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HOW DO INDIVIDUAL FACTORS INFLUENCE MORAL DECISION MAKING IN
ENTREPRENEURSHIP? THE ROLE OF SELF-CONSTRUAL, TEMPORAL CON-
STRUAL AND MORAL IDENTITY

By

Shanshan Qian

B.E., Nanjing University of Information Science and Technology, 2008

M.S., University of Alabama, 2009

A Dissertation

Submitted to the Faculty of the

College of Business of the University of Louisville

In Partial Fulfillment of the Requirements

For the Degree of

Doctor of Philosophy

Department of Entrepreneurship

University of Louisville

Louisville, Kentucky

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A Dissertation Approved on

June 23, 2014

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Dr. David A. Dubofsky: Dissertation Director

Dr. Michael J. Barone

Dr. Kristen Lucas

Dr. Dean A. Shepherd

DEDICATION

This dissertation is dedicated to my parents,

Mr. Huai Qian and Mrs. Fangfang Qin,

and my husband Chao Miao

who have given me invaluable educational opportunities and support.

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First and foremost, I give thanks to Jesus Christ, my God, for giving me wisdom, strength and patience to complete this dissertation and my doctoral study. “Do not be anxious about anything, but in every situation, by prayer and petition, with thanksgiving, present your requests to God. And the peace of God, which transcends all understanding, will guard your hearts and your minds in Christ Jesus” (Philippians 4: 6-7). I feel grateful to Jesus Christ for blessing me in these four years. May my life continue to be a testimony of Him.

Second, I express my sincere gratitude to my dissertation chair Dr. David Dubofsky. You are always providing support, and guidance for my dissertation. I am glad to have the opportunity to work under your supervision throughout my dissertation journey. To my committee members, Dr. Kristen Lucas, Dr. Michael Barone, and Dr. Dean Shepherd, I express my deep thanks to all of you as well. You devoted your time to help me to accomplish my dissertation. Without your assistance and guidance, I may never have completed this dissertation.

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Lastly, I would like to thank those faculty members, staff and PhD students. It is my honor to study in this program and know all of you. You help me to learn and grow my academic life in University of Louisville.

ABSTRACT

HOW DO INDIVIDUAL FACTORS INFLUENCE MORAL DECISION MAKING IN ENTREPRENEURSHIP? THE ROLE OF SELF-CONSTRUAL, TEMPORAL CON- STRUAL, AND MORAL IDENTITY

Shanshan Qian

June 23, 2014

Some entrepreneurs are often perceived to do almost anything to succeed and pursue self-interests while breaking moral and ethical standards. This is particularly severe when the ventures are at the early stage because entrepreneurs face scarce resources, high uncertainty and a competitive environment. It is noted that entrepreneurs' behavior of conforming business ethics and morality is profound for entrepreneurs' firms viability. Thus, this dissertation employs self-construal theory and construal level theory and identifies how entrepreneurs' cognitive development influences entrepreneurs to make moral decisions. In addition, I address the role of entrepreneurs' moral identity in the focal relationships.

Data were collected from 213 American and Chinese entrepreneurs whose ventures are less than six years old. I used MANCOVA and PROCESS, a tool for SPSS to analyze moderation, to test hypotheses. The results found that interdependent self-construal and distal construal interactively influenced entrepreneurs' likelihood of making

moral decision making regarding customers and entrepreneurial values. In addition, moral identity – internalization and symbolization - moderated the interactive effect of self-construal and temporal construal on moral decision making.

This dissertation has implications for entrepreneurs, educators and policy makers. It provides approaches that can help entrepreneurs to enhance their moral cognitions and implies educators and policy makers can encourage entrepreneurs to establish ventures with morality.

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CHAPTER I

INTRODUCTION

Entrepreneurship is a major driving force behind economic growth and technological change. Entrepreneurship refers to a field that “seeks to understand how opportunities to bring into existence ‘future’ goods and services are discovered, created, and exploited, by whom, and with what consequences” (Venkataraman, 1997, p.120). In many countries, the creation of new independent ventures accounts for from one fourth to nearly one third of the variation in economic growth (Audretsch, Keilbach, and Lehmann, 2006; Carter, Gartner, Shaver, and Gatewood, 2003; Davidsson, Lindmark, and Olofsson, 1994; Reynolds and Maki, 1990; Reynolds, 2001; Reynolds, 1994). Not surprisingly, therefore, researchers historically depicted entrepreneurs with positive images. For example, Kirzner (1978) asserted that entrepreneurs are arbitrageurs who exploit opportunities and move the economy towards equilibrium. Schumpeter (1934) described that although some markets approach a state of equilibrium, entrepreneurs are innovators who advance knowledge and technology and who can break an economy’s equilibrium. As such, the social image of entrepreneurs is generally positive, because entrepreneurs contribute to the economy, innovation and job creation.

I study entrepreneurs who focus mainly on establishing strong and profitable firms and accumulating personal wealth. Though admired, some entrepreneurs are also often perceived to do almost anything to succeed while challenging established norms and morals (Fassin, 2005; Hannafey, 2003). The modern business world faces many ethical scandals. To illustrate, an entrepreneur in China manufactured and exported toxic toys to American and European countries, which cause harm to young children. According to Hart, Bulloch, and Raz (1961), morality refers to systems of rules that are external to individuals, designed to guide social or interpersonal behavior, and which may to some degree be codified and spelled out. In addition, ethics are viewed as a system of value principles or practices and the ability to determine right from wrong (Payne and Joyner, 2006). Fassin (2005) defined business ethics as “doing the correct things, and doing the things correctly; doing honourable business, and doing business honourably” based on the definition offered by Melville-Ross (1996). Morality and ethics are often used interchangeably (Freeman and Gilbert, 1988; Jones, 1991; Joyner and Payne, 2002; Payne and Joyner, 2006), and both indicate that the decision maker is concerned with the moral rightness or wrongness of the decision, rather than the legality of the decision (Payne and Joyner, 2006). Thus, to be consistent, I use the terms “moral” and “morality” throughout this dissertation.

In his book “The Achieving Society”, McClelland (1961) pointed out that “we do not know at the present time what makes an entrepreneur more or less ethical in his dealings but obviously there are few problems of greater importance for future research” (p. 331). In addition, entrepreneurs allege that they need practical moral guidance, because entrepreneurs claim that they face complex moral problems regarding customer relation-

ships, personal relationships and other challenges (Hannafey, 2003). Thus, researchers have started to conduct studies on how and why entrepreneurs make moral decisions (e.g., Arend, 2012; Bierly, Kolodinsky, and Charette, 2009; Clarke and Holt, 2010; Hannafey, 2003). For example, scholars increasingly pay attention to the moral decision making and moral behaviors by business people (Treviño et al., 2006). Researchers (e.g., Trevino, 1986) identified that contextual variables, such as organizational culture and job context, can influence people to make moral decisions. Furthermore, researchers developed models to explain how actors' moral cognition develops (e.g., Jones, 1991; Rest, 1986). For example, they link moral judgment to moral intent. Thus, research on morality greatly contributes to our understanding regarding the moral decision making and behaviors of individuals.

The moral studies in entrepreneurship are built upon research in the general field of business. For example, Loe, Ferrell, and Mansfield (2000) reviewed empirical studies on moral decision making in business. They found that individual factors, such as gender, intent, locus of control, and organizational factors such as culture and climate and codes of ethics can influence individuals' moral decision making. The other review is from O'Fallon and Butterfield (2005), who supplemented the study by Loe et al. (2000) by summarizing other factors, such as Machiavellianism and the external environment. More important, these two review articles conclude that there is a strong need to investigate moral decision making in entrepreneurship, which provides a rich context where there are many moral tensions (Hannafey, 2003).

Echoing these two review papers and previous studies (e.g., Hannafey, 2003; Payne and Joyner, 2006), entrepreneurship scholars studying morality have paid a grow-

ing attention to the entrepreneurship field, witnessed by an increasing number of entrepreneurship articles published (e.g., Anokhin and Schulze, 2009; Bucar, Glas, and Hisrich, 2003; Harris, Sapienza, and Bowie, 2009; McVea, 2009). For example, Bryant (2009) applied social cognitive self-regulation, which describes how people set goals and then organize their own thoughts and behavior towards achieving their goals (Vancouver and Day, 2005). He interviewed and surveyed entrepreneurs and identified that strong self-regulation is positively related to moral awareness of entrepreneurs. The other study is from McVea (2009), who specifically studied biotechnology entrepreneurs' moral decision making under an uncertain environment, and conducted a field study to investigate the effect of moral imagination, characterized by moral sensitivity, perspective-taking, and the creation of fresh alternatives (Moberg and Caldwell, 2007). He found that moral imagination plays a positive role in entrepreneurs' moral decision making. Studies from Bryant (2009) and McVea (2009) greatly contribute to the research in entrepreneurs' moral decision making, and provide guidance to entrepreneurs about how they can make moral decisions by self-regulating their cognitions. However, there is still a need to study further the moral issues in entrepreneurship to fill three research gaps that Bryant and McVea failed to address.

The first research gap arises because prior research has not examined entrepreneurs' moral decision making during the new venture creation and development stage (Payne and Joyner, 2006). Rather, the recent empirical studies on moral issues largely employ samples of entrepreneurs who are already running their businesses for many years (e.g., Bitros and Karayiannis, 2010; Bryant, 2009; McVea, 2009). For instance, Bryant (2009) interviewed entrepreneurs whose companies are of various ages. In addi-

tion, although McVea (2009) addressed entrepreneurs in an uncertain environment, which is a feature of the early venture stage, we still do not know about the moral attributes of entrepreneurs' decision making specifically during the earliest stage of their ventures.

The early stage of a venture creates unique challenging situations for entrepreneurs. Strain theory (Merton, 1968) and rational choice theory (Dunham, 2010; Etzioni, 1990; Opp, 1999) propose that entrepreneurs suffer from limited financial capital and a niche customer base at the early stage of their ventures (Morris et al., 2002). They are eager to achieve success under this circumstance, but may use different approaches to achieve success (Merton, 1968). To illustrate, entrepreneurs may engage in immoral behaviors to obtain personal gains while causing harm to others (Sarasvathy, 2010; Venkataraman, 2002). In addition, entrepreneurs may alter their perspectives on morality when they face competition and the uncertain environment that is distinct at the early stage of their ventures (Chau and Siu, 2000). Thus, this dissertation only focuses on entrepreneurial ventures' early stage and identifies factors that can influence entrepreneurs to make moral decisions during this stage. Addressing ventures' early stage is vital because all challenges and dilemmas at this stage influence entrepreneurs' moral decision making, and hence affect their firms' growth and future viability (Hannafey, 2003). Thus, no matter whether new ventures succeed or fail later, an early stage is a vital beginning for later development.

The second research gap is that the current empirical studies (e.g., McVea, 2009) have not paid sufficient attention to the most important moral decisions that matter to entrepreneurs and their ventures. Regarding the decisions made by entrepreneurs, McVea (2009) found that biotechnology entrepreneurs incorporate stakeholders, such as custom-

ers, shareholders, government, and patients into moral consideration. However, while he studied a broad set of stakeholders, the study lacks focus and overlooks some other important aspects, such as environment and society. Rather, I study environment and society and address the four most important moral decisions (i.e., moral decisions regarding employees, customers, external accountability and entrepreneurial values) that contribute to entrepreneurs' success according to Payne and Joyner's (2006) study. Studying the most important moral decisions for entrepreneurs can suggest scholars to examine theoretical reasoning leading to these four moral decision making. In addition, it provides information for entrepreneurs regarding how to establish and develop their ventures morally.

The last research gap that prior studies (Bryant, 2009; McVea, 2009) do not address is the moderating role of moral identity. Moral identity refers to a self-schema organized around a series of moral trait associations (e.g., honesty, compassion, caring) (Aquino and Reed, 2002). It is a relatively new concept in entrepreneurship as compared to other constructs in this field, and management articles have introduced it (e.g., Detert, Treviño, and Sweitzer, 2008; Reynolds and Ceranic, 2007). I argue that moral identity can change the relationship between entrepreneurs' self-construal and temporal construal and moral decision making. As such, I use it to develop hypotheses explaining entrepreneurs' moral decision making processes.

Within the boundary of entrepreneurs whose ventures are at an early stage, I seek to answer the research question of "How do individual factors influence entrepreneurs to make moral decisions?" Here, individual factors mean entrepreneurs' cognitive and trait factors. I employ: a) self-construal theory and construal level theory (CLT), b) moral identity theory, in my dissertation. Each element is next discussed.

Self-Construal Theory and Construal Level Theory

To identify how entrepreneurs who are at a venture's early stage make moral decisions, I utilize a synthesized model by (Jones, 1991), who built upon several early moral decision-making models proposed by various researchers. His synthesis of moral decision-making models included recognizing moral issues, moral judgment, establishing moral intent and engaging in moral behavior. Based on this integrated model, I mainly focus on the relationship (Dubinsky and Loken, 1989; Hunt and Vitell, 1986; Rest, 1986) between cognitive moral development (Rest, 1986; Trevino, 1986) and establishing moral intent. To achieve this, I use self-construal theory and CLT to investigate how self-construal and temporal construal influence entrepreneurs to make moral decisions. Self-construal theory and CLT describe cognitive moral development.

In this dissertation, moral intentions refer to entrepreneurs' intent to make moral decisions during new venture creation and development. Specifically speaking, moral intentions consist of four decisions addressed by Payne and Joyner (2006), who relied on Wilson's (1979) framework, arguing that entrepreneurs made decisions that were ethical in nature. These four categories of moral decisions making are: (1) individual value-related decisions, such as integrity, honesty, and work ethics; (2) organizational culture/employee well-being decisions, such as concern about employee benefits and reward programs; (3) customer satisfaction and quality decisions, e.g., providing customers with good quality in price, product and services; and (4) external accountability decisions, referring to natural environment, political and legal responsibility. This dissertation addresses these four categories of moral decisions proposed by Payne and Joyner and exam-

ines how self-construal and temporal construal influence entrepreneurs' likelihood of making moral decisions.

Self-construal is defined as how individuals see themselves in relation to others (Markus and Kitayama, 1991). That is to say, people have different views regarding individual focus and group focus, either focusing on themselves or on their relations with others. In addition, Markus and Kitayama (1991) identified two dimensions of self-construal: independence and interdependence, and argued that the two dimensions of self-construal can explain individuals' psychological experience, and shape their cognition, emotion and motivation. Independent individuals seek independence, autonomy, and separateness from others; whereas, interdependent individuals put group and harmony as the priority (Markus and Kitayama, 1991).

CLT (Liberman and Trope, 1998; Trope and Liberman, 2000; for a review see Trope and Liberman, 2003) asserts that temporal distance, defined as the perceived proximity of an event in time, can change individuals' response to future events by altering their mental representations. Mental representations are knowledge structures which are simplified mental images of the world, and they help individuals to process information and to make decisions (Kiesler and Sproull, 1982; Walsh, 1995). In other words, temporal construal can influence an actor's own decisions by affecting his or her future goals (Trope, Liberman, and Wakslak, 2007). Applied in morality research, CLT asserts that as people use more abstract mental representations, they will be more likely to focus on social values and decrease the attraction for symbolic rewards, such as money (e.g., Kivetz and Tyler, 2007). Likewise, entrepreneurs at the early venture stage are usually very concerned about their financial gains. However, as entrepreneurs think in a high level ap-

proach, they will make moral decisions regarding societal value and integrity value. Thus, this dissertation investigates interacting effect of self-construal and temporal construal on entrepreneurs' intentions to make moral decisions related to employees, customers, entrepreneurs' personal values and external accountability.

Moral Identity: Extending Moral Decision Making Model

Although Jones' (1991) issue-contingent model of moral decision making suggested that the characteristics of moral issues are important factors that influence the process of moral decision making, it does not take moderators into considerations. In addition, there are different factors that can influence entrepreneurs' morality, such as government and culture (Campin, 2010). Quinn (1997) found that the most influential factors determining entrepreneurs' behavior are personal ethics and morality. As such, moral identity can be a factor that influences entrepreneurs' decision making. Moral identity refers to an actor's self-conception with respect to moral values, virtues and standards of behavior (Aquino and Reed, 2002). In this dissertation, I bring moral identity into entrepreneurship research and investigate the moderating role of moral identity of entrepreneurs. Hence, I consider the extent to which entrepreneurs' moral identity moderates the entrepreneurs' self-construal – temporal construal and moral decision making relationships.

Contribution

This dissertation contributes to the current literature in several ways. First, I raise the research question regarding how individual factors influence entrepreneurs to make moral decisions. Although one of the routes, or paths, by which entrepreneurs can suc-

ceed is the identification and exploitation of opportunities, we cannot overlook the importance of morality's impact on success. Venkataraman (2002) argued that entrepreneurs' morality toward stakeholders is important for firm survival and success, and combining entrepreneurship and ethics together can have great implications. As such, the factors that influence entrepreneurs' moral decision making are an important area for study. Thus, this dissertation builds upon and expands Jones' (1991) moral decision making model and explains how self-construal and temporal construal together can influence entrepreneurs' moral decision making. Rather than focusing on some stable demographic characteristics, I hypothesize that self-construal and temporal construal can provide entrepreneurs with guidance regarding their cognitive moral development. In addition, I link self-construal and temporal construal to four important moral decisions for entrepreneurs to succeed, which offer guidance for entrepreneurs. Although CLT has implications for morality, there are no empirical studies that specify its potential guidance for entrepreneurs who are at the early venture stage. Thus, this dissertation supplements the research on both the entrepreneurship and construal literatures.

Second, this dissertation answers the call to further investigate how the cognitive process influences entrepreneurs' intentions to make moral decisions (Darley, Messick, and Tyler, 2001; Treviño, Weaver, and Reynolds, 2006). McVea (2009) found that the role played by moral identity of the decision-maker exists throughout the decision process. Thus, I take entrepreneurs' moral identity into consideration. This can contribute to Jones' model and identify factors that can influence entrepreneurs' moral intentions. Thus, this dissertation seeks to identify the explicit role of moral identity on entrepreneurs' moral decision making.

Third, studying entrepreneurs' own morality is critical because morality plays an important role in entrepreneurial firms' growth in the long run. For example, Joyner, Payne, and Raiborn (2002) conducted a study on the behaviors of founding entrepreneurs and identified many who are guided by well-articulated values are able to survive and develop. In addition, to better understand the process by which entrepreneurs create and develop ventures, we need to recognize and identify the significant role of morality (Freeman, 1994). In addition, as compared to managers who work for someone else's organizations, entrepreneurs' moral values have more direct effects on their firms because they participate in their firms' daily practices (Quinn, 1997). Thus, studying how entrepreneurs make moral decisions has many practical implications.

The dissertation is organized as follows. In Chapter II, I review the current literature on entrepreneurs' morality and explore the effect of self-construal and temporal construal on entrepreneurs' moral decision making. In Chapter III, I explain the role of moral identity of on the relationship between entrepreneurs' self-construal and temporal construal and moral intentions, and hypotheses are proposed. In Chapter IV, I discuss the methods, such as measures, samples, analytical techniques used to test the hypotheses. In Chapter V, I provide the results of the study. Next in Chapter VI, I discuss the implications of the results from theoretical and practical perspectives. I conclude by summarizing the study.

CHAPTER II

MORAL DECISION MAKING AND INFLUENCE OF COGNITIVE FACTORS

Overview

This chapter consists of two sections. First, I review the current literature on why entrepreneurs are likely to behave immorally at a venture's early stage and provide arguments on why moral intentions are important for entrepreneurs who are at the ventures' early stage. Second, because an individual's level of cognitive moral development is positively related with moral decision making (Kenneth Bass, Barnett, and Brown, 1999; Green and Weber, 1997), I introduce self-construal theory and construal level theory (CLT) to identify their influence on entrepreneurs' moral decision making.

