

6-7-2008

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Recommended Citation

Aziz, Asad and Foo, Maw-Der (2008) "THRIVING VS. SURVIVING: A REGULATORY FOCUS PERSPECTIVE ON ENTREPRENEURIAL STRIVING," *Frontiers of Entrepreneurship Research*: Vol. 28: Iss. 6, Article 2.

Available at: <http://digitalknowledge.babson.edu/fer/vol28/iss6/2>

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THRIVING VS. SURVIVING: A REGULATORY FOCUS PERSPECTIVE ON ENTREPRENEURIAL STRIVING

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ABSTRACT

Entrepreneurs are often faced with a choice between persisting on the current opportunity, and moving on to other opportunities. These choices can be framed in terms of thriving (maximizing positive outcomes) or surviving (minimizing negative outcomes). Using a policy capturing approach, we tested whether Regulatory Focus (Higgins, 1987; Higgins, 1997) is a predictor of the choice that is made. Approximately 750 individuals enrolled in a variety of continuing education programs were invited to participate in the survey. Data collection is currently under way. We expect to find that individual Regulatory Focus is a reliable predictor of individual effort on collective tasks under varying conditions of goal attainment, and in the presence, or absence of alternate opportunities.

INTRODUCTION

The title of this paper has a certain cadence that catches attention, but the title also serves to illustrate, in simple terms, differences in orientation towards a task. A survival orientation towards a task may imply that the entrepreneur's effort on the task is driven by a desire to, "not die, remain able to function", consistent with a focus on preventing failure. A thriving orientation towards a task may imply that the entrepreneur's effort on the task is driven by a desire to, "grow vigorously, flourish and prosper", consistent with a focus on achieving positive outcomes. In other words, some entrepreneurs persist, while others give up on an opportunity. Within the entrepreneurial process of discovery, evaluation, and exploitation (Shane & Venkataraman, 2000), these choices become more complex due to the presence of teams and the importance of collective outcomes. In contrast with the image of the lone or heroic entrepreneur, ventures are usually built around a team that brings a diverse set of experience, technical knowledge, and management knowledge to the venture (Foo, Wong & Ong, 2005). Further, recent research has suggested that the effectiveness of the team depends, among other factors, upon process losses, group motivation, and the importance of team outcomes to the individual members (Kerr & Tindale, 2004; Karau & Williams, 1993; Karau & Williams, 2001). Research into the relationship between team member diversity and team effectiveness (Chowdhury, 2005; Foo et al., 2005) has opened up an interesting and exciting avenue for probing deeper into the way individual characteristics of team members influence effort on collective tasks. One such characteristic is Regulatory Focus (Higgins, 1997) which builds upon hedonic approaches to understanding motivation and effort. Research on Regulatory Focus has shown that individuals employ different means and strategies for goal attainment when motivation is based on nurturance or growth needs, than when motivation is based on concerns about security or the need to minimize losses. This suggestion has important implications for entrepreneurial decision making. In this study we test whether Regulatory Focus (RF) can help understand why some team members are motivated by increasing the salience of negative outcomes, while others are motivated by increasing the salience of positive outcome.

Motivation

With the increasing pervasiveness of team based work, and team based organizations, it is clear that many useful tasks can only be attempted as collective tasks. Entrepreneurial activity is no different. Entrepreneurship researchers have also recognized the importance of teams to entrepreneurial processes and outcomes (Penrose, 1959; Gartner, Shaver, Gatewood & Katz, 1994; Birley & Stockley, 2000; Ucbasaran, Lockett, Wright & Westhead, 2003). Research into understanding the determinants of entrepreneurial effort is still lacking. Questions such as, "What determines the efforts that entrepreneurs expend in their ventures? Do these efforts vary in the presence of an entrepreneurial team?", are important questions for the study of entrepreneurship. Some of the earliest research on the efficiency of teams suggests that teams rarely rise to their potential (Latane, Williams & Harkins, 1979) and sometimes are more inclined to strive for the minimum acceptable rather than for the maximum achievable result (Kerr & Tindale, 2004). Research on social loafing and expectancy theory has shown that individuals engaged in collective tasks have different levels of motivation (Karau & Williams, 1993; Shepperd, 1993; Karau & Williams, 2001) and that one of the factors that accounts for the variance in motivation across team members is the instrumentality of the collective outcome in attaining valued individual outcomes. Much research on teams has examined the influence of factors such as demographic diversity (Foo et al., 2005; Chowdhury, 2005), individualism/collectivism (Earley, 1993), and nationality (Earley & Mosakowski, 2000), on team effectiveness, leaving the relationship between individual differences and individual effort on collective tasks largely untouched in management research. This is an important topic because it informs our models of team performance through a better understanding of factors that influence individual effort on collective tasks.

