 1= “believe that it is very unethical”, 2= “believe that it is basically unethical”, 3= “believe that it is somewhat unethical”, 4= “believe that it is not particularly unethical” and 5= “believe that it is not at all unethical”. Hence, a smaller number indicated lower tolerance towards unethical behaviors, while a larger number indicated greater tolerance and acceptance towards those same unethical behaviors

RESULTS

Test of Differences in Values

In order to compare the predicted differences in values between entrepreneurs and manager groups, a series of ANCOVA and pair wise contrast in means were conducted on 10 value dimensions and 56 individual values. As recommended by Schwartz (2009), mean rating of all 56 values for each respondent was used as a covariate in all mean comparisons. The use of covariate is recommended to correct possible bias due to the difference in each individual's use of response scale. The means, ANCOVA test results, and pair-wise mean contrast results are summarized in Table 3.

Insert Table 3 here

ANCOVA results on value index related to openness to change reveal insignificant results on stimulation ($F=2.23$, $p=.10$) and self-direction ($F=1.90$, $p=.15$). However, individual value level analysis show that entrepreneurs are more daring ($F=6.61$, $p=.00$) and creative ($F=9.09$, $p=.00$) than the manager groups. Although they fail to reach the level of significance, means of all values except for curious are higher for entrepreneurs. Therefore, we find a partial and a directional support for H1-1 (a) and H1-1 (b).

H1-2 predicts that entrepreneurs possess lower level of values related to the conservation dimension. ANCOVA results show significant results on conformity ($F=4.20$, $p=.02$) and security ($F=5.44$, $p=.01$), but insignificant result on tradition ($F=.02$, $p=.98$). Pair-wise comparison results find that entrepreneurs' index scores on conformity and security are significantly lower than non-core manager group, but not core-manager group. Individual value level analysis finds no significant difference between entrepreneurs and manager groups on all values under tradition, thus, rejecting H1-2 (a). However, manager groups score higher on politeness ($F=15.25$, $p=.00$) and sense of belonging ($F=7.91$, $p=.00$) than

entrepreneur group. Together with the results of index score, this provides partial support for H1-2 (b) and (C).

Regarding the values related to self-enhancement dimension, we have significant differences on achievement ($F=6.03$, $p=.00$) and hedonism values index ($F=3.46$, $p=.03$) as predicted. Consistent with the prediction, entrepreneurs score higher on the values of ambitious ($F=24.31$, $p=.00$) and pleasure ($F=10.28$, $p=.00$). Although not significantly different from the core-manager group, entrepreneurs also score higher on the value of influential ($F=2.95$, $p=.05$) than the non-core manager group. These results provide partial support for H2-1 (b) and (c). In terms of power, the core manager group scores higher than the entrepreneur and the non-core manager groups ($F=3.23$, $p=.04$). Individual values related to power also show a similar pattern. Therefore, H2-1 (a) is not supported.

The values related to self-transcendence dimension show no significant difference on values index as well as individual values except for the value of mutual love ($F=5.33$, $p=.00$), rejecting H2-2 (a) and providing a weak support on H2-2 (b).

Test of Differences in Ethical Perceptions

Before we compare ethical perceptions between entrepreneurs and managers, factor analysis was performed to find meaning dimensions of business ethics. Exploratory factor analysis with varimax rotation identified four meaningful factors for the ethical perception. The four factors explain 53.36% of total variance. The identified factors are named as: (a) Misuse of company assets, time and information, (b) Lying and cheating for personal gains, (c) Questionable business conduct to secure a deal, and (d) Disregard of stakeholders. For each factor, an average score of all the loaded items is calculated to represent the factor score. Rather than computer generated factor scores, this average scores are used for easiness of interpreting the scores. As with SVS scales, the average score of all ethical perception items is used as a covariate in later mean comparison test to correct individual differences in use of

response scale. The means, ANCOAV test results, and pair-wise mean contrast results on the ethical perception scales are summarized in Table 4.