Moral Intentions in Entrepreneurship

Moral Issues in Entrepreneurship

There are a large number of examples that present some entrepreneurs who conduct business in an unethical way and only aim to achieve business financial success. Spence and Rutherford (2001) conducted interviews and surveys and identified that some entrepreneurs do not have a positive social image. They only focus on profit maximization and decline to solve public problems. In addition, Fassin (2005) demonstrated that some entrepreneurs pursue their self-interest at a venture's early stage. Thus, entrepreneurs are rather criticized of compromising moral values if needed (Fisscher, Frenkel, Lurie, and Nijhof, 2005), providing us with concerns regarding their morality.

This dissertation only focuses on entrepreneurs who are at their ventures' early stage, which previous empirical studies overlook (e.g., Bryant, 2009; McVea, 2009). Evidence shows that entrepreneurs behave immorally in some circumstances, especially when they are at the stage of venture creation and development (Fisscher et al., 2005). Here, I use the research findings from Shrader, Oviatt, and McDougall (2000) who argued that start-ups experiencing a critical developmental stage during the first six years of their existence are considered new ventures. I discuss why entrepreneurs behave immorally at ventures' early stage in the following section.

The phenomenon of breaking moral rules when entrepreneurs are at an early venture stage can be understood by two perspectives: strain theory and rational choice theory. First, according to strain theory, people are eager to achieve success, but may experience strains or frustrations, and thus they consider using different approaches to achieve

success (Merton, 1968). To some extent, the strain and frustration for entrepreneurs is due to the challenges that firm size brings about (Fisscher et al., 2005; Hannafey, 2003). Entrepreneurial firms at the early stage are usually associated with small firm size, defined by the number of employees (Vecchio, 2003). Fisscher et al. (2005) and Hannafey (2003) summarized the weakness originating from small firms: first, firms are under high pressure, causing entrepreneurs to have less time and resources to spend on moral considerations. For instance, small firms require owners or managers to combine the function of training and placement with all other duties (Aldrich and Auster, 1986). In addition, the most severe problem that small firms face is raising capital (Aldrich and Auster, 1986), an example of limited resources. Second, as compared to large firms, small firms are typically more flexible and action-oriented in changing routines. However, this exposes entrepreneurs to many difficult dilemmas, leading them to think less of moral consequences. Last, entrepreneurs in small ventures have less solid business culture that can offer moral guidance.

The second perspective that permits us to understand that early stage entrepreneurs may break moral rules is rational choice theory. Rational choice theory argues that the rational actor is goal-oriented and usually interested only in his or her own welfare (Dunham, 2010; Etzioni, 1990; Opp, 1999). This applies to entrepreneurs as well. Fisscher et al. (2005) argued that entrepreneurs are utilitarian decision makers at a venture's early development stage. Spence and Rutherford (2001) found that owners indicate their drive for money as the top priority. However, they face moral challenges in this process (Hannafey, 2003), because this important financial attribute weighs larger than other attributes in entrepreneurs' decisions (Irwin, Slovic, Lichtenstein, and McClelland,

1993; Tversky, Sattath, and Slovic, 1988). Entrepreneurs choose between pursuing self-interest goals and conforming to normative morality (Bryant, 2009; Sarasvathy, 2010; Venkataraman, 2002). However, conforming to morality implies a trade-off against profitability (Barraquier, 2011) and against financial wealth (Zahra, Gedajlovic, Neubaum, and Shulman, 2009). According to rational choice theory, entrepreneurs face the temptations to change their moral values in order for their ventures to survive (Arend, 2012).

Establishing Entrepreneurs' Moral Intentions

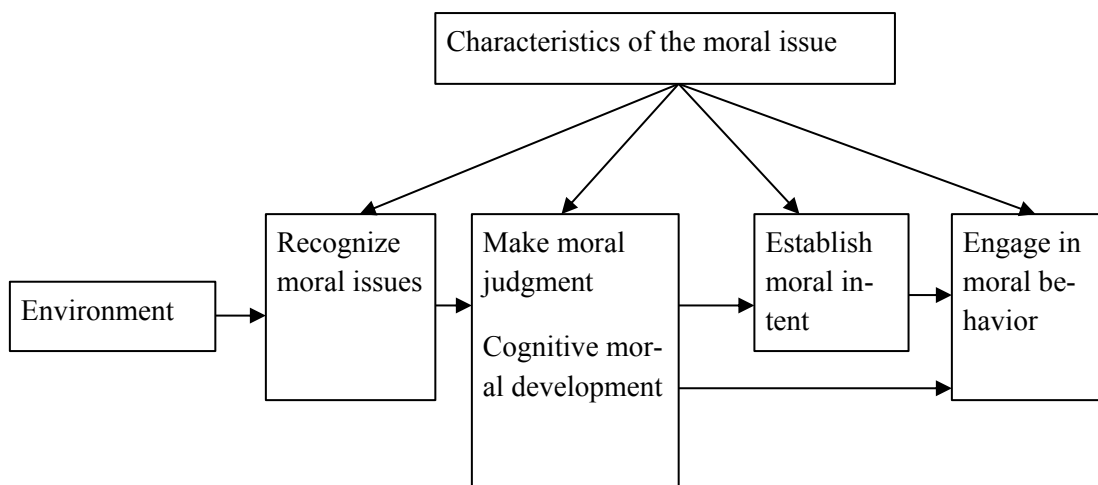
With the increased interest in entrepreneurs and their activities, such as entrepreneurial discovery and opportunity exploitation, scholars have paid considerable attention to moral problems faced by entrepreneurs (Hannafey, 2003). According to Foremski (2011), some entrepreneurs may obtain short-term profit maximization from unethical behaviors, such as taking advantage of customers, employees, society and environment, but they may ruin a business's reputation and brand. More important, there is an urgent call asking a fuller integration of the moral aspects of value creation into entrepreneurship (Donaldson, 2003; Harris and Freeman, 2008; Harris, Sapienza, and Bowie, 2009; Wicks and Freeman, 1998). Regarding the aforementioned importance of moral values and behavior and reasons that entrepreneurs behave immorally at the venture's early stage, I aim to identify the factors that can influence them establish moral intentions to make moral decisions.

It is important and recommended to apply theoretical frameworks in the ethics literature to the entrepreneurship context (Baucus and Cochran, 2011). There are several different ethical and moral models proposed by a few scholars. For example, Rest (1986)

suggested a four-component model which states that a moral agent makes a moral decision, recognizes the moral issues, makes a moral judgment, establishes moral intent, and acts on the moral concerns. On the other hand, Trevino (1986) puts forth that the model begins with the existence of an ethical dilemma and then turns to a cognitive stage. The other model is from Ferrell and Gresham (1985), who applied the ethical decision making model to marketing and asserted that the decision maker is influenced by individual and organizational level factors. Later, Ferrell, Gresham, and Fraedrich (1989) developed a five-stage model by integrating awareness, cognitions, moral judgments, and intentions. After evaluating the strengths and weaknesses from prior models Jones (1991, p.370) provided a synthesized model, which begins with the environment (Figure 1). The model then continues with the recognition of moral issues, making moral judgments, establishing moral intent, and finally engaging in moral behavior.

Figure 1

Jones' (1991) synthesized ethical-decision making models



I develop my hypotheses using Jones' synthesized model (1991). In particular, I focus on the link between cognitive moral development and establishing moral intent. There are two reasons that clarify why I only focus on this link, rather than including recognizing moral issues or engaging in moral behavior. First, this dissertation aims to identify the moral decision making for entrepreneurs who are at the early venture stage, which is a unique context in which they typically face a particularly competitive environment and scarce resources. This in turn causes some of them to violate the existing social norms or laws (Agnew, 1992; De Clercq and Dakhli, 2009; Meier and Bell, 1959; Merton, 1968). As such, according to the reasons that entrepreneurs behave immorally at ventures' early stage age, it is reasonable to argue that entrepreneurs ignore or do not pay attention to the moral issues. For instance, entrepreneurs may behave immorally by making immoral decisions, acting on their own intentions, and overlooking the moral issues. As a consequence, my focus is on cognitive moral development in the model. The level of cognitive moral development matters because it can affect the probability that entrepreneurs participate not only in decision making but also in immorality. For example, entrepreneurs may tell legitimate lies, defined as lies that encourage various stakeholders to perceive his or her entrepreneurial venture as legitimate. In other words, an entrepreneur may intentionally misrepresent the facts (Rutherford, Buller, and Stebbins, 2009).

The second reason that I focus on the link between cognitive moral development and moral intent is the importance of intentions. Rather than studying moral behavior, I argue that moral intent is a critical foundation for moral behavior, and intention plays a vital role in entrepreneurship. The research on cognitions emphasizes mental processes and determines the role that they play in affecting behavior (Swan, 1977). Cognition is

widely applied to entrepreneurship fields (Corbett and Hmieleski, 2007; Krueger, 2007; Mitchell et al., 2004, 2007; Morris et al., 2002) and is critical in the entrepreneurial process. It is important to facilitate and motivate entrepreneurs' cognition, because it is acknowledged that "entrepreneurship is a mindset" (Schramm, 2006, p. 11), which indicates the role of cognitive aspects of entrepreneurship in opportunity identification and exploitation (e.g., McGrath and MacMillan, 2000). This aligns with the importance of moral intentions, which are associated with firm growth. As previously mentioned, entrepreneurs face new ethical challenges in their ventures' early stage (Hannafey, 2003). They choose between pursuing self-interest goals and conforming to normative business ethics (Bryant, 2009; Sarasvathy, 2010; Venkataraman, 2002). Thus, it is a critical beginning to study moral intentions of entrepreneurs, which further affects long term development.

Because cognitions emphasize mental processes (Swan, 1977), I focus on the cognitive development process, which exerts an important role in regulating and facilitating the relations between situations and moral tendencies (Blasi, 1980). Generally speaking, there are various cognitive processes, including observation, labeling, symbol formation, abstractions and hierarchical plans. In addition, moral problems consist of complex and dynamic situations, where multiple, often competing, guidelines and goals exist and solutions are not apparent (Werhane, 2002). Regarding the complexity and dynamism of moral problems, the cognitive process is emphasized and studied (Mumford et al., 2008). I use self-construal theory and construal level theory (CLT) to explain how self-construal and temporal construal both influence entrepreneurs make moral decisions at ventures' early stages, and solve the conflicting and multiple guidelines that entrepre-

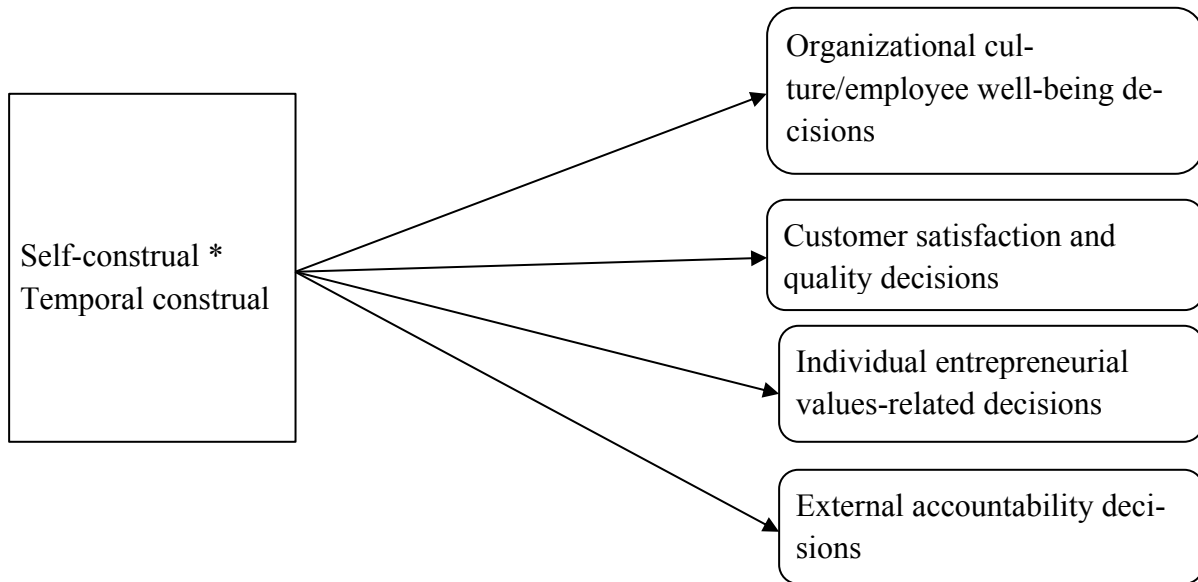
neurs possess in their mind. Manipulating self-construal and temporal construal are similar to symbol formation, abstraction and hierarchical plans, which can influence entrepreneurs' moral decision making.

Payne and Joyner (2006) proposed four moral decisions, which align with Lepoutre and Heene (2006), who offered a more comprehensive definition of small business social responsibility based on the European Commission. The responsibility includes “(1) treats customers, business partners and competitors with fairness and honesty; (2) cares about the health, safety and general well-being of employees and customers; (3) motivates his workforce by offering training and development opportunities; (4) acts as a ‘good citizen’ in the local community; and (5) is respectful of natural resources and the environment” (European Commission, 2003; Lepoutre and Heene, 2006).

Accordingly, I employ decision categories from Payne and Joyner (2006) and Lepoutre and Heene (2006) and build on two theories to explain their influence on entrepreneurs' moral intentions in the following sections. First, I discuss the current problems in entrepreneurs' morality. Second, I review the literature on self-construal theory and temporal construal theory. Last, I provide hypotheses. The initial model I establish in this chapter is in Figure 2.

Figure 2

Model



Entrepreneurs' Moral Decision Making

In this section, I explain four most important aspects of moral decision making for entrepreneurs. I argue the current issues in these aspects as follows.

Entrepreneurs' Moral Decision Making: Employees

Although most new ventures may only hire a few employees (e.g., Baum and Locke, 2004; Forbes, 2005), the roles employees play in new ventures cannot be underestimated. According to the resource based view, employees are a valuable resource within a firm, and thereby firms can create competitive advantages through them (Barney, 1991;

Barney and Wright, 1997; Lepak and Snell, 2002). First, employees who possess knowledge, skill and capacity can generate advantages for ventures. This valuable human capital contributes to new venture success (Deshpande and Golhar, 1994; Hornsby and Kuratko, 1990). Human capital theory asserts that knowledge provides individuals with improvement in their cognitive abilities, thus leading to more productive and efficient potential activities (Becker, 1964; Mincer, 1974; Schultz, 1959). Accordingly, as entrepreneurs hire knowledgeable employees, these employees can bring high productivity and create value for organizations.

Second, employees can generate benefits for entrepreneurial firms by using their social capital. Social capital theory describes the ability of individuals to obtain benefits from their social structures, networks and memberships (Lin et al., 1981; Portes, 2000). Employees can help entrepreneurs exchange outside resources (Emerson, 1962) and bridge external networks (Adler and Kwon, 2002). As such, entrepreneurs will obtain greater amounts of resources, such as knowledge and information provided by employees and their social networks. Consequently, employees are a significant resource for entrepreneurs and entrepreneurial ventures.

Because of the importance of employees, it is critical to point out the necessity of entrepreneurs' moral decisions regarding employees. According to Payne and Joyner (2006), making moral decisions regarding employees consists of concern for employees' well being, benefits, reward programs, training programs, and empowerment. First, employee benefits, such as education opportunities, are necessary because employees are required to change roles in small organizations (Balkin and Logan, 1988). In addition, training refers to providing continuous activities related to individual development

(Jones, Morris, and Rockmore, 1995). Thus, employees need to obtain some education or training benefits to fill any education gaps when they switch roles.

Third, psychological empowerment, referring to a psychological state associated with meaning, competence, self-determination, and impact (Spreitzer, 1995), can motivate employees and their creativity (Amabile, 1996; Spreitzer, 1995; Zhang and Bartol, 2010). Psychological empowerment usually consists of processes of heightening employees' self-efficacy feelings (Conger and Kanungo, 1988). Thus, empowering employees and motivating their positive self-efficacy can help entrepreneurs to obtain innovative thoughts from employees. To sum, compensation and training and development have profound influence on firms' survival and effectiveness (Cardon and Stevens, 2004).

Although we acknowledge the importance of employees, there is evidence that some entrepreneurs may not morally consider or care for employees in their new ventures. Baron (2003) argued that new ventures created by entrepreneurs provide us with a "unique and potentially valuable business context for testing the principles and theories of human resource management" (p. 253). Entrepreneurs need to take the expense of training and education into consideration (Banks, Bures, and Champion, 1987), while striving for firm survival under a competitive environment. If they are concerned about survival, entrepreneurs may be ignorant of providing employees with these benefits. Next, I utilize the theories to clarify why and how entrepreneurs may overlook employees' benefits and corresponding consequences for entrepreneurial firms.

First, rational choice theory explains why some entrepreneurs may overlook employees' welfare. Entrepreneurs are generally interested only in their own welfare (Dun-

ham, 2010; Etzioni, 1990; Opp, 1999). In addition, their focus on their own wealth may compromise their moral character (Cornwall and Naughton, 2003). For example, employees claim that they are being “betrayed” by founders after they contributed loyally to the firms (Elangovan and Shapiro, 1998; Tepper, 2000). Elangovan and Shapiro (1998) defined betrayal as “a voluntary violation of mutually known pivotal expectations of the trustor by the trusted party (trustee), which has the potential to threaten the well-being of the trustor” (p. 548). When entrepreneurs pursue their own interests or welfare, they are likely to betray employees who loyally contribute to the ventures; e.g., they may not provide rewards to employees. Even worse, entrepreneurs use their power and great latitude in disciplining and dismissing employees (Vecchio, 2003).

Second, the fact that entrepreneurial ventures at the early stage are usually small strengthens the possibility that some entrepreneurs may overlook employees’ benefits. Generally, the promises or contracts are in a written document, such as organizational practices and procedures, or in oral discussion (Rousseau and Greller, 2006; Rousseau and McLean Parks, 1993; Rousseau, 1989; Sims, 1994). However, labor laws often do not apply to small businesses, creating room for entrepreneurs to execute immoral decisions regarding employees. Accordingly, entrepreneurs sometimes have the discretion to make decisions unfavorable to employees and many times focus on their own welfare.

In addition to the reward and welfare consideration, some entrepreneurs may not empower employees to exchange opinions and ideas due to the fact that entrepreneurs are normally overconfident (Busenitz and Barney, 1997). Generally speaking, entrepreneurs are highly confident and biased (Cooper, Woo, and Dunkelberg, 1988; Vecchio, 2003), which, on the positive side, can help convince employees that the venture will be success-

ful, and gain support from employees. Nevertheless, overconfidence may cause entrepreneurs to have a decision-making bias. Entrepreneurs who possess overconfidence may ignore employees' opinions, thus leading to some failures. Hubris, in particular, is a big risk factor for failure. Kroll, Toombs, and Wright (2000) defined hubris as exaggerated self-confidence, pride, or arrogance. Entrepreneurs' hubris sometimes prevents them from listening to others (Kroll et al., 2000). Rather, they may focus on their own opinions and sometimes overlook psychologically empowering their employees.

Entrepreneurs' Moral Decision Making: Customers

Entrepreneurs are people who bring and create innovation to the market. Innovation refers to the introduction of a new product, process, system, technique, resource, or capability to the firm or its customers (Covin and Miles, 1999; Michael, 2007). Thus, innovation is a condition inherent in entrepreneurship and implies a venture's ability to launch successful products (Avlonitis and Salavou, 2007). In addition, entrepreneurs are supposed to offer a novel product that customers consider purchasing to meet their needs.

Without satisfying customers' needs, entrepreneurs cannot achieve profits. More important, in addition to identifying entrepreneurial opportunities in markets where new goods and services satisfy customers' needs (Burgelman and Hitt, 2007), entrepreneurs can obtain support and assistance from building strong relationships with customers (Yli-Renko, Autio, and Sapienza, 2001). For example, customers can help entrepreneurs achieve some statistical process, obtain service and product quality, conduct research and thus entrepreneurs can accomplish sustainable technology or process improvements (Krause, 1997, 1999). In addition, customers who display support can provide quality as-

sistance because entrepreneurs offer promising technologies (Heide and John, 1990). Thus, meeting customers' needs and building strong customer orientations are particularly important for entrepreneurs. In particular, at the early stage of ventures, as entrepreneurs are acquiring customers, the management of trust is of crucial importance (Ali and Birley, 1998).