Contributions and Implications

In recent years, RF theory has been found to have increasingly broad applicability. Just five years ago, 13 articles using RF theory were published in peer reviewed journals. In 2007, 14 articles were published in the first quarter of the year, indicating a quadrupling of the amount of research using RF theory¹. RF theory is attractive to behavioral researchers because it builds upon and extends hedonic approaches to modeling individual behavior. RF theory integrates differences in the way individuals think about their goals, and differences in their goal attainment strategies. For example, one individual's efforts to seek a partner for a long term relationship may be driven by the desire to attain the pleasure of being in such a relationship, while another individual's effort to seek a partner for a long term relationship may be driven by the desire to avoid the pain of being alone. Thus, RF theory allows us to draw distinctions between the strategies employed by different individuals in the pursuit of the same outcome (Higgins, 1997), and between the ways different individuals may think about the same outcome. This richness in RF theory makes it uniquely suited to the study of differences in individual behaviors in pursuit of a collective task. Recognizing the potential for RF Theory to inform entrepreneurship research, scholars have suggested that research using RF as a basis for individual differences in motivation may yield insights into the ways in which entrepreneurs allocate cognitive resources and into the ways in which an entrepreneur's personality influences behavior during different phases of the entrepreneurial process (Baron, 2004; Brockner, Higgins & Low, 2004).

By introducing Regulatory Focus Theory to the study of teams, we provide entrepreneurship researchers with a useful tool for further research on the relationship between individual factors and performance while showing that an individual's regulatory orientation (preventing failure or achieving success) is a reliable predictor of effort on collective tasks. We also contribute to research on RF by showing that RF can be used to address research questions relating to the

behavior of individuals in the context of a team, by testing RF scales on working professionals and by demonstrating that RF manipulation can be used in a field study that uses policy capturing approaches (Rynes & Lawler, 1983; Karren & Barringer, 2002).

LITERATURE REVIEW

In developing our hypotheses, we draw heavily from research on team effectiveness and team member effort and on RF. The relevant research in Social Loafing, Social Facilitation, and in Regulatory Focus is reviewed.

Social Loafing and Social Facilitation

Social loafing refers to the tendency of individuals to decrease their efforts when working in groups rather than individually (George, 1992) and has been defined as, “a sizable decrease in individual effort when performing in groups as compared to when they perform alone” (Latane, Williams & Harkins, 1979; p1). Researchers have also observed the existence of social facilitation. Social facilitation refers to the tendency of individuals to perform at higher levels when in the presence of others engaged in the same activities (Triplett, 1897; Zajonc, 1965). Later research suggests that the incidence of social loafing and that of social facilitation depend upon the type of collective task (Harkins, 1987), and that both can be accommodated into a single comprehensive model for assessing effort on collective tasks (Karau & Williams, 1993). According to the Collective Effort Model (CEM), individuals will be willing to exert effort on a collective task only to the degree that they expect their efforts on the collective task to be instrumental in obtaining valued individual outcomes (Karau & Williams, 1993; Karau & Williams, 2001). In other words, favorable team outcomes must lead to or be related to favorable individual outcomes. These favorable individual outcomes depend, in part, on factors idiosyncratic to each team member. These factors will have a moderating effect on the salience and valence of the collective goal for the focal team member (Karau & Williams, 1993). Starting with Vroom’s (1964) seminal work on expectancy, scholars have recognized that goals and intentions are precursors and regulators of much human action (Locke & Latham, 1990). More recently, Higgins (1997) has proposed Regulatory Focus Theory as an integration of approach-avoidance and expectancy-value relations.