Insert Table 4 here

ANCOVA analyses on the factor score reveal that the entrepreneurs show higher level of acceptance on the questionable business conduct to secure a deal factor ($F=7.46$, $p=.00$) than the manager groups, whereas the manager groups show higher level of acceptance on the misuse of company asset, time, and information factor ($F=11.53$, $p=.00$) than their counterpart. No significant difference is found on the lying and cheating for personal gain factor ($F=.52$, $p=.59$) and the disregard to stakeholder factor ($F=.86$, $p=.42$). Analyses on the loaded items on each factor also confirm the pattern. Therefore, H3 has a partial support.

Exploring the Relationships between Values and Ethical Perceptions

In order to examine the link between values and ethical perceptions, correlation analysis is conducted on the 10 SVS values and 4 identified factors of ethical perceptions. To correct individual difference in using the scale, mean ratings of both SVS and ethical perception scales are used as covariates. The resulting correlation matrix is presented in Table 5.

Insert Table 5 here

The correlation analysis reveals interesting relationships between values and ethical perceptions. It is found that power ($r=-.23$), achievement ($r=-.21$), stimulation ($r=-.23$) and self direction ($r=-.19$) are negatively correlated to the misuse of company asset factors, whereas universalism ($r=.18$), benevolence ($r=.22$) and security ($r=.19$) are positively related to it. The reverse pattern is observed on the questionable business conduct factor. It is positively correlated with achievement ($r=.21$), stimulation ($r=.20$), and self-direction ($r=.20$).

But, it is negatively related to benevolence ($r=-.19$) and tradition ($r=-.15$). In general, we can find a pattern that individualistic values do not approve the misuse of company asset factor, whereas collectivistic values tend to approve it. But, the same individual values, when some kind of success is on the stake, may approve more serious questionable business conducts.

The disregard to stake holder factor is positively correlated with power ($r=.18$), but it is negatively correlated with universalism ($r=-.19$, $p<.01$). This relationship makes sense because when we are concern about our own power we may disregard other. But, if we have universalism value we may have to treat others fairly. No significant correlation is found on the lying and cheating factor.

CONCLUSIONS

Although there have been many studies that try to find differences between entrepreneurs and managers, most of them have been focused on motivational factors and personal trait aspect. This study attempts to find differences in values and ethical perceptions between entrepreneurs and managers. In a way of doing so, we also try to find a link between values and ethical perceptions.

The analysis on Schwartz value system reveals that entrepreneurs and managers seem to possess somewhat different value structures. Although it is not strong, entrepreneurs tend to show higher levels of value on achievement, hedonism, stimulation and self-direction. On the other hand, managers tend to show somewhat higher levels of value on conformity and security. Core manager group showed higher level of value on power. These findings are in general consistent with past research findings.

Entrepreneurs and managers also show different ethical perceptions across various business activities. While managers tend to be more generous toward the misuses of company asset aspect, entrepreneurs seem to approve more on the questionable business conduct to

secure deals. This pattern is consistent with past findings (Branko 2001) and can be explained by the theory of property or the agency theory framework. The correlation analysis between the values and ethical perception found interesting relationships that help us to have better understanding on the phenomenon. In general, we find a pattern that individualistic values do not approve the misuse of company asset factor, whereas collectivistic values tend to approve it. But, the same individual values tend to approve more serious questionable business conducts while the collectivistic values disapprove them. We can infer that individual values generally support ethical behaviors. But, when some kind of success is on the stake, they may run the risk of not functioning well, so that they may approve rather serious questionable business conducts. Collectivistic values, on the other hand, may tolerate unethical behaviors under the limit of collectivistic harmony or welfare. But, when it passes the limit, the behaviors cannot be tolerated.

The findings of this study should be interpreted with following limitations in mind. Although we try to use culture invariant measurement scales such as Schwartz Value Survey, the findings may subject to culture specific problem because the data was collected from a Asian country. Future studies should be conducted in various cultures to validate the generalizability of the findings.