To establish trust with customers, entrepreneurs need to consider moral decision making regarding customers' satisfaction and product quality, which indicate that entrepreneurs are supposed to charge a fair price for a quality product or service (Payne and Joyner, 2006). Thus, customers can receive services and products with good quality and value for their payment (Payne and Joyner, 2006). However, although the importance of building relationships with customers is realized, it is still possible that some entrepreneurs will behave immorally in ways that negatively impact customers. Entrepreneurs may sell customers products and service but exaggerate the quality of the products and services (Rutherford et al., 2009). The goal of entrepreneurs is to create value by exploiting the opportunity. In most cases, value refers to wealth creation for the entrepreneur or the firm (Bamford, 2005). In particular, this goal is more urgent when entrepreneurs are at the early stage of ventures. As strain theory states, when entrepreneurs face limited resources (Morris and Zahra, 2000; Robinson and Sexton, 1994) and liability of newness (Stinchcombe, 1965, 2000) under the circumstance of scarce resources, and uncertain and competitive environments, they are likely to violate the existing social norms or laws, thus leading to immorality (Agnew, 1992; De Clercq and Dakhli, 2009; Meier and Bell, 1959; Merton, 1968). To support, Rutherford et al. (2009) proposed that new ventures are a particular stage when founders face the challenge to seek legitimacy, but founders are

encouraged to lie or deceive. Customers are one group that entrepreneurs are likely to lie to. In addition, rational choice theory argues that the rational actor focuses on his or her own goals and (Dunham, 2010; Etzioni, 1990; Opp, 1999; Scott, 2000). Accordingly, entrepreneurs may employ other means to gain profits but may cheat on customers.

Regarding customers' perspective, customers purchase products or goods because the attributes can meet their needs. In other words, customers purchase products because they would like to gain economic utility. In general, consumers gain value not only via the products they obtain in return for the prices they pay, i.e., acquisition utility, but also via non-economic, psychological consequences associated with an exchange, or transaction utility (Thaler, 1985). However, there is a problem associated with exchanges. Similar to information asymmetry, which causes "bad" products or "bad" customers to be more likely to be selected (Akerlof, 1970), the product information between entrepreneurs and customers is not equal (Rutherford et al., 2009). As customers assess the consumer surplus, it brings difficulty for them to distinguish good quality from bad which is inherent in the business world (Akerlof, 1970). That is to say, customers face uncertainty that entrepreneurs may not fulfill the promise of good quality and service. Moreover, entrepreneurs may hide information. According to transaction cost economics, uncertainty is created by the presence of opportunism, and individuals have the tendency to engage in self interest and enact guile (Michael, 2007). Thus, when new ventures are struggling to survive, entrepreneurs may face the temptation to hide information from customers and act immorally in order for the venture to survive.

Entrepreneurs' Moral Decision Making: Entrepreneurial Values Related Decisions

Scholars in philosophy, psychology and management have defined value in various ways. Rokeach (1973) explained “that a person has a value is to say that he has an enduring prescriptive or proscriptive belief that a specific mode of behavior or end-state of existence is preferred to an opposite mode of behavior or end-state” (p. 25). This belief transcends attitudes toward objects and toward situations; it is a standard that guides and determines action, attitudes toward objects and situations, ideology, presentations of self to others, evaluations, judgments, justifications, comparisons of self with others, and attempts to influence others. Values serve as adjustive, ego-defensive, knowledge, and self-actualizing functions. Rescher (1982) defined values as “things of the mind that are to do with the vision people have of ‘the good life’ for themselves and their fellows” (p. 5). Generally speaking, an individual’s desires or wants is influential to his or her behavior and reflects values (Fishbein and Ajzen, 1975). As entrepreneurs have a moral nature of value, the value systems will influence them to make decisions (England, 1967). In other words, decisions can reflect individuals’ value systems.

In his work, Wright (1971) linked the concept of value with moral ideology and argued that “beliefs are about what is wrong and the values define the positive goals in life” (p. 201). In addition, value consists of different levels, such as individual and societal values (Agle and Caldwell, 1999), and implies a hierarchy (Mele, 1995). For example, at the lower level, entrepreneurs may seek profits and behave opportunistically, while at the higher level, entrepreneurs may think and behave morally. Entrepreneurs need to make moral decisions that reflect their values, which consist of integrity, honesty, and work ethic (Payne and Joyner, 2006), serving as important factors for their success.

In general, leaders who make decisions associated with morality can have a profound influence on employees and customers. For example, Lin (2010) found that as employees perceive that their firms operate morally, their ethical citizenship and work engagement will be enhanced. Likewise, Mulki, Jaramillo, and Locander (2008) claimed that as employees experience an ethical climate, defined as their perceptions about the organization's practices, procedures, norms and values with an ethical context (Schwepker, 2001), they form trust with the supervisors, and are less likely to leave the organization. Moreover, customers emphasize entrepreneurial values as well. For example, some customers make their purchasing decisions with respect to ventures' morality (Creyer and Ross, 1997). Thus, regarding the importance of entrepreneurial values on customer satisfaction and loyalty, it is critical for entrepreneurs to make moral decisions showing entrepreneurial values and thus establish a positive business image (Leonidou, Kvasova, Leonidou, and Chari, 2012).

However, some entrepreneurs at the early venture stage are likely to make decisions reflecting their lower level values. Fassin (2005) summarized the reasons that lead some entrepreneurs to become immoral. One of the reasons is conflicts of interest. As some entrepreneurs face the conflicts of interest between their personal benefits and company interests, they act unethically. They may conduct bribery and become corrupt. In addition, rational choice theory argues that the rational actor is goal-oriented and usually interested only in his or her own welfare (Dunham, 2010; Etzioni, 1990; Opp, 1999). Entrepreneurs choose between pursuing self-interest goals (low level value) and conforming to business morality (high level value) (Bryant, 2009; Sarasvathy, 2010; Venkataraman, 2002). However, pursuing morality can create a trade off against profitability

(Barraquier, 2011) and financial wealth (Zahra et al., 2009). Thus, some entrepreneurs are likely to pursue and focus on their short term wealth achievement. This can also be understood from the motivation that drives entrepreneurs to become immoral. Some entrepreneurs are greedy and pursue self-interest and profit. They desire success and try to avoid failure by all means. In addition, this is particularly severe for entrepreneurs who are at the early stage of ventures. Often, entrepreneurs are very aggressive and rude at the beginning of their career; after they become rich, they often display greater honesty to obtain respectability or contribute to charity (Fassin, 2005).

For example, Cornwall and Naughton (2003) argued that when an entrepreneur departs from the social order, corruption will occur in the entrepreneur himself or herself. Corruption is defined as the misuse of public power for private benefit (Bardhan, 1997; Rodriguez, Uhlenbruck, and Eden, 2005), which fails to show entrepreneurs' value related decisions. The other example is that with the emergence of financial scandals, some entrepreneurs (Hamilton, 2002) make mistakes such as false accounts, manipulation of information, questionable initial public offerings, corruption of public agents, and personal enrichment of top managers (Buelens, 2002; Byrne et al., 2002).

Therefore, under the circumstance that entrepreneurs are attracted by financial gains, they may make decisions reflecting this value orientation. However, this leads entrepreneurs to ignore their values regarding integrity, honesty and work ethics. Next, I discuss the moral decisions making associated with external accountability.

Entrepreneurs' Moral Decision Making: External Accountability

With the development of economies in this century, some problems have also been generated, such as pollution, climate change and poverty. According to Chapman (2007), pollution, such as noise pollution and water pollution, is “contamination that results in or can result in adverse biological effects to resident communities” (p. 492). A large amount of pollution comes from vehicle emissions, chemical plants, metal production factories and so forth. Climate change is caused by many factors, and one of these is due to human-induced alterations of the natural world, such as global warming. Poverty is also a severe problem but can be reduced by increasing basic needs, such as health care and education.

Facing such societal and environmental problems, scholars voice their request toward entrepreneurs. Sarasvathy (2002) asserted that entrepreneurs need to “tackle the central tasks of imagination in economics, i.e., to create from the society we have to live, the society we want to live in” (p. 95). Thus, while entrepreneurs are a major driving force of an economy, they should also take responsibility of caring for society and the environment in which we live. These two tasks should not be separated. For example, Blundel, Spence, and Zerbinati (2008) combined the unique characteristics of entrepreneurship, e.g., dynamic and creative process, with corporate social responsibility (CSR), which refers to “integrating social and environmental concerns in companies’ operations and in the interaction with their stakeholders on a voluntary basis...not only fulfilling legal expectations, but also going beyond compliance” (European Commission, 2001). They created entrepreneurial social responsibility (ESR) and defined it as “the dynamic consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social and environmental benefits along with tra-

ditional economic gains” (p. 2). In addition, Payne and Joyner (2006) refer external accountability to the business community and society itself and issues associated with community, natural environment and legal responsibility. Here, I integrate moral decision making regarding external accountability with ESR and assume that the main meaning of external accountability is equal to that of ESR. Thus, entrepreneurs should make moral decisions regarding social responsibility, referring to the obligations of entrepreneurial ventures to protect and improve the society in which they operate.

There are many studies that investigate CSR in large corporations (Amran, Ling, and Sofri, 2007; Zulkifli and Amran, 2006). However, researchers rarely address the founder’s or owner’s attitudes regarding morality and social responsibility, or ESR. It is important to note that entrepreneurs usually have connections with their local community, and thereby it is important to create a business-customer relationship in the local community (Gibb, 2005). Vyakarnam, Bailey, Myers, and Burnett (1997) argued that moral behaviors can help a firm to stay longer in business. Venkataraman (2002) argued that if ventures are managed by taking stakeholders’ benefits into consideration, process of entrepreneurial discovery and exploitation will ensure ventures stay in the business. More importantly, via creating a sound relationship with the community or society, entrepreneurial firms can reach sustainability, which indicates not only economic success, but also social and environmental considerations in entrepreneurs’ decision making (Elkington, 1997).

Entrepreneurial ventures at the early stages are usually small, which implies that they are independent and self-managed (Spence and Lozano, 2000), and entrepreneurs can bring their own values into business. However, entrepreneurs may ignore the im-

portance of taking responsibility for environment and society. According to strain theory and rational choice theory, entrepreneurs face the conflicts of interest between personal needs and the business. Most of the time, entrepreneurs are driven and motivated by the need for independence and achievement, and financial rewards are an indicator of this achievement (Morris et al., 2002). In addition, some entrepreneurs have been phrased as being “on steroids,” because they are driven by their desire to win and achieve more, which nevertheless risks their moral character (Cornwall and Naughton, 2003). Thus, under this circumstance, entrepreneurs face multiple tasks, leaving them less time and effort to consider morality in their management. For example, Williamson (1985) described that individuals act opportunistically in his theory of transaction cost analysis. Likewise, entrepreneurs make decisions concerning their own interests. In particular, many entrepreneurs strive to achieve short term profit as they face constraints in an uncertain environment. Unfortunately, some of the approaches they use, such as ignoring product quality and safety, engaging in toxic dumping and poisoning the environment (Vogel, 1992), using dangerous chemicals in the manufacture of toys (Pilkington and Pallister, 2007), creating bad work conditions in clothing supplier companies (Siegle, 2007), and promoting unhealthy foods which cause obesity (Schofield and Cracknell, 2007), will cause negative influence on society and environment.

In the following part, I build on self-construal theory and temporal construal theory to theoretically and empirically investigate how they interactively affect entrepreneurs’ moral mental processes and to address their role in shaping entrepreneurs’ intentions to make moral decisions. More important, self-construal considers the relations of one focal person to the others, and temporal construal addresses the role of high and low level of

thinking. Thus, I review these two theories first and use these two theories to predict entrepreneurs' moral decision making.

Self-Construal: Literature Review

Self-Construal Theory

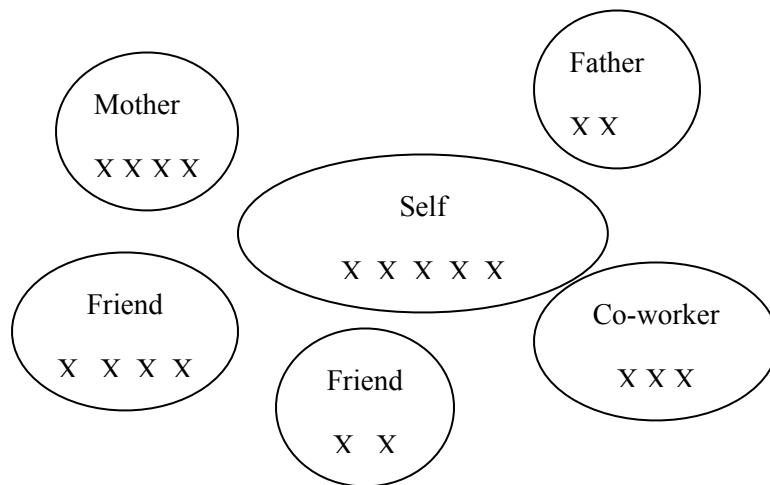
Scholars utilize different ways to describe multiple representations of self, because people hold different views about themselves (Baumeister, 1986; Greenwald and Pratkanis, 1984; Triandis, 1989). Self-construal originally developed from the comparison between Western and Eastern conceptualization of the self. Western individuals see themselves as independent, self-contained, and autonomous entities. They focus on personal self and tend to downplay others, whereas Eastern individuals view themselves as interdependent and embedded in a social relationship (Escalas and Bettman, 2005; Markus and Kitayama, 1991). In their famous work, Markus and Kitayama (1991) proposed the self-construal theory and argued that this view of the self derives from a belief that is in the wholeness and uniqueness of each person's configuration of internal attributes. It gives rise to processes like "self-actualization," "realizing oneself," expressing one's unique configuration of needs, rights, and capacities, or developing one's distinct potential (Markus and Kitayama, 1991). To sum, according to these differences in how people view themselves and others, self-construal is defined as how individuals see the self in relation to others (Cross, Hardin, and Gercek-Swing, 2011).

In addition, similar to descriptions of Western and Eastern individuals, Markus and Kitayama (1991) introduced two dimensions of self-construal: independent self-construal and interdependent self-construal. People with independent self-construal are

independent and express their own unique attributes (Johnson, 1985; Marsella, De Vos, and Hsu, 1985; Miller, 1988; Shweder and Bourne, 1982). In general, they are autonomous and independent people, and they seek to define themselves separate from relationships and social contexts (Gore, Cross, and Morris, 2006). Markus and Kitayama (1991) depicted a picture (Figure 3) to describe the relationship between self and others in independent self-construal. According to Figure 3, the large circle represents the self and the smaller ones stand for others. In both large and small circles, the Xs indicates the various aspects of the self or the other. According to this figure, there is no intersection between the large circle and small circles, which implies that the self focuses on himself or herself and is independent of others.

Figure 3

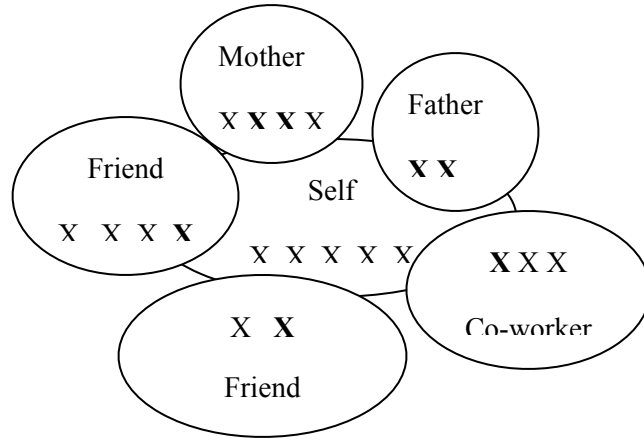
Independent view of self



In contrast, an individual with interdependent self-construal usually views “one-self as part of an encompassing social relationship and recognizes that one’s behavior is determined, contingent on, and to a large extent organized by what the actor perceives to be the thoughts, feelings, and actions of others in the relationship” (Markus and Kitayama, 1991, p. 227; Triandis, 1989). In other words, people tend to become a part of the situation, or context to which they are connected, incorporated, or involved. From Figure 4, which describes the relationship between self and specific others, interdependent self-construal is depicted to be different from independent self-construal. Contrary to independent self-construal, there are some intersects between the large circle and the small circles in interdependent self-construal, representing the self-in-relation-to-others (Markus and Kitayama, 1991). Thus, people with interdependent self-construal tend to think and behave in ways that emphasize their connectedness to others, reinforcing existing relationships (Cross, Bacon, and Morris, 2000). In addition, unlike independent self-construal, people with interdependent self-construal assign much more importance to others. The others carry more weight, thus having a greater influence on an individual’s behavior.

Figure 4

Interdependent view of self



Self-construal theory has been widely applied in various fields, such as psychology, marketing and management. For example, Kühnen and Oyserman (2002) conducted an experiment that manipulated people to think either interdependently or independently. They found that people with different self-construal can evoke contrasting cognitive modes. For example, people with interdependent self-focus evoked context relations, while independent self-construal people generated a context-independent cognitive mode. In the management field, scholars have linked self-construal theory to employees' behaviors and perceptions in organizations. For example, Brockner, De Cremer, Van Den Bos, and Chen (2005) studied self-construal under the organizational justice boundary. They demonstrated that people with interdependent self-construal can moderate the relationship between employees' fairness perception and positive affect and cooperation. Thus, self-construal theory can exert an influence on people's cognition and attitudes. However, self-construal theory in entrepreneurship is only studied in a few areas, such as social

networks (O'Connor and Sauer, 2006) and career choice (Ng, Burke, and Fiksenbaum, 2008). Thus, it is insufficiently studied. I use self-construal theory to identify its role in entrepreneurs' moral decision making.

Temporal Construal: Literature Review

Construal Level Theory

In this section, I employ CLT to establish hypotheses regarding entrepreneurs' moral decision making (Payne and Joyner, 2006). CLT asserts that individuals use different mental models to represent information, indicating that temporally distal information is represented at an abstract level (high-level construal) whereas temporally proximal information is represented at a concrete level (low-level construal) (Trope and Liberman, 2003). Liberman and Trope (1998) defined high-level and low-level construal as "construals of distant future events are likely to be more abstract and consist of features that are central to the meaning of the event, whereas the construal of near future events is likely to be more concrete and include more peripheral and incidental features" (p. 6).

Near future construal is manifested by peripheral, incidental, subordinate, and contextual features, and distant future construal reflects more central and abstract features. These differences allow researchers to conduct studies on mental representation in the cognitive and social-cognitive literatures. Mental representations refer to knowledge structures which are simplified mental images of the world, thus helping individuals to process information and finally to make decisions (Kiesler and Sproull, 1982; Walsh, 1995). Recently, scholars have empirically demonstrated the role of CLT on an individual's judgment, evaluation, and decision making (Trope and Liberman, 2003). For exam-

ple, a person's preference is affected by temporal distance. One study by Liberman and Trope (1998) showed that as temporal distance increases, people will display more preferences on primary and superordinate aspects of goals or events. In addition, temporal distance can influence people's social judgment. For example, the effects of temporal distance on decisions with respect to monetary value have received a great amount of attention by behavioral economists (Loewenstein and Prelec, 1992; O'Donoghue and Rabin, 2000; Thaler, 1981). Although people possess distal or proximal mental models, CLT asserts that people are more likely to think about peripheral and incidental features in near future than in distant future. Several studies have supported this assertion by showing that people often prefer an immediate reward over a delayed one, even though the delayed reward is larger sometimes (e.g., Ainslie and Haslam, 1992; Mischel, Shoda, and Rodriguez, 1992).