Regulatory Focus Theory

RF theory is based on the three conceptualizations of the self defined by Self Discrepancy theory (Higgins, 1987). Self Discrepancy theory identifies the *actual* self (self concept), the *ideal* self (representations of an individual's beliefs about his or her own, or a significant other's hopes, wishes, or aspirations for the individual), and the *ought* self (representations of an individual's beliefs about his or her own, or a significant other's beliefs about the individual's duties, responsibilities, or obligations). Building upon Self Discrepancy, Higgins (1997) suggested that behaviors and goals associated with a focus on the actual/ideal discrepancy were different from the behaviors and goals associated with a focus on the actual/ought discrepancy. With Regulatory Focus Theory, Higgins (1997) defines a *promotion* focus, in which the individual acts to reduce the discrepancy between the *actual* and *ideal* selves; and a *prevention* focus, where the reduction of the discrepancy between the *actual* and *ought* self is the goal (Higgins, 1997). A prevention focus is consistent with an avoid orientation away from undesired outcomes, resulting in increased motivation if failure is imminent, while a promotion focus is consistent with an approach orientation towards desired outcomes, resulting in increased motivation if success is achievable (Higgins, 1997; Higgins & Silberman, 1998). Research also suggests that an individual's

Regulatory Focus has two components; a chronic component based on dispositional factors such as life events; and a situational component that can be manipulated or primed through situational cues (Higgins, 1987; Brockner, et.al., 2004).

Extant research utilizing RF to understand the behavior of individuals has almost exclusively utilized student samples. We know of only one empirical study using RF that sampled working professionals rather than students at local universities (Wallace & Chen, 2005). This lack of empirical fieldwork is a serious limitation to the application of RF theory in management and entrepreneurship research and may have contributed to the slow adoption of RF in management research. In contrast, scholars in psychology and consumer marketing have applied RF theory extensively. Thus, our research question, which asks why some individuals are motivated by the salience of failure, and others by the salience of success in the pursuit of collective tasks, cannot be answered without additional theoretical and empirical work broadening the empirical domain of RF theory to include the population of interest.

Using a perspective that brings individual differences to the fore (Baron, 2004), we argue that individuals focused on surviving (e.g. preventing bankruptcy), behave differently from those focused on thriving (e.g. achieving growth) in the pursuit of a collective goal. We conduct a study to address individual effort on collective tasks in the presence or absence of alternate opportunities, and in the presence and absence of sunk costs. This topic is an important one as it helps understand the emergence of different behaviors across members of a team. The idiosyncratic tendency of individuals to focus either on avoiding failure, or on approaching success is the domain of Regulatory Focus Theory (Higgins, 1997; Higgins & Silberman, 1998), we use RF theory to help understand how individuals deal with questions of effort and persistence on collective tasks.

Recent research supports the idea that individuals focused on minimizing errors of commission might be more capable of ignoring sunk costs since to continue investing in a failing task, could be construed as an error of commission – *throwing good money after bad*. Similarly, individuals focused on minimizing errors of omission might be more likely to continue striving on a failing task (in the absence of better alternatives) because it offers the only opportunity for success (Higgins, Friedman, Harlow, Idson, Ayduk & Taylor, 2001; Baron, 2004; Brockner, Higgins & Low, 2004)

Operationalizing striving in terms of task related effort, we suggest that striving depends upon the framing of the task (surviving or thriving), Regulatory Focus, and the presence or absence of better alternatives.

HYPOTHESES

Our research tests whether individuals are likely to reduce effort (loaf) on a collective task when group outcomes are not perceived as instrumental in achieving valued individual outcomes. Since Regulatory Focus Theory is concerned with the types of outcomes that influence motivation, it follows that an individual's RF (promotion or prevention) may influence the approach to collective tasks. According to research on RF (Higgins, 1997; Higgins & Silberman, 1998), individuals with a prevention focus will be sensitive to the presence or absence of negative outcomes and will tend to use avoidance (of negative outcomes) as a strategy. For prevention focused individuals, an increasing likelihood of negative outcomes will lead to an increase in feelings of anxiety and in agitated behavior, resulting in an increased resource focus on activities designed to reduce the likelihood of negative outcomes, while a decreasing likelihood of negative

outcomes leads to feelings of security and to quiescent behaviors (Higgins, 1997; Forster, Grant, Idson & Higgins, 2001). Analysis of the relationship between regulatory focus and behaviors on a collective task is more complex. Motivation to perform on a collective task depends partly on the instrumentality of the collective outcome on individual outcomes, and partly on the valence attached to this individual outcome (Karau & Williams, 1993).