Table 1
Definitional Themes of Entrepreneurs

Traits	Sexton and Bowman (1985)	The <u>entrepreneur</u> is an individual who exhibits a <i>set of traits</i> that is significantly different from their corporate counterparts. They tend to be: <ol style="list-style-type: none"> 1) Tolerant of ambiguous situations 2) Prefer autonomy (self-reliance, dominance, independence) 3) Resist conformity 4) Risk-taking 5) Adapt readily to change Have a low need for support
	Begley and Boyd (1987)	<u>Entrepreneurs</u> are founders of small business with certain <i>psychological traits</i> such as high need for achievement (nAch), tolerant of ambiguity, internally controlled, risk-taking and of type A behaviour pattern.
	Gartner (1990)	One of the themes of <u>entrepreneurship</u> is that of <i>innovation</i> characterized as doing something new as an idea, product, service market or technology in a new or established organisation.
Founders of business	Hornaday and Bunker (1970)	The <u>successful entrepreneur</u> is individual <i>who has started a business</i> , building it where no previous business had been functioning, and continuing for at least 5 years to the present profit-making structure.
	Hornaday and Aboud (1971)	The <u>successful entrepreneur</u> was defined as a man or woman <i>who started a business</i> where there was none before who had at least 8 employees and who had been established for 5 years.
	Gartner (1988)	The <u>entrepreneur</u> is someone who exhibits certain behaviour and is involved in activities that result in the <i>creation of organisation</i> .
	Robinson, Stimpson, Huefner and Hunt (1991)	The <u>entrepreneur</u> is an individual <i>who has started more than one business</i> , the last one being within 5 years, using some type of innovation.
	McGrath, MacMillan and Scheinberg (1992)	<u>Entrepreneurs</u> are people <i>who founded a new business</i> , at least 2 years old and have at least 1 other person employed and that the founder devotes a major portion of his/her time to the business.
Profit and Growth	Hull, Bosley and Udell (1980)	The <u>entrepreneur</u> is a person who organizes and manages a business undertaking, assuming the risk <i>for the sake of profit</i> and includes those individuals who purchase or inherit an existing business with the intention (and the effort toward) expanding it.
	Carland, Hoy, Boulton and Carland (1984)	The <u>entrepreneur</u> is an individual who establishes and manages a business for the principal <i>purposes of profit and growth</i> . The entrepreneur is characterized principally by innovative behaviour and will employ strategic practices in the business.

Table 2
The 10 Schwartz Values Survey (SVS) Motivational Subdimensions and 3 Higher Order Dimensions

Individual Interests	Power (PO)	Motivational goal: <u>attainment of social status and prestige, need for control and dominance over people and resources</u> based on several requirements
	Achievement (ACH)	Motivational goal: <u>personal success through demonstrated competence</u> based on need to ensure organizational survival or continued functioning of social interaction and institutional success.
	Hedonism (HE)	Motivational goal: <u>pleasure and sensuous gratification for oneself</u> based on organismic needs and pleasure associated with satisfying them.
	Stimulation (ST)	Motivational goal: <u>Excitement, novelty, challenge in life</u> based on need for variety and stimulation to maintain optimal level..
	Self-direction (SD)	Motivational goal: <u>Independent thought and action</u> based on needs for control and mastery, autonomy and independence.
Collective Interests	Tradition (TR)	Motivational goal: <u>Respect, commitment, acceptance of customs and ideas imposed on individuals</u> , based on the survival of group solidarity.
	Conformity (CO)	Motivational goal: <u>Restraints of action, inclination and impulses</u> based on need to keep out social disruption.
	Benevolence (BE)	Motivational goal: <u>Preserve and enhance welfare of people with whom in frequent contact</u> , based on survival of the group and social interaction.
Mixed interests	Security (SE)	Motivational goal: <u>Safety, harmony and stability of society</u> based on individual and group needs.
	Universalism (UN)	Motivational goal: <u>Understanding, appreciation, tolerance and protection of the welfare of all people and nature.</u>
Higher Order Dimensions	Openness-to-Change vs Conservatism	This continuum expresses the degree to one is motivated to follow their own interests in non-prescribed ways as opposed to being conservative. It is calculated by subtracting the average subdimensions on TR, CO, SE from the average of ST, SD.
	Self-Enhancement vs Self-Transcendence	This continuum expresses the degree to which one is motivated to promote self-interest as opposed to the welfare of others. It is calculated by subtracting the average of the subdimensions on BE, UN from the average of PO, ACH, HE.