As people think in a high-level manner, they will think more abstractly. In other words, thinking about the future can affect peoples' goals and motivations, encouraging them to reflect on their abstract or high level interests when they make decisions. Liberman and Trope (1998) provided implications on temporal construal regarding decision situations. They argued that many situations consist of high-level consideration such as moral principles, and low-level consideration such as cost, or situational pressures. When people possess high-level construal, people are likely to compromise their principles in decisions regarding near future actions as compared to distant future actions. In addition, according to CLT, justice morality belongs to high-level construal because it shows abstract, general, schematic and decontextualized nature. Thus, high-level construal can motivate people to think in a moral manner. Entrepreneurs are usually concerned about

their short term profit at the proximal level (Fassin, 2005), which indicates that they may overlook moral concerns regarding society or environment at a distal level. Thus, via using CLT, I argue that temporal distance can contribute to our understanding of entrepreneurs' decision making at a venture's early stage. In addition, CLT can explain entrepreneurs' cognitive development and moral decision making regarding their distal goals. In the following section, I explain entrepreneurs' moral decision making related with self-construal theory and temporal construal theory.

Hypotheses Development

According to aforementioned incentives for new-venture entrepreneurs to behave immorally and the need to provide guidance to entrepreneurs (Hannafey, 2003), I use self-construal theory and temporal construal theory, which are appropriate lens to explain the variance in entrepreneurs' moral cognitions and trigger entrepreneurs' moral decision making. Self-construal theory and temporal construal theory are appropriate because they describe the relationships of the focal person to others and argue morality at a high level respectively. Thus, I apply them in this dissertation and build hypotheses concerning entrepreneurs' moral decisions concerning employees, customers, entrepreneurial values and external accountability.

According to self-construal theory, individuals may have both independent and interdependent aspects of self. However, they may differ with respect to the relative strength of these two aspects (Singelis, 1994). Due to this inner-person difference, an individual with particular degrees of independent and interdependent self-construal therefore exhibits profound differences in social judgments and processes (Markus and

Kitayama, 1991; Stapel and Koomen, 2001; van Baaren, Maddux, Chartrand, de Bouter, and van Knippenberg, 2003). More important, these two dimensions of self-construal are not always stable. That is to say, although people may have stronger independent self-construal, their interdependent self-construal can be activated as a function of context (Gardner, Gabriel, and Lee, 1999; Stapel and Koomen, 2001; van Baaren et al., 2003). Several studies (Brewer and Gardner, 1996; Gardner et al., 1999; Trafimow, Triandis, and Goto, 1991) have demonstrated that the proportion of independent or interdependent self-construal reported by an individual can be successfully shifted by a situational prime. Thus, priming individuals with either independent or interdependent self-construal can create changes in their values and judgments. As individuals' self-construal is either chronically activated (Cross, Morris, and Gore, 2002) or experimentally primed (Stapel and Koomen, 2001), individuals will think in different ways, showing that interdependent individuals show concerns about relationships with others, whereas independent individuals focus on their own interests.

Thus, using effect of self-construal on entrepreneurs' cognitive development, I argue that entrepreneurs influenced by interdependent self-construal or independent self-construal will display different moral cognitions. Gardner et al. (1999) found that self-construal can influence people's values, perceptions, and evaluations of events. People with independent self-construal value their own goals, whereas those with interdependent self-construal endorse friendships, belongings, and so forth. Therefore, although entrepreneurs at the early venture stage likely focus on self goals and interests (i.e., they are likely to possess independent self-construal), I propose that as entrepreneurs' interde-

pendent self-construal is activated, they will be more attentive to others and maintain sociable relations with them (van Baaren et al., 2003).

In addition, self-construal is found to be an important indicator of perceived leadership communication style, which is defined as “a relatively enduring set of communicative behaviors that a leader engages in when interacting with followers” (Hackman, Ellis, Johnson, and Staley, 1999, p.185). In particular, interdependent self-construal is the most important predictor of consideration, such as caring about others and society (Markus and Kitayama, 1991). Thus, as entrepreneurs’ interdependent self-construal is activated, entrepreneurs are predicted to exert a leadership style that exhibits care for employees, such as listening to employees’ thoughts. In addition, entrepreneurs may underscore their relationships with customers, such as by disclosing accurate information and by not providing low quality products. In contrast, entrepreneurs whose independent self-construal is stimulated will focus on achieving self goals, and rely on their own internal thoughts, feelings, and actions, rather than listening to others. It will lead entrepreneurs to overlook employees’ benefits and their voice in the ventures. In addition, entrepreneurs will pursue profit in the short term and underestimate the importance of customers.

CLT argues that people who use more abstract mental representations will focus on social values and decrease the attraction for symbolic rewards, such as money. Thus, high-level construal can activate people to think about social values or the environment whereas low-level construal can cause people to concentrate on their own goals. The implications of CLT were demonstrated in choice, evaluation and prediction (for a review see Trope and Liberman, 2003). The descriptions of CLT on moral choices or valuation are similar to idealistic and pragmatic selves. Citing some explanations from Webster’s

New World International Dictionary (1998), Kivetz and Tyler (2007) defined the idealistic self as “a mental representation that places principles and values above practical considerations and seeks to express the person’s sense of true self” and pragmatic self as “an action oriented mental representation that is primarily guided by practical concerns” (p. 193). Generally speaking, idealistic self indicates spirituality, morality and justice, and pragmatic means realism and materialism.

In addition, self-representations can be activated at various times (e.g., Markus and Kunda, 1986). Kivetz and Tyler (2007) extends CLT to the domain of the self and found that a distal time can form a person’s core and defining characteristics, which is part of one’s idealistic self. On the contrary, a proximal time can drive one’s attention to the pragmatic self. In addition, they demonstrated that a person’s self-system is sensitive to changes in temporal context. Distal construal can shift people’s attention inwards, toward the core and most defining characteristics of the person. Specifically speaking, high-level construal can activate the ideal self, which refers to a mental representation of the self and principles and inner values, such as respect, social values, are emphasized. On the contrary, when low-level construal is activated, people turn towards their pragmatic self, referring to a mental representation where practical consideration and instrumental rewards, such as financial prosperity, opportunities and resource, are critical. Furthermore, as people are activated by high-level construal, they will make decisions consistent to the distant future and be more altruistic. Thus, people will focus on values when they think about the distant future.

Research on temporal construal has demonstrated that priming people to think about objects from a future time perspective can change the way they think about the

events. Because temporal construal is related to the domain of morality, scholars have identified the role of temporal construal in influencing people's moral intentions. For example, Agerström, Björklund, and Allwood (2010) found the contexts which explain why a person's moral psychology fluctuates. Agerström and Björklund (2009a) argued that temporal distance can increase one's moral concerns, defined as "a preference for other-oriented altruistic behaviors over selfish hedonistic actions" (Agerström and Björklund, 2009b), because it activates abstract mental representations that drive people's attention toward the core and most defining features (e.g., social values) of themselves. The other study is from Hunt, Kim, Borgida, and Chaiken (2010), who asserted that both values and material self-interest affect social and political attitudes, but in different temporal contexts. Value is more abstract intrinsically, while material self-interest is more concrete and applies to everyday concern. They found that people's financial self-interest shown strongly in the near condition and anti-egalitarian values more strongly predicted attitudes in the far condition.

Therefore, according to the above mentioned empirical studies, morality is abstract and belongs to high level construal (Eyal, Liberman, and Trope, 2008), and high-level construal is an appropriate mechanism to explain moral decision making because it can shift people's attention toward the core values that lead people to activate the "idealistic" self. On the contrary, low-level construal deviates people from their values. Rather, it activates people's "pragmatic" self (Kivetz and Tyler, 2007). To support, O'Fallon and Butterfield (2005) demonstrated that realism is associated with immoral behaviors, while idealism is related with moral behavior. Generally, people often think of themselves regarding abstract values, ideologies, and moral principles. In addition, people attempt to

live up to their values. However, peoples sometimes fail to do so (Ajzen, 1987; Mischel and Shoda, 1995; Mischel, 1984, 1996). For example, entrepreneurs may ignore their society and environmental responsibility. However, I argue that as entrepreneurs are primed with distal construal, they are likely to show their moral intentions with respect to environment and society. In addition, research suggests that only a limited set of self-conceptions are activated at any single moment (Higgins and Bargh, 1987; Markus and Kunda, 1986). Thus, I address the effect of entrepreneurs' cognitive thinking either in a high-level approach or low-level approach. High-level construal can activate entrepreneurs' moral intentions regarding respecting others, societal and environmental values and responsibilities, whereas low-level construal will allow entrepreneurs to think financial rewards or costs at a proximal level.

Therefore, self-construal can make entrepreneurs to think about their social relations, and temporal construal (distal construal) can trigger entrepreneurs to think morally. According to these characteristics indicated from self-construal theory and temporal construal theory, I predict that as entrepreneurs possess different levels and combinations of self-construal and temporal construal, they will display various likelihood of making moral decisions. In addition, distal construal, as an incentive to drive morality, can moderate the relationship between self-construal and moral decision making. First, as interdependent self-construal can help entrepreneurs to think in an interdependent context relations, the relationship between interdependent self-construal and entrepreneurs' moral decision making regarding employees, customers, external accountability and entrepreneurial values will increase if entrepreneurs possess distal construal. In other words, distal construal can help entrepreneurs to think at a high level and morally, thus strengthen-

ing the relationship between interdependent self-construal and moral decision making. Similarly, because temporal construal consists of two levels, distal construal can drive entrepreneurs to think at a moral aspects while proximal construal makes entrepreneurs to focus on current concerns, such as making profits and gaining resources. As such, the relationship between interdependent self-construal and moral decision making will be more salient when entrepreneurs possess distal construal than when they possess proximal construal. Thus, I argue that as entrepreneurs have interdependent self-construal, distal construal can increase the likelihood of making moral decisions than proximal construal does. Thus, I provide hypotheses regarding four moral decisions.

H1: The interaction effect of entrepreneurs' self-construal orientation and temporal construal orientation will predict: (a) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding employees when they have distal construal than entrepreneurs who have independent self-construal. (b) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding employees when they have distal construal than when they have proximal construal.

H2: The interaction effect of entrepreneurs' self-construal orientation and temporal construal orientation will predict: (a) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding customers when they have distal construal than entrepreneurs who have independent self-construal. (b) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding customers when they have distal construal than when they have proximal construal.

H3: The interaction effect of entrepreneurs' self-construal orientation and temporal construal orientation will predict: (a) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding entrepreneurial values when they have distal construal than entrepreneurs who have independent self-construal. (b) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding entrepreneurial values when they have distal construal than when they have proximal construal.

H4: The interaction effect of entrepreneurs' self-construal orientation and temporal construal orientation will predict: (a) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding external accountability when they have distal construal than entrepreneurs who have independent self-construal. (b) Entrepreneurs who have interdependent self-construal are more likely to make moral decisions regarding external accountability when they have distal construal than when they have proximal construal.

In summary, I discussed why some entrepreneurs behave immorally at a venture's early stage. I next reviewed the literature on morality and entrepreneurs' four important moral decision making frames. In addition, I built on self-construal theory and temporal construal theory to explain how they interactively influence entrepreneurs to form moral intentions and make moral decisions. This chapter can contribute to our understanding on moral decision making.

CHAPTER III

ENTREPRENEURS' MORAL IDENTITY AS A MODERATOR

Overview of Chapter III

In this chapter I take context into consideration and aim to identify how entrepreneurs' moral identity influences the relationship between self-construal - temporal construal and moral decision making. Aquino and Reed (2002) stated that "moral identity does not supplant the cognitive-developmental model or the idea of moral reasoning as a predictor of moral action. Rather it complements this approach" (p. 1425). Thus, supplementing the Chapter II proposal that self-construal and temporal construal can provide guidance to entrepreneurs regarding moral decision making, I argue that moral identity of entrepreneurs plays an important role in these relationships.

Entrepreneurs' Moral Identity

In this section, I supplement the model I proposed in Chapter II by including one moderator, which aims to determine whether the size or sign of the effect of an independent variable on outcome variable may vary (Hayes, 2012). Although studies have identified roles of some organizational or situational factors, such as codes of conduct (Greenberg, 2002; Somers, 2001), or ethical climate or culture (Peterson, 2002), on individuals' moral intentions, studies do not pay much attention on roles of moral identity. In this section, I explain the moderating effect of entrepreneurs' moral identity on the relationship between self-construal - temporal construal and moral decision making. First, I review the literature concerning moral identity. Next, I provide hypotheses concerning the moderating roles of entrepreneurs' moral identity.

Moral Identity

We can understand moral identity from identity theory. Identity is one of the most fundamental elements of mind (Stryker, 1987). It is formed through social cognition processes (Bandura, 1986). It refers to internalized expectations that individuals perceive regarding the characteristics they hold as central, distinctive, and enduring, and that are at least partially reflected in the roles they perform (Burke and Reitzes, 1991). It describes who one really is and connects one's past experience and actions with the current self-view or identity. Identity is an useful construct to help us understand the very core of individuals (Erikson, 1964).

Identity theories argue that "the self is reflexive in that it can take itself as an object and can categorize, classify, or name itself in particular ways in relation to other so-

cial categories or classifications” (Stets and Burke, 2000, p. 224). In other words, as people hold a set of identities, these identities can reflect who they are and people are able to use these identities to categorize themselves to some groups or belongings. Moreover, the identities taken by people can influence their judgment, choices, behaviors, and performance when social identity becomes salient and relevant to the decisions (Reed II, 2004) they make. For example, studies found that there are relationships between self-identity and individual commitments, motivations and actions in social psychology (Burke and Reitzes, 1981, 1991; Goffman, 1961; Sheldon Stryker and Burke, 2000).

The motivation for choosing moral identity as a moderator is due to its characteristics. Based on cognitive developmental model and social identity theory, moral identity is an important construct and refers to an actor’s self-conception with respect to moral values, virtues and standards of behavior (Aquino and Reed, 2002). Moral identity consists of two dimensions. The first one is symbolization, describing “the degree to which moral traits are expressed publicly through the person’s actions in the world” (Reed II and Aquino, 2003, p. 1272). In other words, as people perceive high moral identity symbolization, they conduct their moral actions via their moral traits. For example, research shows that people would like to engage in charitable giving or assist out-group members (Aquino and Reed, 2002; Reed II and Aquino, 2003).

The other dimension is internalization, referring to moral traits which are central to an individual’s self-concept (Aquino and Reed, 2002); this drives people to behave morally and avoid immoral behaviors. In addition, moral identity internalization is positively related to concern for others (Aquino and Reed, 2002) and perceived obligation toward out-group members, such as those who are strangers to you, or who have different

ethnicities than you (Reed II and Aquino, 2003). For example, Mayer, Aquino, Greenbaum, and Kuenzi (2012) demonstrated that moral identity internalization is positively related to ethical leadership, which is demonstrated by being trustworthy, listening to employees' voices and taking employees' interests into consideration. The other study is from Reed, Aquino, and Levy (2007), who conducted a study that found that consumers' moral identity may motivate choices and the pursuit of actions that demonstrate social responsiveness to the needs of others.

To summarize, people use moral identity to establish and shape their self-definition (Aquino and Reed, 2002). As people possess moral identity, they will build themselves by caring about virtues and displaying moral behaviors. To support, scholars argue that an individual's moral identity may be related to certain beliefs, attitudes, and behaviors (Cheryan and Bodenhausen, 2000; Forehand, Deshpandé, and Reed II, 2002; Shih, Pittinsky, and Ambady, 1999). That is to say, the behaviors or decisions enacted by individuals will be consistent with their identity (Erikson, 1964), and this strong moral identity encourages people to act in a moral manner (Colby and Damon, 1992; Oliner and Oliner, 1992). Thus, moral identity is a profound psychological mechanism that guides people's moral judgments, principles, and actions.

As entrepreneurs have a certain level of moral identity, they will have a certain level of self-concept related to morality and showcase their concerns and moral behaviors in the public which are manifestation of moral identity. Thus, their moral identity can play a moderating role in influencing the relationship between self-construal - temporal construal and moral decision making. I build my hypotheses with respect to attributes of moral identity subsequently.

Hypothesis Development

Identity can vary according to its salience or centrality within the total categories of identities that people hold (Bergman, 2004; Blasi, 1999; Weaver and Agle, 2002). Salience refers to the readiness to enact a focal identity (Stryker, 1980; Sheldon Stryker and Serpe, 1982), and centrality refers to the relative significance that an actor places on a focal identity compared to other identities he or she holds (McCall and Simmons, 1966; Rosenberg, 1986). In addition, identity has unequal rankings (Murnieks et al., 2012). Theory on identities asserts that the self consists of many different and hierarchically ordered identities (Markus and Kunda, 1986). However, these identities cannot be completely accessible at the same time, indicating that only a subset of identities may be reachable (Stryker, 1980).

In general, entrepreneurs possess entrepreneurial identities, which refer to sets of meanings and behaviors at an individual level that define those individuals when acting in an entrepreneurial role (Hoang and Gimeno, 2010; Shepherd and Haynie, 2009b), such as discovery, evaluation, and exploitation of opportunities (Shane and Venkataraman, 2000), as well as founding and developing new ventures (Cardon and Glauser, 2011; Cardon et al., 2009). In other words, entrepreneurs position founder identity or developer identity as a very high priority at a venture's early stage, while overlooking other identities. To support, Fauchart and Gruber (2011) found that most founders possess Darwinian identity. In other words, founders view establishing a successful firm is important. In addition, McCall and Simmons (1966) asserted that the importance an individual places on an identity can influence him or her to be ready to act on this identity.

Given the aforementioned arguments about the hierarchy roles of different identities, people cannot place equal weight on every identity they possess (Murnieks et al., 2012). As such, moral identity has the possibility that it may not stand at a central or salient place of an individual's various identities. This indicates that moral identity sometimes is not accessible to individuals, leading to the consequences that people do not execute their moral decisions or behaviors. As such, entrepreneurs' moral identity is not accessible when entrepreneurs focus on striving for firm growth and survival at their ventures' early stage. Accordingly, during this particular time, entrepreneurs focus on their personal achievement, such as pursuing self-interests or firm survival. Thus, it is highly likely that opposite to moral identity, a developer role identity (Cardon et al., 2009) or Darwinian identity (Fauchart and Gruber, 2011) becomes salient and central among a set of entrepreneurs' identities. In addition, the salient identities drive entrepreneurs to pursue wealth and take actions to achieve wealth. Due to the variance in individuals' moral identity, I aim to identify its moderating role in entrepreneurs' moral decision making.

Entrepreneurs' moral identity as a moderator in self-construal – temporal construal model. Entrepreneurs' moral identity can play a moderating role in the following two ways. Regarding entrepreneurs who are thinking in an interdependent and distal approach, moral identity can moderate the relationship between their cognitive development and moral decision making. They will display high levels of concerns with respect to employees, customers, entrepreneurial values and external accountability. Specifically speaking, entrepreneurs driven to think in an interdependent self-construal manner will consider social relations with others. Thus, they are likely to make moral decisions regarding employees, such as providing reward programs or training, and customers, such

as offering good quality and fairly priced products. Regarding the roles of temporal construal on entrepreneurs' moral decision making, CLT argues that people use more abstract mental representations in high level construal. In addition, people will focus on social values and decrease the attraction for symbolic rewards, such as money, when people deliberate in a high level approach. As entrepreneurs are manipulated to conduct high level thinking, they shift their short term goals to long term moral concerns, such as displaying their entrepreneurial values, caring about community, society and environment, and making moral decision making regarding these issues.

Under this circumstance, if entrepreneurs possess a high level of moral identity, I argue that the entrepreneurs have morality as their main self-concept and will display their moral behaviors, judgment, and beliefs as well. Because people with high moral identity would like to align their behaviors with their moral identity. As a result, it helps entrepreneurs who are driven to think in an interdependent self-construal and distal construal approach. That is to say, the relationship between interdependent self-construal – distal construal and moral decision making will be enhanced and be stronger as entrepreneurs' moral identity is strong. On the other hand, if entrepreneurs have weak moral identity, it is evident that their behavior or beliefs will be consistent with this weak moral identity. Thus, the influence of interdependent self-construal and temporal construal on entrepreneurs' moral decision making shows a weak relationship under this circumstance.