Table 3
Means, Mean Rankings and Mean Comparison Results on the Schwartz (1992) Values

SVS Values	Entre-preneurs (n=54)	Core Managers (n=128)	Non-core Managers (n=104)	F-value
<u>Power</u>	3.30 ^a	3.43 ^b	3.18 ^a	3.23*
Social recognition	3.65(42)	3.80(35)	3.66(38)	1.10
Authority	3.48(51) ^{ab}	3.59(46) ^a	3.17(54) ^b	3.30*
Wealth	3.31(52)	3.41(52)	3.31(50)	0.49
Preserving my public image	3.30(54)	3.41(53)	3.24(52)	0.72
Social Power	2.76(56) ^{ab}	2.94(56) ^a	2.50(56) ^b	4.65**
<u>Achievement</u>	4.33 ^a	4.17 ^b	4.06 ^b	6.03**
Self-respect	4.61(4)	4.66(3)	4.63(2)	0.93
Capable	4.52(6)	4.48(9)	4.40(7)	0.34
Intelligent	4.39(15)	4.38(11)	4.30(13)	0.46
Ambitious	4.69(2) ^a	3.97(30) ^b	3.87(33) ^b	24.31**
Successful	4.15(26)	4.03(27)	3.95(27)	0.28
Influential	3.65(43) ^a	3.50(48) ^a	3.22(53) ^b	2.95*
<u>Hedonism</u>	4.03 ^a	3.73 ^b	3.69 ^b	3.46*
Enjoying life	3.81(36)	3.87(34)	3.81(35)	0.21
Pleasure	4.24(23) ^a	3.59(45) ^b	3.58(42) ^b	10.28**
<u>Stimulation</u>	3.84 ^a	3.64 ^{ab}	3.49 ^b	2.35
A varied life	3.85(35)	3.77(36)	3.61(41)	0.21
An exciting life	3.78(38)	3.66(42)	3.50(44)	0.29
Daring	3.89(33) ^a	3.48(50) ^b	3.35(48) ^b	6.61**
<u>Self-direction</u>	4.23	4.14	4.00	1.90
Independent	4.54(5)	4.45(10)	4.40(8)	0.19
Choosing own goals	4.37(17)	4.25(17)	4.16(20)	0.49
Freedom	4.22(24)	4.22(19)	4.08(22)	0.19
Creativity	4.41(13) ^a	4.03(26) ^b	3.81(34) ^b	9.09**
Curious	3.61(44)	3.73(37)	3.55(43)	0.65
<u>Universalism</u>	4.11	4.06	4.02	0.54
Inner Harmony	4.39(14) ^a	4.55(5) ^{ab}	4.57(3) ^b	2.61
Wisdom	4.50(8)	4.48(8)	4.34(10)	0.64
A world at peace	4.41(12)	4.23(18)	4.30(14)	1.68
Broad-minded	4.46(11)	4.26(16)	4.20(17)	1.44
Equality	4.07(28)	4.19(21)	4.16(21)	0.58
Social justice	4.20(25)	4.11(23)	4.05(25)	0.30
Protecting the environment	3.78(39)	3.50(49)	3.63(40)	2.19
A world of beauty	3.61(45)	3.67(41)	3.46(46)	0.46
Unity with nature	3.57(46)	3.56(47)	3.50(45)	0.16