Specifically speaking, taking the entrepreneurs' two dimensions of moral identity into consideration, I argue that it can moderate the relationship between interdependent self-construal – distal construal and entrepreneurs' moral decision making respectively.

First, entrepreneurs with high moral identity - symbolization would like to show their concern for others (Aquino and Reed, 2002) and focus on perceived obligation toward outgroup members (Reed II and Aquino, 2003). These entrepreneurs are likely to care about the social or environment issues. Thus, their symbolization motivates them to make moral decisions. As a consequence, the relationship between interdependent self-construal – distal construal and entrepreneurs' moral decision making will be stronger when entrepreneurs have high moral identity - symbolization. Second, moral identity - internalization can moderate the relationship between interdependent self-construal - distal construal and moral decision making. Under this circumstance, moral traits which are central to entrepreneurs' self-concept (Aquino and Reed, 2002), and this drives them to behave morally and avoid immoral behaviors. Thus, internalization can increase the relationship between self-construal - temporal construal and moral decision making.

Thus, I provide hypotheses as follows:

Hypothesis 5: The positive relationship between interdependent self-construal – distal construal and moral decision making will be moderated by moral identity.

Hypothesis 5a: This relationship becomes more positive regarding (1) employees (2) customers (3) entrepreneurial values (4) external accountability, when entrepreneurs have high moral identity - symbolization than when they have low moral identity - symbolization.

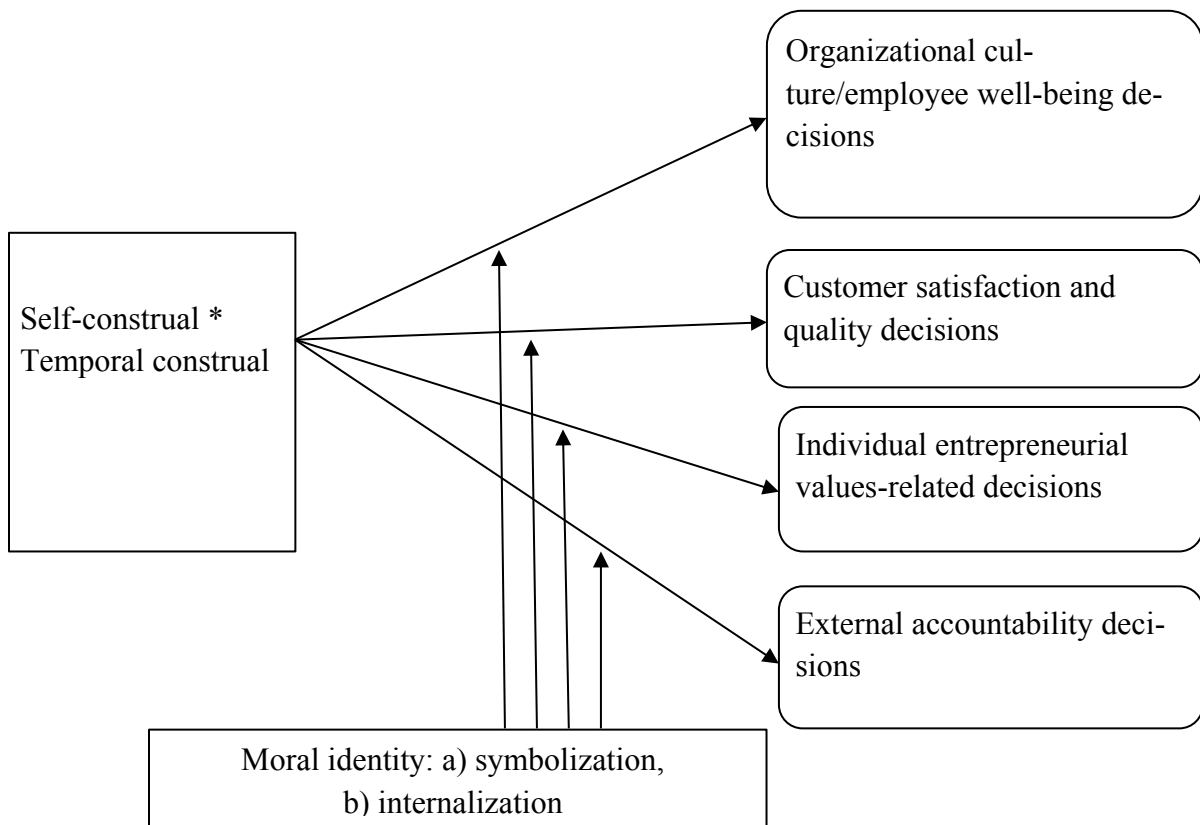
Hypothesis 5b: This relationship becomes more positive regarding (1) employees (2) customers (3) entrepreneurial values (4) external accountability, when entrepreneurs have

high moral identity - internalization than when they have low moral identity - internalization.

In conclusion, this chapter explains the roles of moral identity in the self-construal and temporal construal models proposed in Chapter II. The model I propose (Figure 5) contributes to our understanding of how self-construal and temporal construal function in entrepreneurs' moral decision making.

Figure 5

Overall Model



CHAPTER IV

METHODS

Introduction

In Chapter II and Chapter III, I developed hypotheses to identify the influence of self-construal and temporal construal on entrepreneurs' moral intentions. I also introduced moral identity to further investigate the focal relationship. In this chapter, I explain the methods I employ to test hypotheses regarding how self-construal and temporal construal influence entrepreneurs' moral intentions respectively. In addition, I discuss how entrepreneurs' moral identity further explains the relationship between self-construal – temporal construal and entrepreneurs' moral intentions.

According to the hypotheses and my research purpose, I designed one survey. In the survey, I ask questions designed to determine the relationship between self-construal – temporal construal and four types of moral decisions. Participants are randomly assigned to one of the manipulations in self-construal, and then to one of the manipulations in temporal construal. In other words, they received same survey except difference in manipulations of self-construal and temporal construal. I used Qualtrics, an online survey software, to send out surveys. A total of 213 entrepreneurs participated in all studies. The studies of this dissertation were approved by the Human Subjects Protection Program Office (HSPPO) with a tracking number of 13.0223.

Sample

The sample consists of entrepreneurs who are from United States and China. I collected the sample by sending out survey links to these entrepreneurs from October 2013 to January 2014. Because I only target entrepreneurs who are at early stage of their ventures, I focus on start-ups that have been in business for six years or less. According to (Shrader et al., 2000), start-ups face a critical development stage during their first six years of existence and are considered as new ventures during this period. In United States, I provided my sampling criteria to Qualtrics and paid them to collect data for me. Qualtrics finished data collection in middle of November and provided me with a sample size of 75. In addition, one entrepreneurship instructor in the University of Louisville helped me to send out surveys. She sent out 40 surveys and 11 entrepreneurs replied to me. So the response rate regarding this is 27.5%.

During the same time, I contacted entrepreneurs in Jiangsu province and Beijing area via my business contacts in China. In addition, I visited China in December, 2013, when I met entrepreneurs and sent out surveys to them in Jiangsu province. I finished all data collection at the beginning of January, 2014. The total number of surveys I sent to Chinese entrepreneurs is 350. 135 agreed to participate in the survey and returned 135 surveys (the response rate is 38.57%). According to Armstrong and Overton (1977), there may be differences between Chinese respondents who replied early ($n=95$) and those who replied late ($n=40$). Thus, I compared differences between them, such as age, education background, industrial experience, and so forth. ANOVA (analysis of variance) showed that there is no statistically significant differences between early respondents and later respondents ($p > .05$). Thus, nonresponse bias is not an issue. After screening out miss-

ing answers, my number of completed surveys is 219, and after screening out unusable answers, my final sample size is 213, including 78 from US entrepreneurs and 135 from Chinese entrepreneurs.

Research Design and Data Collection

This is a 2 by 2 between subject design. Self-construal consists of two levels, which are interdependent and independent self-construal. Temporal construal includes two levels as well, which are proximal and distal construal. According to this design, the process flow for the survey includes the following steps. In self-construal and temporal construal survey, I first provide scenario questions that manipulate participants' thoughts about either interdependence or independence, or either high level or low level temporal construal. Entrepreneurs were randomly assigned to one of the manipulations. After the manipulation, entrepreneurs needed to finish a set of questions for a priming manipulation check, which aims to assess whether participants perceived the messages as intended. Next, entrepreneurs read different scenarios/questions regarding employees, customers, entrepreneurial values related decisions, and external accountability. The use of concrete scenarios is important because they can make the moral decisions in entrepreneurship appear to be as a real situation (Buchholz and Rosenthal, 2005; Werhane, 1999). In addition, using multiple scenarios is preferable in ethics research (e.g., Bhal and Dadhich, 2011; Flannery and May, 2000; Fritzsche and Becker, 1984; Reidenbach, Robin, and Dawson, 1991). Thus, I used multiple scenarios to test entrepreneurs' moral intentions. After entrepreneurs indicated their moral intentions in different scenarios, they answered the questions regarding their moral identity. Last, entrepreneurs provided their background information with respect to themselves and their ventures.

I discuss measures and statistical procedures in the self-construal survey and temporal construal survey as follows to test the influence of self-construal and temporal construal on entrepreneurs' moral decision making respectively, and the roles of moral identity in self-construal and temporal construal models.

Measures and Statistical Procedures

In this section, I explain how I measured the variables, and provide statistical procedures to analyze self-construal survey data.

Dependent variables: Moral intentions. Participants were asked to indicate the likelihood "that you would engage in the action described in the scenario." Intention scores were measured on a 9-point Likert scale ranging from "highly unlikely" to "highly likely." This measure is used in previous studies and shows acceptable psychometric qualities (Barnett, Bass, and Brown, 1996; Barnett, 2001; Ken Bass, Barnett, and Brown, 1998). In addition, the final score of likelihood on moral decision making is computed as the sum of the total scores of likelihood on moral decision making divided by number of scenarios provided to entrepreneurs. I used this method to measure moral intentions regarding customers.

I provide scenarios to measure entrepreneurs' moral decision making for employees and customers respectively. The order of these scenarios appeared randomly to participants.

Moral decision making for employees. Moral intentions for employees refers to concern about employees' well being, benefits, reward program, training program, and empowerment. I employ ethical leadership measurements designed by Brown, Trevino,

and Harrison (2005). The measurement consists of 10 items, which were measured on a nine-point scale (1=strongly disagree and 9=strongly agree). This ethical leadership can measure entrepreneurs' moral decision making regarding employees. Because there is no scenario specific to entrepreneurs in the literature, I provide entrepreneurs with a short description of a situation they may face at a venture's early stage (see survey in Appendix). This description is from the literature that depicts a challenging situation that entrepreneurs face (e.g., Hmieleski and Baron, 2009; McMullen and Shepherd, 2006).

In addition, Brown et al. (2005) found that all ten items show an excellent internal consistency (Cronbach's alpha = .92). Thus, it is a reliable construct. In addition, they used a confirmatory factor analysis and obtained a unidimensional model with Comparative Fit Index (CFI) = .98, the Standardized Root Mean Square Residual (SRMR) = .04, and Root Mean Square Error of Approximation (RMMSEA) = .06, which were all above recommended standards for demonstrating a unidimensional construct (e.g., Bagozzi and Yi, 1988; Browne and Cudeck, 1993; Joreskog and Sorbom, 1993).

Moral decision making for customers. Moral intentions that deal with customers mainly focus on quality of product, customer satisfaction, and fair prices. The scenarios of decision making regarding morality have been used in a variety of disciplines (e.g., Dubinsky and Loken, 1989). In the first scenarios, I used eight small scenarios (see the survey in Appendix: Customers Scenario A), which are based on studies from Dubinsky, Berkowitz, and Rudelius (1980), and Dubinsky, Jolson, Michaels, Kotabe, and Lim (1992). These eight small scenarios are regarded as highly unethical issues. In addition, these scenarios are appropriate because they have been used in research dealing with ethical selling (Dubinsky et al., 1980; Dubinsky, Ingram, and Rudelius, 1985; Dubinsky et

al., 1992; Dubinsky and Ingram, 1984). I merely changed “salespeople” in the original descriptions into “entrepreneurs” to fit the context of my dissertation. The second scenario (Customer Scenario B) I used is from Paolillo and Vitell (2002), which is a single item measure and describes marketing ethics.

Moral decision making for entrepreneurial values. Moral intentions for entrepreneurial values refer to integrity, honesty, and work ethic. Here, I use entrepreneurs’ likelihood of engaging in moral or immoral work behaviors as an approach to measure entrepreneurs’ moral intentions in entrepreneurial values. I employ the three items (Entrepreneurial values Scenario A: Cronbach’s alpha = .92; Scenario B: Cronbach’s alpha = .88) that are based on previous research (Flannery and May, 2000; May and Pauli, 2002; Mayo and Marks, 1990; Vitell and Hunt, 1990) to measure entrepreneurs’ honesty, integrity, and work ethic. Because these three items and scenarios used managers, whereas my focus is to study entrepreneurs, I replace “managers” with “entrepreneurs” for my study. For example, the three items in Scenario A are: a) “As an entrepreneur, I would release the findings of the cumulative effects of the pollution from the plant”, b) “I would not release the findings of the cumulative effects of the pollution from the plant, if I were an entrepreneur,” and c) “It is likely I would release the findings of the cumulative effects of the pollution from the plant.” After viewing the scenarios, participants reported their level of agreement on a 9-point Likert scale on these three items. The third scenario I provided measures entrepreneurs’ work ethic in using technology (Entrepreneurial values Scenario C, composite reliability = .88), which is employed from Moores and Chang (2006). Moral intentions are captured by “I would buy pirated software if it were freely

available,” “I would buy pirated software if the costs of legal software were too high,” and “I would buy pirated software if there is no punishment for doing so.”

Moral decision making for external accountability. According to the hypotheses I proposed in Chapter II, external accountability focuses on society and environment concern. Thus, I provide entrepreneurs with corresponding scenario questions. The scenario asked entrepreneurs to make decisions concerning environment and society. These questions are from Bartels' (2008) River Diversion scenario. In the River Diversion the participants read the scenarios and answered with the likelihood they would engage in a series of actions (Environment Scenario A). The other scenarios (Environment Scenario B and C), consisting one item measure, provide entrepreneurs with moral decisions focusing on community and society. The example is from Frey (2000) and I made small modifications to fit into entrepreneurial context.

Independent variables: Self-construal. Entrepreneurs were primed with an independent or interdependent story (Trafimow et al., 1991). Specifically, entrepreneurs who were primed with independent self-construal were asked this question: “For the next two minutes, you will not need to write anything. Please think of what makes you different from your family and friends. What do you expect yourself to do?” On the other hand, entrepreneurs who were primed with interdependent self-construal answered the following question: “For the next two minutes, you will not need to write anything. Please think of what you have in common with your family and friends. What do they expect you to do?” After the two minutes, respondents need to answer the interdependent or independent questions. Manipulation check for self-construal was conducted by the six-item scale provided by Hamilton and Kelman (1990). If entrepreneurs were manipulated by interde-

pendent self-construal, I coded it as 1, and if entrepreneurs were manipulated by independent self-construal, I coded it as 0.

Independent variable: Temporal construal. Entrepreneurs are randomly assigned to one of two time manipulations: near versus distal future. Similar to Förster et al. (2004), entrepreneurs are asked to take 5 minutes to imagine performing an entrepreneurial task a year from now (distant future time perspective) or tomorrow (near future time perspective). After entrepreneurs write down their thoughts on this task, the priming manipulation check was performed by asking them whether they think in a distal or proximal manner. If entrepreneurs were manipulated by distal construal, I coded it as 1, and if entrepreneurs were manipulated by proximal construal, I coded it as 0.

Moderator: Moral identity. Aquino and Reed (2002) proposed a trait-based conceptualization of moral identity and showed empirical evidence supporting the construct and its predictive validity to measure moral identity. The measurement of moral identity consists of two dimensions: internalization and symbolization. In addition, the measurement includes ten items on a 7-point Likert scale that ranged from 1 (strongly disagree) to 7 (strongly agree). Same as Aquino and Reed (2002), I use moral identity – internalization and symbolization to measure entrepreneurs' moral identity. Aquino and Reed (2002) developed and tested the reliability of moral identity. They found that Cronbach's alpha of internalization is .77 and that of symbolization of moral identity is .76.

Control variables. I employ a series of control variables that are related to my study. First, entrepreneurs' demographic information was collected, such as gender (1=male, 2=female), age, education level, industrial experience. Regarding entrepreneurs'

demographic factors, studies found that female are more ethically sensitive than males when they make moral decisions (e.g., Galbraith and Stephenson, 1993; Tyson, 1992), the role of education and experience are associated with greater ethical sensitivity (e.g., Kidwell, Stevens, and Bethke, 1987; Stevens, 1984), and age is positively related to moral decision making (e.g., Kelley, Ferrell, and Skinner, 1990; Stevens, Harris, and Williamson, 1993). Second, I asked entrepreneurs to offer their ventures' information, such as firm type (profit versus non-profit), and industry (Schlegelmilch and Robertson, 1995). Profit and non-profit organizations have different policies and strategy, indicating that codes and enforcement may be different. Scholars (e.g., Barnett, Cochran, and Taylor, 1993; Kaye, 1992) suggested that codes of ethics can play a role in morality. Thus, I controlled firm type, representing different codes and policies, in the dissertation. In addition, different industries can influence moral decision making. For example, Baumhart (1961) found that industry climate can influence moral decision making. Beneish and Chatov (1993) found that contents of codes are various depending on industry. As such, industry type is controlled.

In addition, I also measure chronic self-construal and temporal construal in case they, rather than manipulation of self-construal and temporal construal, influence entrepreneurs' moral decision making. First, participants' chronic self-construal level, referring to the extent to which individuals view themselves as independent or interdependent at a stable level (Gudykunst et al., 1996), is measured. Scales were developed by Gudykunst et al. (1996) and refined by Hackman et al. (1999). According to Cross, Hardin and Gercek-Swing (2010), the independent self-construal scale consists of 11 items (Cronbach's alpha: .77 ~ .89) and interdependent self-construal consists of 12 items

(Cronbach's alpha: .78 ~ .86) based on 7-point Likert scales (1=Strongly Disagree; 7=Strongly Agree). In addition, I measure chronic temporal construal by asking participants about their daily activities either tomorrow or next year to describe these activities (Liberman and Trope, 1998), such as spending a weekend with your family, watching TV.

Statistical procedures. I used MANCOVA (Multivariate analysis of covariance) and PROCESS to test my hypotheses. Unlike ANOVA that tests one dependent variable, MANCOVA is appropriate when more than one dependent variable is included in data analysis. In my dissertation, I test four moral decisions. Thus, MANCOVA is an appropriate tool to test hypothesis 1, 2, 3, and 4. In addition, to test the hypotheses on moderation, I used Hayes' (2012) method. He introduced PROCESS, "a freely-available computational tool for SPSS and SAS that covers many of the analytical problems behavioral scientists interested in conducting a mediation, moderation, or conditional process analysis typically confront" (p. 3). Thus, it allows me to use moderating process to test moderating effect of moral identity on the relationship between self-construal – temporal construal and moral decisions.

To sum, Chapter IV provides the details on how I measure each variable in this dissertation, such as samples, measurements, and statistical procedures.

CHAPTER V

RESULTS

Overview

The purpose of this quantitative research is to identify the relationship between cognitive factors and entrepreneurs' moral decision making with regard to employees, customers, entrepreneurial values and external accountability based on a sample of entrepreneurs from United States and China. I used a scenario experiment to manipulate entrepreneurs' self-construal and temporal construal level to investigate their influence on entrepreneurs' moral decision making. In addition, entrepreneurs' moral identity acting as a moderator was included in the model for finding out its moderating effect.