** : p<.01, * : p<.05,

^{a,b,c}: different alphabets represent that they are significantly different at p=.05

() represents the ranking of each value

Table 3
Means, Mean Rankings and Mean Comparison Results on the Schwartz (1992) Values
(contined)

SVS Values	Entre- preneurs (n=54)	Core Managers (n=128)	Non-core Managers (n=104)	F-value
<u>Benevolence</u>	4.18	4.20	4.12	1.19
Honest	4.65(3)	4.55(4)	4.50(5)	0.06
Responsible	4.48(9)	4.49(7)	4.42(6)	0.29
Meaning in life	4.52(7)	4.51(6)	4.34(9)	0.66
True friendship	4.35(18)	4.38(12)	4.26(16)	0.07
Loyal	4.26(21)	4.07(25)	4.06(24)	1.71
Mature love	3.85(34) ^a	4.17(22) ^b	4.06(23) ^b	5.33**
Helpful	3.96(31)	3.99(29)	3.89(30)	0.31
Forgiving	4.04(30)	3.97(31)	3.88(32)	0.04
Spiritual Life	3.52(48)	3.70(40)	3.64(39)	1.36
<u>Tradition</u>	3.58	3.55	3.46	0.02
Humble	4.24(22)	4.00(28)	4.03(26)	1.59
Moderate	3.70(40)	3.72(38)	3.81(36)	1.16
Devout	3.52(49)	3.65(43)	3.32(49)	0.75
Respect for tradition	3.48(50)	3.45(51)	3.39(47)	0.37
Accepting my portion of life	3.31(53)	3.39(54)	3.31(51)	0.28
Detachment	3.17(55)	3.06(55)	2.88(55)	0.74
<u>Conformity</u>	4.06 ^a	4.09 ^a	4.11 ^b	4.20*
Honoring of parents and elders	4.35(19)	4.31(13)	4.31(11)	0.46
Self-discipline	4.39(16)	4.28(14)	4.30(12)	1.70
Politeness	3.67(41) ^a	4.20(20) ^b	4.17(19) ^b	15.28**
Obedient	3.81(37)	3.62(44)	3.67(37)	1.54
<u>Security</u>	4.17 ^a	4.20 ^a	4.22 ^b	5.44**
Healthy	4.74(1) ^a	4.81(1) ^{ab}	4.84(1) ^b	2.65
Family security	4.46(10) ^a	4.72(2) ^b	4.56(4) ^{ab}	5.11**
National security	4.33(20)	4.27(15)	4.28(15)	0.55
Social order	4.06(29) ^a	4.11(24) ^{ab}	4.19(18) ^b	2.34
Clean	4.15(27) ^a	3.88(33) ^b	3.90(29) ^{ab}	2.72
Sense of belonging	3.56(47) ^a	3.88(32) ^b	3.88(31) ^b	7.91**
Reciprocation of favors	3.93(32) ^{ab}	3.70(39) ^a	3.91(28) ^b	3.68*

** : p<.01, * : p<.05,

^{a,b,c}: different alphabets represent that they are significantly different at p=.05

() represents the ranking of each value

Table 4
Means, Mean Rankings, and Mean Comparison Results on the Ethical Perceptions