This Chapter presents the results of the model shown in Figure 5 in Chapter III. The results exhibit the influence of self-construal and temporal construal on entrepreneurs' moral decision making regarding employees, customers, entrepreneurial values and external accountability. It also shows the findings of moderating effect of moral identity. The Statistical Package for the Social Sciences (SPSS) was used to analyze the data. I used MANCOVA and PROCESS as the two primary statistical methods to analyze the data. First, MANCOVA was used to test the direct relationship between the independent variables and four dependent variables, with covariates. Second, PROCESS was used to test the moderating effect of moral identity on the direct relationships.

Sample Description and Demographics

213 entrepreneurs agreed to participate in the survey and completed the scenario experiment and ratings on moral decision making. 78 entrepreneurs are from United States (36.6%) and 135 are from China. The demographic information of the 213 entrepreneurs in this dissertation is shown in Table 1. As the descriptive statistics show, 116 of the 213 entrepreneurs were female (54%) and 97 were males. The majority of the sample was between ages of 21 and 40 (77%). The remaining age distribution is under age 20 (7%), between 41 and 50 (11%), and between 51 and 60 (4.7%). The ethnicity from US samples was categorized as follows: 83.3% of the entrepreneurs in the sample were White, 5.1% were Hispanic, 10.3% were Black or African American, and 1.3% was Asian (See Table 2). 206 of the 213 (96.7%) entrepreneurs' ventures are for-profit organizations. I also present industry type of entrepreneurs' ventures in Figure 6. A majority of entrepreneurs are running their ventures in the manufacturing industry. Communication, retail and wholesale, and other services account for similar percentages among the total samples.

Table 1Demographics of Sample

Gender	Male: 97	Female: 116	
Age	Under 20: 15	21-30: 96	31-40: 68
	41-50: 24	51-60: 10	above 60: 0
Education level	Less than high school: 2	High school: 19	2-year college: 33
	4-year college: 130	Master: 24	PhD: 5

Note: N=213

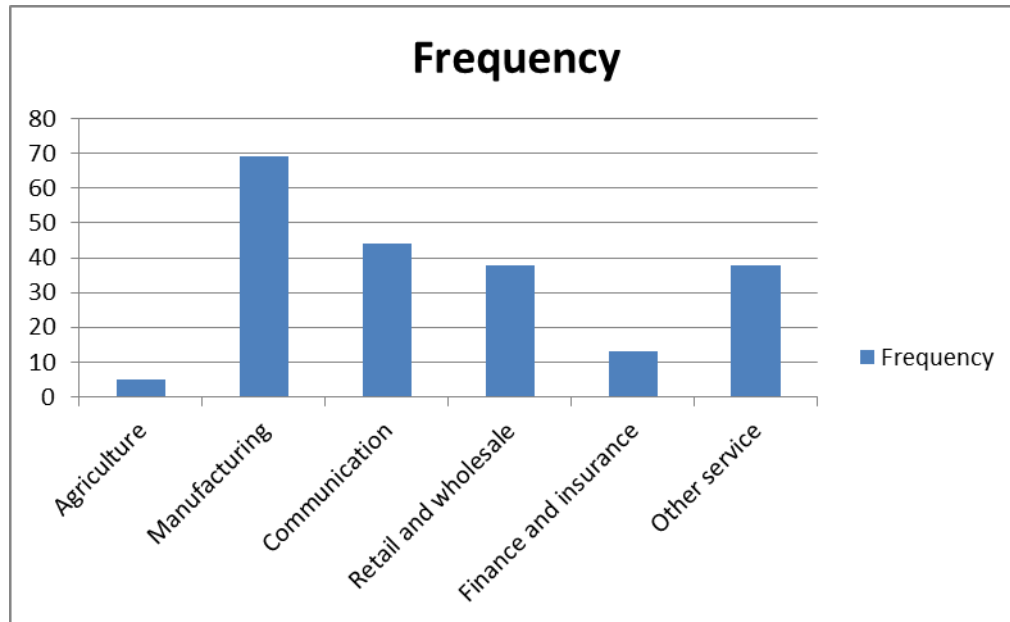
Table 2Participants' Ethnicity Frequency and Percentage in US Sample

	Frequency	Percentage
African American	8	10.3
Asian	1	1.3
White	65	83.3
Hispanic	4	5.1
Total	78	100

Note: N=78

Figure 6

Industry Type of Entrepreneurs' Venture



Reliability and Validity of the Data

Reliability refers to “the measuring instrument’s ability to provide consistent results in repeated uses” (Zikmund, 1994, p. 293). It can be obtained by measuring internal consistency via use of a statistical tool named Cronbach’s alpha. Thus, in addition to the published reliabilities for instruments in previous studies, I calculate Cronbach’s coefficient and provide it for some instruments in this dissertation. Cronbach’s alpha represents “the correlation of the performance of each item in the instrument with overall performance of its related measurement construct” (Benson, 2009, p. 126; Salkind, 2003). In general, if Cronbach’s alpha coefficient value is above .70, it is considered as a desirable result for good internal consistency reliability (Pallant, 2007).

Validity is defined as “the degree to which the instrument measures the concept the researcher wants to measure” (Zikmund, 1994, p. 293). It includes face validity, content validity, criterion validity, and construct validity. Construct validity refers to “the extent to which an operationalization measures the concept it is supposed to measure” (e.g., Bagozzi, Yi, and Phillips, 1991, p. 421; Cook and Campbell, 1979). In other words, if a construct has a good validity, it indicates that it is measured precisely and correctly. Construct validity can be estimated via using factor analysis. In the following, I test reliability and validity for instruments I used in dissertation.

Moral decision making regarding employees. Regarding instruments used in this dissertation, I tested reliability for moral decision making regarding employees. The reliability for this construct is .94, which is considered reliable.

I tested validity for moral decision making regarding employees. According to the Kaiser-Meyer-Olkin Measure (KMO) test in Table 3, a measure for providing the suitability for factor analysis, it shows the value of .944, which is above .60 and considered good. In addition, the p value ($p < .001$) is statistically significant, supporting that I can do a factor analysis on this construct. The component matrix in Table 4, also called loading matrix, shows the loading of each dimension of moral decision making regarding employees. The coefficients of the components in the Table 4 are called loading, which is similar to correlation coefficients. If the loadings among coefficients are high, it indicates they measure same construct. According to Table 4, the loading demonstrates a good validity of moral decision making regarding employees.

Table 3KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.944
	Approx. Chi-Square	1600.331
Bartlett's Test of Sphericity	Df	45
	Sig.	.000

Note: Approx. = approximate; df = degree of freedom; Sig. = significant

Table 4Component Matrix

	Component
	1
M_EMP1	.817
M_EMP2	.642
M_EMP3	.800
M_EMP4	.834
M_EMP5	.802
M_EMP6	.841
M_EMP7	.808
M_EMP8	.901

M_EMP9 .844

M_EMP10 .794

Note: M_EMP = moral decision making regarding employees

Moral decision making regarding customers. There are eight items measuring moral decision making regarding customers. However, Dubinsky et al. (1980) did not provide reliability. I test it and the Cronbach's alpha for this construct is .89, which is viewed as reliable.

Moral decision making regarding entrepreneurial values. It was measured by three scenarios (Flannery and May, 2000; May and Pauli, 2002; Mayo and Marks, 1990; Vitell and Hunt, 1990). In this dissertation, I found that Cronbach's alpha for scenario A is .75, for scenario B is .67, and for scenario C is .96.

Moral decision making regarding external accountability. There are five questions in scenario A that measure entrepreneurs' moral decision making with respect to external accountability. The authors did not provide reliability. I test reliability and the Cronbach's alpha for this scenario A is .93.

Moral identity. Aquino and Reed (2002) developed and tested the reliability of moral identity. In current study, Cronbach's alpha for internalization is .78 and for symbolization is .81.

In summary, the constructs used in dissertation demonstrate a good reliability. Table 5 provides reliability for the main variables used in this dissertation.

Table 5

Reliability

Variable	Cronbach's alpha
Moral decision making regarding employees	.94
Moral decision making regarding customers	.89
Moral decision making regarding entrepreneurial values	.75 (scenario A), .67 (scenario B), .96 (scenario C)
Moral decision making regarding external accountability	.93 (scenario A)
Moral identity – Internalization	.78
Moral identity – Symbolization	.81

Findings on Main Relationships

Table 6 provides mean, standard deviation, and correlations between each construct.

Table 6Mean, Standard Deviation, and Correlations

	Mean	SD	SC	TC	M_ EMP	M_ CUS	M_ ENTV	M_ EN V	MI-I	MI-S	Age	Gen.	Edu. Level	Ind. Exp.	Ind.	F T
SC	.48	.50	1													
TC	.50	.50	-.715**	1												
M_ EMP	7.78	1.02	-.061	.001	1											
M_ CUS	4.55	1.58	.002	-.011	.122	1										
M_ ENT V	6.33	1.42	.046	-.054	.367**	.441**	1									
M_ ENV	4.76	1.14	.003	-.011	-.140*	.061	.095	1								

MI-I	5.99	.96	.018	-.003	.542**	.278**	.478**	.051	1							
MI-S	5.27	.92	-.075	.039	.383**	-.219**	.123	.054	.234**	1						
Age	2.62	.94	.013	-.038	.146*	.169*	.075	-.110	.139*	-.097	1					
Gen.	1.54	.50	-.086	.127	.136*	.071	-.031	-.145*	.069	.049	-.194**	1				
Edu. Level	3.80	.88	.060	-.026	.061	-.203**	-.089	-.155*	-.016	.103	-.055	-.028	1			
Ind. Exp.	7.69	8.35	-.053	-.001	.020	.052	.047	-.096	-.067	-.009	.165*	-.076	.022	1		
Ind.	3.48	1.52	.123	-.097	-.004	.219**	.073	.061	.016	-.096	.126	-.010	-.117	-.010	1	
FT	1.03	.18	.034	-.027	-.226**	.010	-.047	.092	-.241**	-.186**	-.121	.010	-.108	-.047	.042	1

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

N=219; M_EMP = moral decision making regarding employees; M_CUS = moral intentions regarding customers; M_ENTV = moral intentions regarding entrepreneurial values; M_ENV = moral intentions regarding environment and society; Moral identity – I = Moral identity – Internalization; Moral identity – S = Moral identity – Symbolization; Edu. Level = Education level; MI-I = Moral identity – Internalization; MI-S = Moral identity – Symbolization; Ind. = Industry; Exp. = Experience; Gen. = Gender; FT = Firm type.

I first present the results for the main relationship between independent variables and dependent variables. According to the effect of self-construal and temporal construal, I predicted that self-construal and temporal construal can interact, thus influencing entrepreneurs' moral decision making. Specifically, I hypothesized that as entrepreneurs think in an interdependent self-construal approach and a distal construal approach, they are more likely to make moral decisions regarding their employees, customers, entrepreneurial values, and environment and society as compared to when their thinking approaches display independent self-construal and proximal construal.

I conducted a MANCOVA to examine the influence of self-construal and temporal construal on four dependent variables, by using covariates such as age, gender, education level, entrepreneurs' industrial experience, industry that entrepreneurial ventures belong, and firm type. 207 entrepreneurs completed the manipulation process and answered questions regarding the likelihood of making four moral decisions. Significant interaction effects were observed at the multivariate level ($F(4, 202) = 2.98, p < .05$). In addition, at univariate levels, interaction effects of self-construal and temporal construal do not significantly influence entrepreneurs' moral decision making regarding employees ($F(1, 206) = .98, p > .05$). Thus, hypothesis 1, stating that temporal construal can moderate the relationship between entrepreneurs' self-construal and moral decision making regarding employees, is not supported. Specifically, according to Table 7, the ANOVA results show that the contrasts between entrepreneurs who have interdependent self-construal and distal construal and entrepreneurs who have independent self-construal and distal construal is not statistically significant. Thus, hypothesis 1a is not supported. Neither does hypothesis 1b. However, interaction of self-construal and temporal construal

significantly influenced entrepreneurs' moral decision making toward customers ($F(1, 206) = 3.83, p < .05$), entrepreneurs' moral decision making toward entrepreneurial values ($F(1, 206) = 4.74, p < .05$), and entrepreneurs' moral decision making toward environment and society ($F(1, 206) = 4.75, p < .05$).

Table 7
Main Results

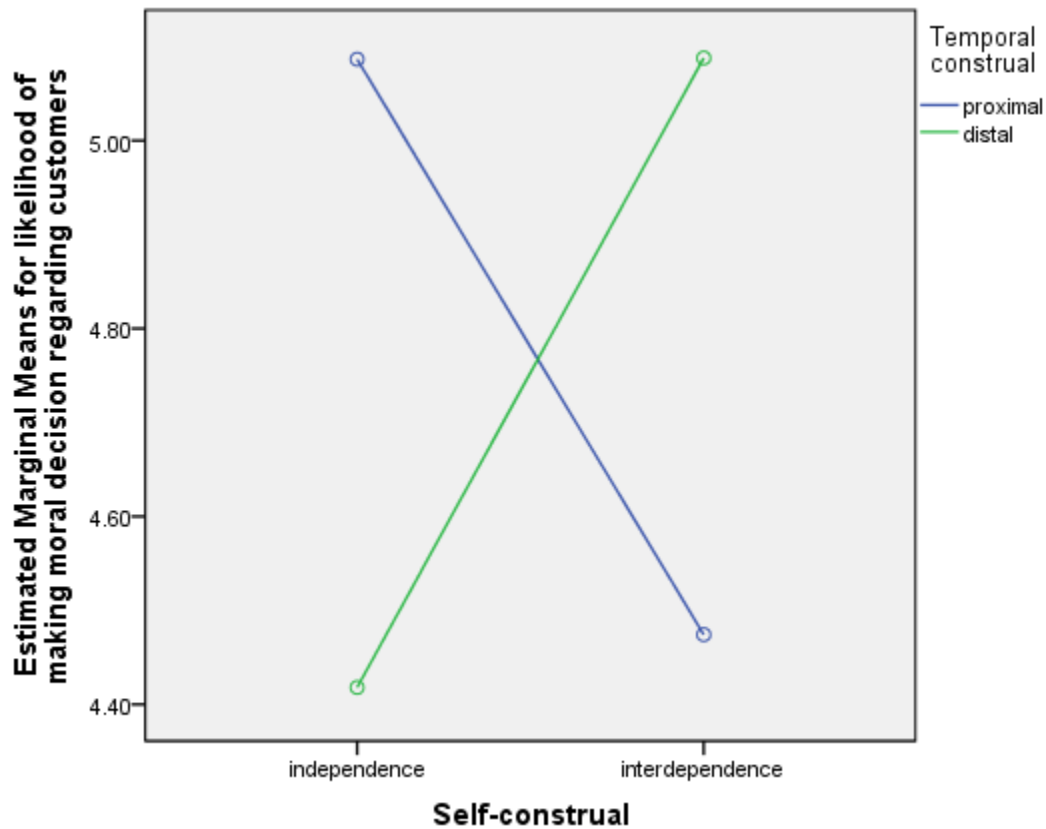
Variables	Distal construal		Interdependent construal	
	Interdependent construal	Independent construal	Distal construal	Proximal construal
Moral decision making regarding employees	7.90	7.79	7.90	7.77
Moral decision making regarding customers	5.09**	4.42**	5.09 [†]	4.47 [†]
Moral decision making regarding entrepreneurial values	7.18 [†]	6.16 [†]	7.18	6.34
Moral decision making regarding external accountability	4.27	4.84	4.27	4.80

Note: [†] $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$.

I also provide figures to show specific moral decision making regarding one aspect. Specifically, according to Table 7 and Figure 7 about entrepreneurs' moral decision making regarding customers, as entrepreneurs who have interdependent self-construal were manipulated by distal construal, they showed higher likelihood to make moral decisions regarding customers (Mean = 5.09) than those who have independent self-construal (Mean = 4.42). In addition, using ANOVA, I found that the difference is statistically significant ($p < .05$). In addition, I found supportive results regarding the comparison between entrepreneurs who are interdependent and have distal construal (Mean = 5.09) and entrepreneurs who are interdependent and have proximal construal (Mean = 4.47) is partially and statistically significant ($p = .056$). Thus, hypothesis 2a which predicts that under the condition of distal construal, entrepreneurs with interdependent self-construal are more likely to make moral decision regarding customers than those with independent self-construal, is supported. In addition, hypothesis 2b saying that entrepreneurs who have interdependent self-construal and distal construal are more likely to make morel decisions regarding customers than whey the have interdependent self-construal and proximal construal is partially supported.

Figure 7

Moral Decision Making Regarding Customers

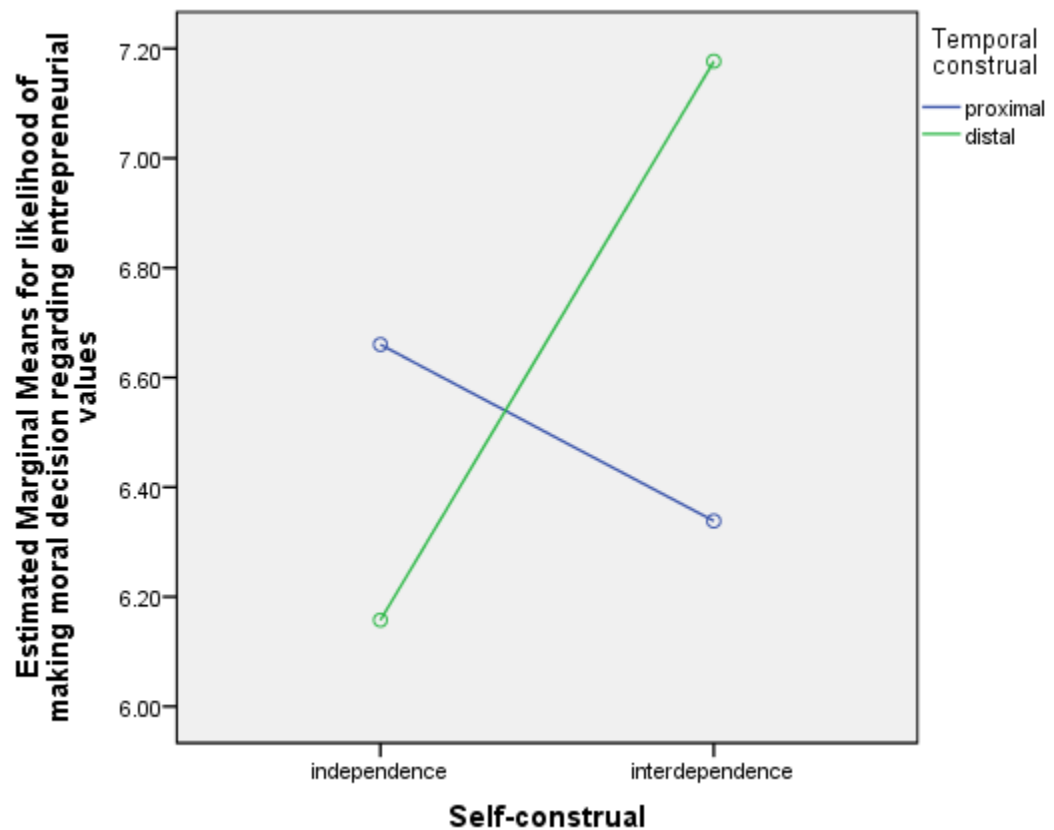


Similarly, I found supportive results from moral decision making regarding entrepreneurial values. When manipulated by distal construal, entrepreneurs who have interdependent self-construal showed higher likelihood to make moral decisions regarding entrepreneurial values (Mean = 7.18) than those who have independent self-construal (Mean = 6.16). In addition, using comparing mean and ANOVA, I found that the difference is partially and statistically significant ($p < .01$). However, I did not find supportive results ($p > .05$) regarding the comparison between entrepreneurs who are interdependent and have distal construal (Mean = 7.18) and entrepreneurs who are interdependent and have proximal construal (Mean = 6.34).

Thus, I argue that hypothesis 3a, stating that entrepreneurs are more likely to make moral decision regarding entrepreneurial values when they are manipulated by interdependent self-construal and distal construal than when they have independent self-construal and distal construal, is partially supported. However, hypothesis 3b saying that entrepreneurs who have interdependent self-construal and distal construal are more likely to make morel decisions regarding entrepreneurial values than whey the have interdependent self-construal and proximal construal is not supported.

Figure 8

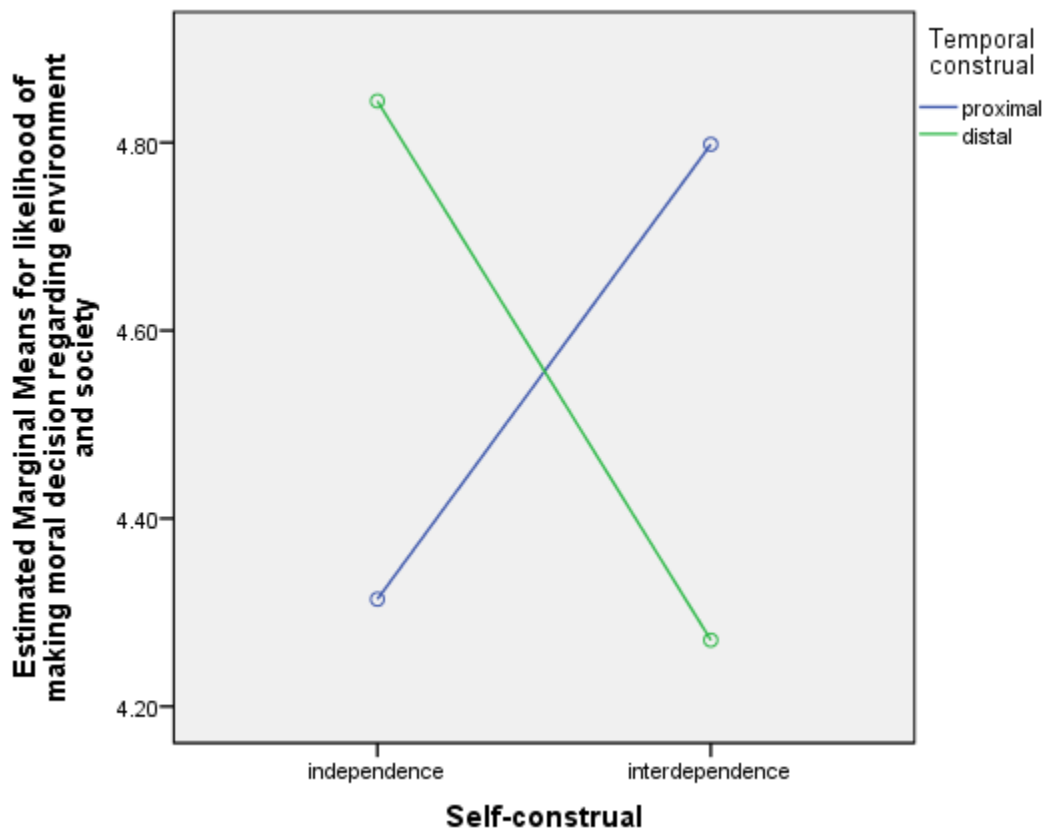
Moral Decision Making Regarding Entrepreneurial Values



Last, although entrepreneurs' moral intentions toward the environment and society show significant results ($F(1, 206) = 4.75, p < .05$), the direction is against what I hypothesized (Figure 9). In addition, according to Table 7, the contrasts between entrepreneurs with interdependent and distal construal and entrepreneurs with independent and distal construal is not statistically significant. The same as the contrasts between entrepreneurs with interdependent and distal construal and interdependent and proximal construal. Thus, hypothesis 4a and 4b were rejected.

Figure 9

Moral Decision Making Regarding Environment and Society



Additional Analyses

Because the role of self-construal and temporal construal on moral decision making regarding employees did not show a significant result, I used bootstrapping in PROCESS to test this effect again. Bootstrapping is a computational nonparametric technique that researchers can use to draw conclusions about the characteristics of a population from the existing samples (Mooney, Duval, and Duvall, 1993). It is based on random sampling from the dataset and is an approach “that makes no assumptions about the shape of the distributions of the variables or the sampling distribution of the statistics” (Preacher and Hayes, 2004, p. 722). It resamples the dataset and can increase the power when only a limited quantity of bootstrap samples can be made (Hinkley, 1988). Due to the advantages of bootstrapping, I use it to test hypothesis 1. After running the analysis, I did not find significant moderation effects ($p > .05$; coefficient = .11). However, I found that age ($p < .05$; coefficient = .19) and gender ($p < .05$; coefficient = .35) can statistically influence entrepreneurs’ moral decision making regarding employees. As compared to males, female entrepreneurs are more likely to make moral decisions regarding employees. In addition, older entrepreneurs are more likely to make moral decisions concerning employees than younger entrepreneurs. In summary, hypothesis 1 is not supported.

In addition, regarding hypothesis 4 about entrepreneurs’ moral decision making related to environment and society, I used chronic self-construal and temporal construal to identify whether they, rather than the manipulation effect of self-construal and temporal construal, can play a role. Thus, I used chronic self-construal and temporal construal and their interaction in the regression.

The regression model is: $Y = a + b*SC + c*TC + d*SC*TC + e$.

Y = moral decision making regarding environment and society

SC = chronic self-construal (interdependent)

TC = chronic temporal construal (distal)

SC*TC = interaction of chronic self-construal (interdependent) and chronic temporal
construal (distal)

I found that interaction of chronic self-construal and temporal construal can influence entrepreneurs' moral decision making regarding environment and society (estimated coefficient (d) = 1.62; $p < .05$). It indicates that as the level of interdependent self-construal and of distal construal increase, entrepreneurs are more likely to make moral decisions regarding environment and society. Thus, interaction of chronic self-construal and temporal construal significantly influenced entrepreneurs' moral decision making regarding environment and society.

In addition, I used MANCOVA and ran some similar follow up analysis using chronic self-construal and temporal construal as an interaction term, and four dependent variables included in the model. However, the overall MANCOVA results does not show significance ($p > .05$). In addition, at the univariate level, interaction of chronic self-construal and temporal construal significantly influenced moral decision making regarding employees ($p < .01$), but did not significantly influence moral decision making regarding customers and entrepreneurial values. Subsequently, I ran regression to test whether interaction of chronic self-construal and temporal construal can influence moral decision making regarding employees. However, it is not statistically significant

($p > .05$). Thus, to conclude, chronic self-construal and temporal construal can only interactively influence moral decision making regarding environment and society.

After I test the influence of interaction between self-construal and temporal construal on four dependent variables, I examined the role of culture to see whether countries influenced my model. United States and China represent two different culture systems. United States is individualistic culture whereas China is collectivistic culture. Thus, I ran three-way-interaction (self-construal * temporal construal * country) to identify whether I should include country in the model. The results showed three-way interaction did not statistically influence four dependent variables respectively ($p > .05$). As such, it justifies that I do not need to include country as a variable in my model.

Findings on Moderating Effect of Moral Identity

In Chapter III, I hypothesized entrepreneurs' moral identity will moderate the manipulating effect of self-construal and temporal construal on entrepreneurs' moral decision making. That is to say, if entrepreneurs have higher levels of moral identity, the effect of self-construal and temporal construal on their moral decision-making will become stronger as compared to those who have lower levels of moral identity. I used Hayne's PROCESS to analyze my data.

I test the moderating effect of moral identity on *four* dependent variables. In addition, similar to Aquino and Reed (2002) who tested moral identity – Internalization and moral identity – Symbolization as two dimensions in their model, I used these two dimensions separately to test their moderating effects. Symbolization is respondents' moral

actions expressed publicly, and internalization refers to degree to which the moral traits are central to the self-concept (Aquino and Reed, 2002).

According to PROCESS, it creates manipulated self-construal, manipulated temporal construal and moral identity as independent variables, and have their each combination as interaction terms. I mainly exam the three-way interaction to find out whether it supports my hypotheses. Table 8 shows the three-way interaction effect of manipulated self-construal, manipulated temporal construal and each dimension of moral identity. If three-way interaction, also called as moderated moderation, is present, the coefficient of the three-way interaction term is statistically different from zero. The three-way coefficient represents that the interaction coefficient of manipulated self-construal and manipulated temporal construal depends on the level of moral identity.

According to Table 8, moral identity – Symbolization used as a moderator in the model did not statistically influence the relationship between self-construal - temporal construal and moral decision making regarding employees, customers, entrepreneurial values. Hypothesis 5a(1), 5a(2), and 5a(3) were rejected. Symbolization partially moderated the relationship self-construal - temporal construal and moral decision making regarding external accountability. As entrepreneurs are manipulated by interdependent self-construal and distal construal, they are more likely to make moral decisions regarding external accountability when they have high symbolization. The coefficient .74 indicates that the three-way interaction can cause .74 increase in the likelihood of making moral decisions regarding external accountability. Thus, hypothesis 5a(4) was supported.

Table 8 demonstrates that the moral identity – Internalization played a moderating role on the relationship between self-construal - temporal construal effect and entrepreneurs' moral decision making. First, moral identity - internalization statistically influenced role of self-construal - temporal construal on entrepreneurs' moral decision making regarding employees ($p < .05$). Because I coded interdependent self-construal as 1 and distal construal as 1, the coefficient implies that as one unit increases in internalization, the likelihood of making moral decisions regarding employees increases 1.10. Second, moral identity –Internalization marginally moderates the role of self-construal - temporal construal on entrepreneurs' moral decision making regarding customers ($p < .1$). The coefficient 1.20 indicates that the three-way interaction can cause 1.20 increase in the likelihood of making moral decisions regarding customers. Third, moral identity – Internalization statistically influenced role of self-construal - temporal construal on entrepreneurs' moral decision making regarding entrepreneurial values ($p < .05$). The three-way interaction indicates that as one unit increase in moral identity, it can lead to .91 increase in the likelihood of making moral decisions regarding entrepreneurial values. Finally, internalization does not significantly moderate the relationship between self-construal - temporal construal and moral decision making regarding environment and society. Thus, hypotheses 5b(1) and 5b(3) regarding moral decision making about employees and entrepreneurial values were supported. Hypothesis 5b(2) regarding moral decision making about customers was partially supported. Hypothesis 5b(4) was rejected.

Table 8Moderating Effect of Moral Identity

Dependent variable	Symbolization	Internalization
	Coefficient	Coefficient
moral decisions making re- garding employees	.28	1.1*
moral decisions making re- garding customers	.39	1.20 [†]
moral decisions making re- garding entrepreneurial values	-.14	.91*
moral decisions making re- garding external accountabil- ity	0.74 [†]	0.68

Note: N=213

[†] $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$.

Summary

The purpose of the quantitative research was to identify whether manipulating entrepreneurs' cognitive factors can influence their moral decision making. I focus on entrepreneurs whose ventures are less than six years old. This is a particularly early stage when firms are facing uncertainties and challenges. I used self-construal theory and temporal construal theory and previous studies on them to propose hypotheses concerning their interacting effect on entrepreneurs' four types of moral decision making (Payne and Joyner, 2006). The sample population consisted of entrepreneurs from the United States and China. The typical manipulation of self-construal and temporal construal was used to

prime entrepreneurs' cognitions. After being manipulated by self-construal and temporal construal, entrepreneurs were shown different scenarios related to four moral situations and answered questions with respect to their likelihood of making moral decisions.

Based upon the above mentioned material, this Chapter presented the findings of the analysis. First, I show basic demographic information of entrepreneurs from United States and China and their ventures' information. Second, the results of a MANCOVA test show that self-construal and temporal construal significantly and interactively affect entrepreneurs' moral decision making regarding customers and entrepreneurial values. In addition, the hypothesis on entrepreneurs' moral decision making regarding employees was tested again by using bootstrapping. It did not show supportive results. Next, I showed that entrepreneurs' chronic self-construal and temporal construal level can explain entrepreneurs' moral decision making regarding the environment and society. Last, I provided the results on the moderating effect of moral identity by using internalization and symbolization. Two hypotheses are fully supported when using internalization as a moderator.

CHAPTER VI

DISCUSSION AND CONCLUSION

Overview

After presenting results in Chapter V, I conclude my dissertation by summarizing its main findings in this chapter. I explain why some hypotheses are supported while others are not. In addition, according to the findings from this dissertation, I provide theoretical implications and practical implications. Next, due to some weaknesses in the current study, I offer limitations of this dissertation. Finally, future direction for the research question is discussed.

Discussion

Entrepreneurs are contributors for economic growth, technological change, innovation and so forth. In general, the public views entrepreneurs positively and scholars depict entrepreneurs as heroes in our society. However, there is an important stream in entrepreneurship, arguing that entrepreneurs face the temptations to risk their morality. In other words, some entrepreneurs desire to achieve success, which causes them to behave immorally. Scholars, thus, attempt to identify factors that can motivate entrepreneurs to make moral decisions, such as by using self-regulation (Bryant, 2009), and via allowing entrepreneurs to imagine morality (McVea, 2009).

This dissertation takes a new perspective and studies a specific sample of entrepreneurs. First, rather than using entrepreneurs' current cognition, I manipulate entrepreneurs' cognitive development. In other words, I used self-construal theory and temporal construal theory to prime entrepreneurs' temporary cognitions. Second, I focus on entrepreneurs whose ventures are no more than six years old, which is treated as the ventures' early stage. The early stage is particularly crucial for entrepreneurs, because entrepreneurs desire to achieve success at this stage. However, according to strain theory, rational choice theory, and biases and heuristics, they face unique challenges, under which circumstance they are highly likely to behave immorally. Thus, in my point of view, I answered an important research question regarding entrepreneurs' moral decision making at their ventures' early stage.

I analyzed 213 samples of entrepreneurs from United States and China and used the four most important moral decisions according to Payne and Joyner's (2006) study. In

addition, I employ a scenario experiment that can enhance internal validity, which refers to “the quality of the research experiment, whereby the changes of the independent variable causes change to the dependent variable” (Benson, 2009, p. 85; Salkind, 2003). Results show that as entrepreneurs are manipulated by interdependent self-construal and distal construal, they are more likely to show their moral concerns regarding customers ($p < .01$). In addition, distal construal can strengthen the relationship between interdependent self-construal and moral decision making regarding customers than proximal construal. Therefore, Entrepreneurs will care more about customers’ satisfaction and product quality when they are thinking in an context relationship and distal construal approach. In addition, entrepreneurs will showcase higher likelihood of making decisions reflecting their entrepreneurial values, such as integrity, honesty and work ethics ($p < .1$). However, I did not find statistically significant results regarding entrepreneurs’ moral decision making about employees. Nor did I find supportive results regarding entrepreneurs’ moral decision making concerning external accountability, such as the environment and society. In addition, results show that entrepreneurs’ chronic self-construal and temporal construal level can positively influence their moral decision making regarding external accountability.

Furthermore, because I used manipulation to prime entrepreneurs’ self-construal and temporal construal level, I intended to find out whether entrepreneurs’ moral identity moderates the effect of this manipulation. Thus, I employed measurements of moral identity – internalization and moral identity – symbolization in the model. I found that moral identity – internalization can positively moderate the influence of self-construal and temporal construal on entrepreneurs’ moral decision making regarding employees, customers

and entrepreneurial values. That is to say, for those entrepreneurs who view themselves as having moral traits which are central to their self-concept, the relationship between self-construal - temporal construal manipulation and moral decision making will increase than those whose moral identity – internalization is not relatively central. In addition, moral identity - symbolization (i.e. entrepreneurs' moral actions expressed publicly) can only moderate the relationship between self-construal - temporal construal and moral decision making regarding external accountability.

Theoretical Implication

This dissertation applies self-construal and temporal construal theory to the entrepreneurship field in which these constructs and concepts have rarely been used before. Self-construal theory and temporal construal theory have been widely applied in various fields, such as psychology, marketing and management. However, it is under developed in entrepreneurship. Self-construal predicts that individuals can use different approaches to view themselves. For example, Lalwani and Shavitt (2009) manipulated people to think differently regarding interdependent and independent self-construal. They found that people with an independent self-construal were goal-oriented and showed a greater tendency to engage in self-presentations which are consistent with their goals. However, interdependent self-construal participants displayed their social appropriateness, which means that people attempted to maintain harmonious social relationships. In this dissertation, I demonstrated that entrepreneurs who were primed in an interdependent way also show their concerns regarding social relationships. Some scholars argue that entrepreneurs are different from the general population or managers regarding their propensity for risk-taking or personal value system (Fagenson, 1993; Stewart Jr, Watson, Carland, and

Carland, 1999). However, manipulation from this dissertation validates that after entrepreneurs are primed, they will show their interdependent intentions in a manner similar to the general population. In addition, Construal Level Theory presumes that the reason people construe distal events more abstractly is that people normally possess less concrete knowledge about distal than proximal events. Accordingly, I argue that as entrepreneurs hold a distal way of thinking, they will show their moral values. I used the interaction of self-construal and temporal construal to manipulate entrepreneurs' cognition and identified entrepreneurs' moral decision making.

This dissertation focuses on four different and critical moral decisions and the findings can imply the importance of resources that entrepreneurs have in their ventures and community.

First, although hypothesis 1 is not statistically significant, it shows the hypothesized direction that distal construal can strengthen the relationship between interdependent self-construal and moral decision making as compared to the relationship between independent self-construal and moral decision making. It indicates that as entrepreneurs' cognition displays interdependent self-construal and distal construal, they showcase moral decision making concerning their employees. It will have implications for retaining and developing human resource in entrepreneurs' ventures. Different from employees in large firms, employees who work in entrepreneurial firms have more opportunities to personally contact with entrepreneurs (their bosses). Thus, the exchange relationship particularly matters for each employee (Vecchio, 2003). However, various illustrations regarding entrepreneurs' immoral behaviors or decisions toward employees can be found. For example, employees claim that they are being "betrayed" by founders after they con-

tributed loyally to the firms (Elangovan and Shapiro, 1998; Tepper, 2000). Elangovan and Shapiro (1998, p. 548) defined betrayal as “a voluntary violation of mutually known pivotal expectations of the trustor by the trusted party (trustee), which has the potential to threaten the well-being of the trustor.” Due to the fact that entrepreneurs pursue their own interests or welfare, they often betray employees who loyally contribute to the ventures, such as not providing sufficient rewards to employees. However, as entrepreneurs are manipulated by interdependent self-construal and distal construal, they show more concern towards their employees. This will lead their employees to have a higher desire to stay in the company. Likewise, the benefits of thinking in an interdependent self-construal and distal construal can inform entrepreneurs who show their consideration regarding customers when they sell their products or services to customers.

Furthermore, this reciprocal relationship between entrepreneurs and employees or customers has theoretical implications. This implication can be expounded by social exchange theory, which describes that the interdependent interactions are contingent on the actions of another person (Blau, 1964). In other words, social exchange relationships develop between two individuals through a set of mutual exchanges where each individual has reciprocal obligations from the other individual (Blau, 1964; Dabos and Rousseau, 2004). Likewise, there is supposed to be a reciprocal obligation between entrepreneurs and employees, indicating that each party take the other’s benefits into consideration. In addition, the success or failure of social exchange can lead to different outcomes. For example, members who receive their leaders’ or organizations’ support will show organizational commitment (e.g., Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades, 2001). On the contrary, employees who are treated unjustly will have low job performance or

intend to leave organizations (Aryee, Budhwar, and Chen, 2002). Thus, if entrepreneurs do not sufficiently take employees' benefits into account, employees may feel injustice or leave the ventures. However, interdependent self-construal and distal construal can enhance this social exchange between entrepreneurs and employees or customers. It will strengthen the reciprocal relationship between two parties, and provide advantages for ventures' long term growth.

Second, entrepreneurs' values are activated by interaction of self-construal and temporal construal, driving them to make moral decisions reflecting their values. Because of the importance of morality in organizations, John Paul (1981) said "all this pleads in favor of the moral obligation to link industriousness (as well as other so-called entrepreneurial habits) as a virtue with the social order of work, which will enable man to become, in work, 'more of a human being' and not be degraded by it, not only because of the wearing out of his physical strength, but especially through damage to the dignity and subjectivity that are proper to him." That is to say, leaders should make an effort to integrate moral obligation or vision into their organizations and display their moral values in their work.