Ethical Dimensions	Entre- preneurs (n=54)	Core Managers (n=128)	Non-core Managers (n=104)	F-value
<u>Misuse of Company Asset, Time, Information</u>	2.35 ^a	2.50 ^ʹ	2.63 ^c	11.53**
Taking longer than necessary to do a job	2.76(6) ^a	3.08(4) ^b	3.32(3) ^b	5.92**
Taking extra personal time	2.87(5) ^a	3.17(3) ^b	3.14(5) ^b	2.88
Not reporting other's violation of company rules	3.04(3)	2.95(5)	3.14(4)	1.78
Doing personal business on company time	2.19(14) ^a	2.42(9) ^b	2.63(6) ^b	5.36**
Concealing one's errors	2.30(12)	2.42(8)	2.56(7)	1.98
Taking company materials and supplies	1.98(17) ^a	2.22(12) ^b	2.39(9) ^b	8.73**
Using company services for personal use	2.07(15)	2.11(15)	2.21(13)	1.97
Divulging confidential information	1.59(22)	1.63(21)	1.65(21)	0.30
<u>Lying & Cheating for Personal Gains</u>	1.56	1.59	1.58	0.52
Calling in sick to take a day off	1.87(19) ^a	2.02(16) ^{ab}	2.24(10) ^b	2.74
Padding on expense account	1.67(21)	1.56(24)	1.52(24)	1.06
Falsifying reports	1.52(24)	1.55(25)	1.61(22)	0.57
Claiming credit	1.44(25)	1.58(22)	1.52(23)	1.58
Authorizing to violate coy rules	1.59(23)	1.56(23)	1.43(25)	1.75
Passing blame to coworker	1.24(26)	1.24(26)	1.15(26)	1.79
<u>Questionable Biz Conduct to Secure a Deal</u>	2.84 ^a	2.54 ^ʹ	2.46 ^b	7.46**
Sending employee to competitors tradeshow to learn	3.56(1)	3.41(2)	3.44(2)	0.74
Doing business by the belief that which is legal is ethical in business	3.39(2)	3.41(1)	3.44(1)	0.25
Hiring competitor's employee to obtain trade secrets	2.96(4) ^a	2.91(6) ^a	2.50(8) ^b	4.05*
Putting new and improved statement on product although not so	2.46(9)	2.52(7)	2.23(11)	1.19
Paying money to a foreign official who influences policies	2.72(7) ^a	2.27(11) ^b	2.23(12) ^b	2.89
Giving gifts for preferential treatment	2.41(10)	2.11(14)	2.09(15)	1.79
Giving kickbacks to secure business	2.61(8) ^a	2.13(13) ^b	1.93(16) ^b	8.73**
Using bribery to get things done	2.31(11) ^a	1.70(19) ^b	1.71(20) ^b	9.47**
<u>Disregard of Stakeholders</u>	2.00	1.90	1.86	0.86
Ignoring the interests of local communities when doing business	2.26(13) ^{ab}	2.41(10) ^a	2.15(14) ^b	3.93*
Discriminating against employees	2.04(16)	1.78(17)	1.78(18)	0.94
Accepting gifts for preferential treatment	1.87(20)	1.76(18)	1.80(17)	0.10
Getting involved in insider trading	1.92(18) ^a	1.65(20) ^b	1.73(19) ^{ab}	2.43

** : p<.01, * : p<.05,

^{a,b,c}: different alphabets represent that they are significantly different at p=.05