As entrepreneurs are primed by both interdependent self-construal and distal construal, their concerns about others and high level of thoughts are activated. High level goals consist of values, morality and justice, whereas low level goals means realism, materialism and a focus on money achievement. Entrepreneurs who are at the early venture stage generally desire to gain financial success and personal wealth. This is largely due to the fact that they are rational actors, who are goal oriented and interested in their own welfare. In addition, the competitive environment forces them to employ biases and heu-

ristics to make decisions, thereby leading them to make decisions to achieve short term benefits and ignore moral issues. However, as they are manipulated by both interdependent self-construal and distal construal, their values are recognized and they would like to showcase their values in their work. In other words, under this circumstance, entrepreneurs' monetary value is not their priority. Rather, entrepreneurs would like to display their higher order values into their work.

Third, results from entrepreneurs' moral decision making regarding external accountability can generate different aspects of implications as I expected earlier. Rather, I found that interacting effects from chronic value of self-construal and temporal construal statistically influence entrepreneurs' moral decision making regarding external accountability. As entrepreneurs have both high levels of interdependent self-construal and distal construal, they are more likely to consider making moral decisions concerning environment and society. Thus, this result supports that chronic level of self-construal and temporal construal is stable (e.g., Agrawal and Maheswaran, 2005; Förster, Friedman, and Liberman, 2004).

Fourth, this dissertation identified the role of moral identity – internalization in enhancing entrepreneurs' moral decision making. Aquino and Reed (2002) demonstrated that moral identity is a predictor of moral cognition. Similarly, this dissertation found out that moral identity can influence the role of self-construal and temporal construal on entrepreneurs' moral decision making. In addition, moral identity consists of two dimensions, one is private and the other is public (Aquino and Reed, 2002). These two dimensions are related to different aspects of self and show different strengths or patterns of relationship to various outcomes (Aquino and Reed, 2002). Specifically, internalization is

relatively more related to self-importance of the moral characteristics, whereas symbolization is associated with a more public self that convey these characteristics. Thus, moral identity – internalization can influence self-concept and symbolization can influence the public dimension. This dissertation supports Aquino and Reed’s (2002) differentiation on two dimensions of moral identity. In addition, according to significant results from my dissertation, I identify that moral decision making regarding employees, customers and entrepreneurial values represent self-concept of moral identity, which is internalization. Moral decision making regarding external accountability is related to symbolization. In other words, this dissertation demonstrates that three of the important moral decisions argued by Payne and Joyner (2006) address internal moral identity of entrepreneurs, and external accountability addresses public moral identity of entrepreneurs. It can infer scholars that self-concept of entrepreneurs is critical and can help entrepreneurs to think and act morally.

Regarding my methodology, I argue that scenario experiments used in the entrepreneurship field have several advantages. For example, scenario experiments can provide real entrepreneurship-related situations (Buchholz and Rosenthal, 2005; Werhane, 1999) that entrepreneurs may face in their ventures’ early stages. Unlike a survey, entrepreneurs do not need to recall past information, thus avoiding recall bias which exists when respondents provide self-reported information (Raphael, 1987). That is to say, scenario experiments can capture entrepreneurs’ real actions under some circumstance. I encourage future research to conduct scenario experiments in the entrepreneurship field.

Practical Implication

I offer two practical implications for entrepreneurs, educators and policy makers. Currently, scholars pay a lot of attention to entrepreneurial intentions, which is usually defined as the desire to own one's own business (Crant, 1996) or to start a business (Krueger, Reilly, and Carsrud, 2000). In addition, scholars find approaches that enhance entrepreneurial intentions, such as by taking entrepreneurship education (e.g., Bae, Qian, Miao, and Fiet, 2014; Martin, McNally, and Kay, 2013), by developing entrepreneurial self-efficacy (Zhao, Seibert, and Hills, 2005) and so forth. Regarding the increasing importance of entrepreneurs' moral intentions, educators and public policy makers can be informed by this regard as well. Interdependent self-construal can benefit entrepreneurs in the long term by assisting them with respect to making moral decisions. For example, entrepreneurs whose interdependent self-construal is activated would likely want to engage in relationship enhancing reciprocal processes. Thus, it implies that as entrepreneurs' interdependent self-construal is activated, they will take relationships with customers and employees into consideration when making decisions. For instance, entrepreneurs may charge a reasonable price when offering innovative products or services. They will deem employees' benefits, e.g. training and rewards, as important. Thus, due to the importance of self-construal and temporal construal, educators can integrate self-construal and temporal construal material into pedagogy.

In addition, because the role of moral identity – internalization demonstrated in this dissertation, policy makers can encourage entrepreneurs who have high moral identity to create ventures that are favoring society and community. According to Aquino et al. (2009), moral identity can be influenced by situational factors. As situational factors increases which can activate moral identity of an individual, the individual will be motivat-

ed to act morally, and vice versa. These situational factors can be goals, such as image, financial success, or moral goals (community feeling) (Grouzet et al., 2005). It is likely that entrepreneurs who are at a venture's early stage have an inactivated moral identity because they focus on their financial gains and monetary values. However, policy makers can emphasize the role of positive entrepreneurs' moral image, and moral goals or symbolizations of some successful entrepreneurs. This can help entrepreneurs' moral identity to be accessible.

Limitations

Admittedly, this dissertation has several limitations. I discuss these limitations as follows.

First, in this dissertation, I manipulated entrepreneurs' cognitive development by using self-construal first and then temporal construal. Entrepreneurs were randomly assigned to one condition in self-construal and answered manipulation questions, and they then were randomly assigned to one condition in temporal construal. Although I argue that this sequence is according to the importance of morality derived from distal construal, the results may be different if I use self-construal as a moderator. I suggest future study can adjust manipulation sequence when two or more manipulations are employed to see whether different sequence of manipulation can affect dependent variables.

Second, I did not test the roles of social network of entrepreneurs, which may influence entrepreneurs' decision making. Although Jones' (1991) issue-contingent model of moral decision making suggested that the characteristics of moral issues are important factors that influence the process of moral decision making, it underestimates contexts

that play compelling roles in this process (May and Pauli, 2002; Weber and Wasieleski, 2001). In particular, the role of social networks, often embedded in larger institutional contexts (Wasserman and Galaskiewicz, 1994), cannot be ignored. A social network includes family, friends, and colleagues. It can provide benefits such as financial capital and other resources to actors (Lin, Ensel, and Vaughn, 1981). Most extant literature employs the perspective of Brass, Butterfield, and Skaggs (1998), who first proposed that a social network can theoretically influence individuals' ethical or unethical behaviors. For example, the literature has investigated how social networks influence the immoral issues among top management (e.g., Collins, Uhlenbruck, and Rodriguez, 2009), among employees (e.g., Flynn and Wiltermuth, 2010; Kammeyer-Mueller et al., 2012; Kaptein, 2011; Pierce and Snyder, 2008), regarding interorganizational relationships (e.g., Nguyen and Cragg, 2012), and the relationship between entrepreneurs' social networks and their learning about norms and practices of bribery (De Jong, Tu, and Van Ees, 2012). However, no study applies a social network perspective concerning moral intentions of entrepreneurs who are at the venture development stage. It is important to take social network into consideration, because they can provide entrepreneurs with critical resources and information at the early venture stage (Adler and Kwon, 2002; Anderson and Jack, 2002; Lechner, Dowling, and Welppe, 2006; Uzzi, 1997).

In particular, I argue that an individual's developmental network, which is a subset of his or her entire social network (Burt, 1992), can have an impact on his or her intentions to make moral decisions. Those in a development network who provide help are referred to as developers (Higgins and Kram, 2001) who provide individuals with career support and psychosocial support (Higgins and Kram, 2001; Kram, 1988; Thomas, 1993).

Thus, they can influence individuals' belief structures (Burt, 1987). I suggest that using entrepreneurs' developmental network as a moderator in the model and testing attributes of people in entrepreneurs' developmental network can provide further implications for entrepreneurs.

Third, this study uses a scenario experiment and asked entrepreneurs to finish the survey by a cross-sectional method. Admittedly, this method can increase internal validity by priming entrepreneurs first and then asking them to answer questions. However, whether this priming effect can stay longer or how the influence may change in the long run is unknown. Thus, I suggest that future study can employ longitudinal study to scrutinize whether the influence of self-construal and temporal construal may fade as time goes by and how much effect can stay when manipulation and answering scenario experiments are separated at two different time points.

Last, I tested moral decision making answered only by entrepreneurs in a scenario experiment context. The influence of manipulating entrepreneurs' cognition can be tested by other variables and by asking a third party, which however the current dissertation is not able to achieve due to sample and time constraints. For example, the influence of self-construal and temporal construal on entrepreneurs' venture growth can be tested by asking entrepreneurs their firm growth after they are primed by self-construal and temporal construal in the experiment. In addition, some dependent variables can be obtained by a third party, which can avoid common method variance (CMV). CMV refers to "variance that is attributable to the measurement method rather than to the constructs the measures represent" (Podsakoff, MacKenzie, Lee, and Podsakoff, 2003, p. 879) and may affect the estimate of validity. When the same actor responds to the measures of both predictor and

criterion variables, CMV may create bias to effect size due to the consistency motif, implicit theories and illusory correlations, social desirability, and leniency biases (Podsakoff et al., 2003). Although the current study uses an experiment and survey, I suggest future studies that use surveys can collect samples from more than one source. For instance, entrepreneurs are more likely to make moral decisions regarding employees when they are primed by interdependent self-construal and proximal construal. The evidence can be strengthened by asking their employees' feedback on whether entrepreneurs display higher moral intentions or behaviors in workplace. Likewise, entrepreneurs' moral decision making regarding customers' satisfaction and product quality can be tested in this way. I suggest future study to collect customers' evaluations on entrepreneurs' moral behaviors. Using this approach in a survey can help avoid CMV. Furthermore, the study has the weakness of social desirability, which describes the propensity of subjects to attribute to themselves statements which are desirable and deny those which are undesirable (Edwards, 1957). It is inevitable that entrepreneurs may answer questions concerning moral decision making due to their social desirability. Thus, using a third party's answer will mitigate this limitation.

Future Research

First, future study can address other factors that can influence decision making. For example, positive affect or mood (Baron, 1998) can influence individuals' decision making. Isen (2001) found that positive affect can influence cognitive processing. As such, when entrepreneurs are manipulated by self-construal and temporal construal, it is likely that they hold different affect, which can influence their moral decision making. Future study can further examine the interacting effect of affect and cognitive factors on

entrepreneurs' moral decision making. In addition, future research can study personality. Zhao, Seibert, and Lumpkin (2010) studied the relationship between personality and entrepreneurial intentions and found that four of the Big Five personality dimensions, such as risk propensity and conscientiousness, were related to entrepreneurial intentions. Similarly, I suggest that future study can use personality as a variable to identify how it can influence the role of entrepreneurs' cognitive development on entrepreneurs' moral decision making.

Second, this dissertation studies entrepreneurs who are at the early stage of their ventures, which is viewed as a challenging environment for their ventures. The self-construal and temporal construal manipulation play a role in entrepreneurs' moral decision making. Thus, I suggest that future study can identify whether manipulation can affect other entrepreneurs who are in a different venture stage or industry life cycle. For example, entrepreneurs who are growing their ventures will have expanded external relationships (Lechner and Dowling, 2003). This enlarged social network may influence entrepreneurs' cognitive development, thus influencing the role of manipulation on entrepreneurs' moral decision making. The other approach to further develop manipulation of self-construal and temporal construal is to address this issue in a family business. Dyer and Handler (1994) argued that family and entrepreneurial dynamics intersect at many time points, such as family involvement and support regarding entrepreneurship. For example, family members help founders to recognize opportunities and provide support for starting ventures (Aldrich and Cliff, 2003). Thus, it is likely that family's environment or members' cognition can play a role in entrepreneurs' moral cognitive development. Future study can take family business as a context to address moral decision making.

Third, I suggest that future study can compare social entrepreneurs with commercial entrepreneurs regarding their moral decision making or moral behaviors. My dissertation only collected samples from commercial entrepreneurs who are largely driven by profits (Kirzner, 1978; Knight, 1921; Schumpeter, 1934) and manipulated their cognitions. However, future research can study social entrepreneurs who are addressing social problems and developing communities and societies. Although social entrepreneurs mainly take social wealth into consideration (Dees, 1998; Reis and Clohesy, 1999; Tan, Williams, and Tan, 2005), they also face the diverse motives (Spear, 2006) and personally important issues that inspire them to build their ventures. Zahra, Gedajlovic, Neubaum, and Shulman (2009) suggested that ethical transgressions can negatively influence entrepreneurs' ability to create social wealth. In other words, social entrepreneurs may also face the ethical dilemma when they are creating their ventures. Thus, similar to Zahra et al.'s (2009) call to study social entrepreneurship and ethics, I recommend future study to identify the manipulating effect of self-construal and temporal construal on social entrepreneurs to see to what extent they influence social entrepreneurs. In addition, future study can compare social entrepreneurs with commercial entrepreneurs and find out under what circumstance they are different regarding their moral decision making.

Conclusion

This dissertation employs self-construal theory and temporal construal to identify entrepreneurs' likelihood of making decision making. It focuses on entrepreneurs whose ventures are less than six years old. By analyzing samples of entrepreneurs from United States and China, I found that interdependent self-construal and distal construal can help develop entrepreneurs' moral decision making regarding customers and entrepreneurial

values. In addition, I recognize the role of moral identity – internalization and symbolization. This dissertation can imply scholars to conduct further research in entrepreneurs' moral cognitive development. In addition, it establishes approaches of making moral decisions that entrepreneurs need to take into consideration when they are building their start-ups.

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APPENDIX

Measurements

Ethical leadership

As an entrepreneur of your venture at its early stage, you have to decide which goals you can realistically accomplish early in the development of your new venture in order to maximize the potential for survival and long-term success. Below, indicate the likelihood that you will engage these activities.

1. Listen to what employees have to say
2. Discipline employees who violate ethical standards
3. Conduct your personal life in an ethical manner
4. Keep the best interests of employees in mind
5. Make fair and balanced decisions
6. Can be trusted
7. Discuss business ethics or values with employees
8. Set an example of how to do things the right way in terms of ethics
9. Define success not just by results but also the way that they are obtained
10. When making decisions, ask “what is the right thing to do?”

Scenarios: customers

Scenario A

1. Making statements to an existing purchaser that exaggerates the seriousness of his/her problem in order to obtain a bigger order or other concessions.
2. Soliciting low priority or low volume business that your firm will not deliver or service in an economic slowdown or periods of resource shortages.
3. Allowing personalities – liking for one purchaser and disliking for another – to affect price, delivery, and other decisions regarding the terms of sale.
4. Seeking information from purchasers on competitors' quotations for the purpose of submitting another quotation.
5. Having less competitive prices or other terms for buyers who use your firm as the sole source of supply than for firms for which you are one of two or more suppliers.
6. Giving physical gifts such as free sales promotion prizes or “purchase-volume incentive bonuses” to a purchaser.
7. Providing free trips, free luncheons or dinners, or other free entertainment to a purchaser.
8. Using the firm's economic power to obtain premium prices or other concessions from buyers.

Scenario B

The current marketing and advertising campaign for a new consumer product is offensive to some groups that have expressed their objections. However, the product has been very successful in terms of sales and profits.

Action: No changes are made in the advertising campaign.

I would be likely to take the same action in this situation. (1=highly unlikely, 9=highly likely)

Scenarios: entrepreneurial values

Scenario A

Brantwood Corp. operates a plant that conforms fully to local requirements for maximum emission of toxic substances, as established 10 years ago. The facility is inspected annually, and toxic emissions have always been at an acceptable level. Relying on recently published research, one of the company's quality control managers, Pat Koats, argues that the cumulative effects of the pollution from the plant will cause a risk to public health. Pat says that public officials would agree if they knew of these findings. However, changing the manufacturing process would also be costly. It would require substantial layoffs, and the plant is the largest single employer in town. Pat decides not to release the findings.

Scenario B

Chris Ward is a manager of product development for an auto parts manufacturer. Chris' firm received a large contract last summer to manufacture transaxles for use in a new line of front-wheel drive family minivans. The contract is very important to Chris' firm. Final testing of the assemblies ended last Friday, and the first shipments are scheduled for one week from today. Examining the assembly test reports, Chris discovered that the transaxle might fail when overloaded (i.e., more than 120% of rated capacity) and traveling at highway speeds, potentially leading to fatal accidents. Chris thinks about notifying the company that is purchasing the transaxles but decides against it so the company does not lose the contract.

Scenario C

A company decides it wants to install a financial accounting system. The financial manager finds that the cost of the system is higher than the company's budget, however, and so buys a pirated copy of a well-known financial accounting package for the company.

A company has been using pirated software in its business for a number of years. The company decides to buy more pirated software because the managing director feels that the laws on software piracy are rarely enforced.

Scenarios: environment

Scenario A

As a result of a dam on a river, 20 species of fish are threatened with extinction. By opening the dam for a month each year, you can save these species, but some species downstream will become extinct because of the changing water level.

(1) Would you open the dam if it would kill two species of fish downstream as a result? (2) Would you open the dam if it would kill six species of fish downstream as a result? (3) Would you open the dam if it would kill 10 species of fish downstream as a result? (4) Would you open the dam if it would kill 14 species of fish downstream as a result? (5) Would you open the dam if it would kill 18 species of fish downstream as a result?

Scenario B

You are going to implement a new production facility *in a town that is unknown to you*. This is the business development opportunity for you and your venture. However, a month before the operation is due to commence, you come across an internal report

which could spell the end of the project and your venture. The report suggests that *long-term exposure* to the by-products of the production process may cause *very mild and short-lived* skin irritations in a *very small* number of individuals. You decide to make some additional inquiries, and find that the evidence on which this suggestion is based is very *controversial, and questioned* by most experts in the area. You also find that the community of the town has been fully informed. There have been extensive and reliable local and national surveys, as well as several council meetings. The results have convinced you that there is still overwhelming *support for* the planned operation to go ahead.

Scenario C

You are going to implement a new production facility *in your hometown*. This is the business development opportunity for you and your venture. However, a month before the operation is due to commence, you come across an internal report which could spell the end of the project and your venture. The report suggests that *several years of exposure* to the by-products of the production process may cause *very severe and long-lasting* skin irritations in a very small number of individuals. You decide to make some additional inquiries, and find that the evidence on which this suggestion is based is very *reliable and accepted* by most experts in the area. You also find that the community of the town has been fully informed. There have been extensive and reliable local and national surveys, as well as several council meetings. The results have convinced you that there is still overwhelming *opposition against* the planned operation to go ahead.

Moral Identity Measure

Listed below are some characteristics that might describe a person: Caring, Compassionate, Fair, Friendly, Generous, Helpful, Hardworking, Honest, and Kind

The person with these characteristics could be you or it could be someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions.

I 1. It would make me feel good to be a person who has these characteristics.

I 2. Being someone who has these characteristics is an important part of who I am.

S 3. I often wear clothes that identify me as having these characteristics.

I 4. I would be ashamed to be a person who had these characteristics.

S 5. The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics.

S 6. The kinds of books and magazines that I read identify me as having these characteristics.

I 7. Having these characteristics is not really important to me.

S 8. The fact that I have these characteristics is communicated to others by my membership in certain organizations.

S 9. I am actively involved in activities that communicate to others that I have these characteristics.

I 10. I strongly desire to have these characteristics.

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Ph.D. in Entrepreneurship

College of Business

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Qian, S., & Kemelgor, B. H. 2013. Boundaries of Social Network Ties in Entrepreneurship: How Large is Too Large? *Journal of Developmental Entrepreneurship*. 18(4), DOI: 10.1142/S1084946713500246

AWARDS AND HONORS

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