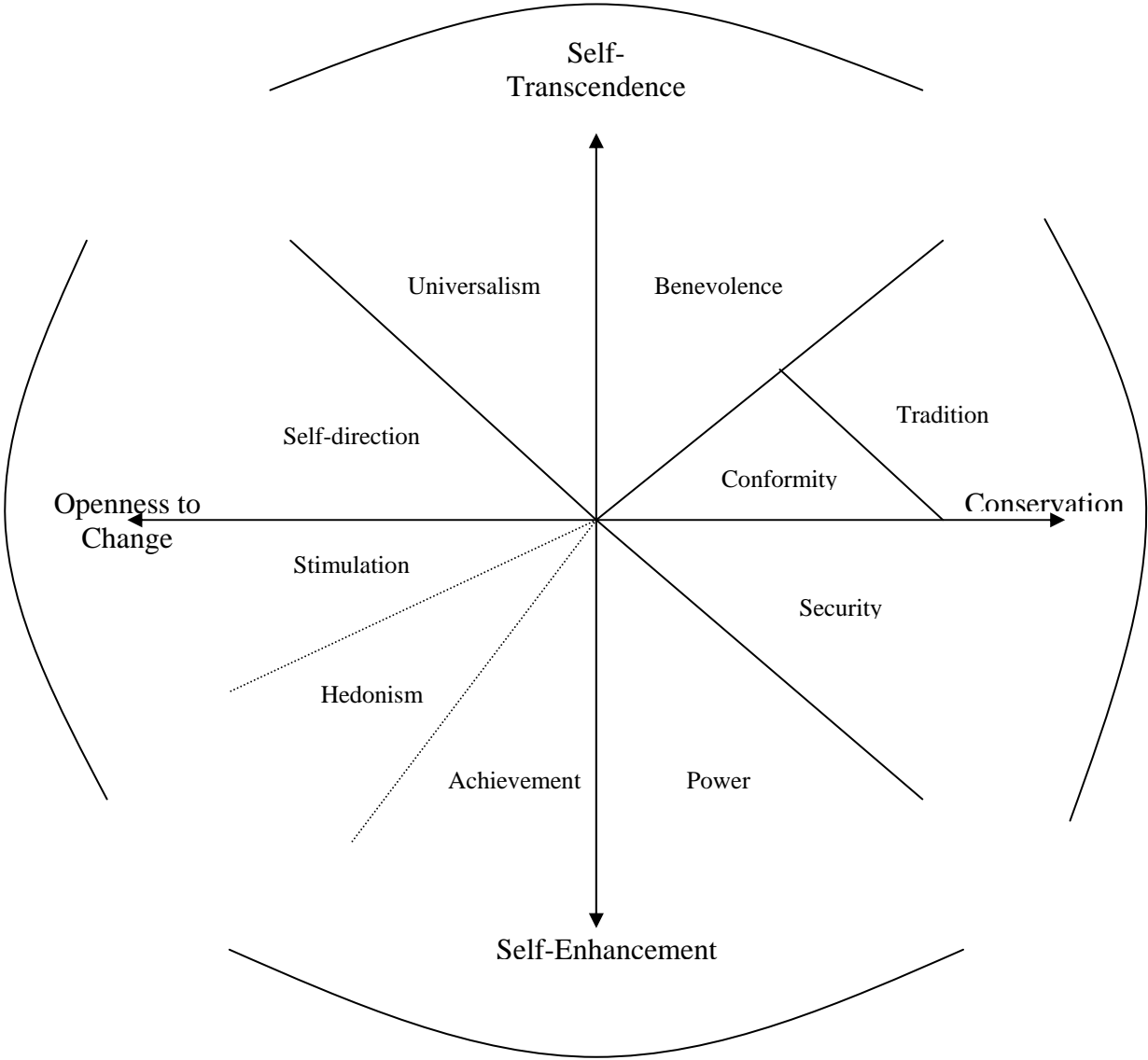
() represents the ranking of each value

Table 5
Correlations between Schwartz Values and the Ethical Perception Factors

	Power	Achievement	Hedonism	Stimulation	Self-direction	Universalism	Benevolence	Tradition	Conformity	Security
Misuse of Company Asset, Time & Info	-.23**	-.21**	.05	-.23**	-.19**	.18**	.22**	.09	-.02	.19**
Lying & Cheating for Personal Gains	.04	-.08	.02	-.03	-.03	.05	-.00	.10	-.04	-.09
Questionable Biz Conduct to Secure a Deal	.09	.21**	-.04	.20**	.20**	-.09	-.19**	-.15*	.03	-.10
Disregard of Stakeholders	.18**	.05	-.03	.04	-.01	-.19**	-.00	.01	.03	-.05

** : p<.01, * : p <.05

Figure 1
Schwartz' (1992) Theoretical Model of Relationships among Motivational Types of Values and Bipolar Value Dimensions



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