Relating perceptions of the collective goals to the individual model of motivation (Vroom, 1964; Bandura, 1997; Karau & Williams, 1993), we suggest that individuals will differ in their effort on the collective task based on the level of goal attainment. When the collective goal is perceived to be unattainable, individuals will tend to disengage due to either dispensability of effort (Karau & Williams, 1993) or reduced expectancy (Vroom, 1964; Bandura, 1997) on the collective task. When the collective goal is perceived to be attainable, individuals will engage and strive towards the collective goal. Finally, if the collective goal is perceived to have been attained (or if attainment is assured), some individuals may continue to strive towards maximizing performance, while others may loaf or take a satisficing approach to the collective task.

Promotion focused individuals will tend to view the collective task goal as a “must exceed” goal (consistent with maximizing performance and attaining ideal self goals), while prevention focused individuals will tend to view this collective task goal as a “must meet” goal (consistent with meeting expectations and attaining ought self goals). Therefore, both will be striving towards the collective goal. Studies have shown, however, that Regulatory Focus (both dispositional and situational) differentially effects individuals approach motivations as the goal approaches (Forster, Higgins & Idson, 1998). In experiments which operationalized motivation as strength of flexion and extension in arm pressure; Forster et al. (1998) found that promotion focused participants (dispositional and situational) had a steeper approach gradient than prevention focused participants (dispositional and situational) therefore supporting the theoretical predictions of RF theory that motivations in a promotion frame are stronger than in a prevention frame when approaching a goal (Higgins, 1997). Prevention focused individuals assign a high valence to preventing failure (avoid orientation towards undesired outcomes) and will be highly motivated if failure is salient or proximal (Forster et al., 1998). In the context of a collective task, this tendency of prevention focused individuals to keep an eye out for failure and to spring into action when failure becomes salient suggests that these individuals will be likely to reduce their effort on the collective task when failure is unlikely or remote. Motivation in a prevention focused individual depends upon the salience of the undesired outcome, therefore, once the collective goal is attained, failure is prevented and a prevention focused individual will experience feelings of security, leading to lowered motivation on the collective task (Higgins, 1997).

When the goal being approached is a collective rather than an individual goal, individuals should differ in their approach motivation, and therefore the effort they apply on the collective task, based on their RF². Prevention focused individuals with an orientation away from undesired outcomes, will tend to reduce effort as the collective goal nears while promotion focused individuals will tend to maintain or increase effort as the collective goal becomes imminent (Forster et al., 1998).

The previous discussion provides a basis for the argument that prevention focused individuals will experienced a greater reduction in motivation on the collective task under conditions of collective goal attainment and therefore will reduce effort to a greater extent than promotion focused individuals. Therefore we hypothesize:

H1: Effort on the collective task by promotion focused individuals will, on average, exceed the effort on the collective task by prevention focused individuals by a greater amount when the collective goal is perceived to have been attained.

Regulatory Focus and the Presence of Alternatives

As the CEM indicates, individuals are motivated to strive on collective tasks to the extent that the collective outcome is instrumental in the attainment of a valued individual outcome (Karau & Williams, 1993). In the absence of alternate opportunities or strategies for pursuing valued individual outcomes, promotion focused individuals will still find the collective task the only opportunity for attaining a valued outcome. Due to their motivation to reduce the actual/ideal discrepancy, promotion focused individuals will continue to focus their resources on strategies and behaviors designed to attain the valued outcome, despite the difficulty. This situation is indicated by comments such as, "I know, it's a long shot, but this is still the best way I can think of to ...", or, "I can't think of anything else to do." Prevention focused individuals who are focused on preventing the undesired outcome, may find it easier to disengage from the collective task, since disengagement is consistent with avoidance means and reduces the instrumentality (while eliminating any chance of success) of the collective task. In a recent study, (Higgins, et al., 2001) found that both promotion and prevention focused strategies can be useful in avoiding the pitfalls of sunk costs but that their relative usefulness depends upon the presence of alternatives. By framing their experiment in terms of signal detection theory (errors of omission vs. errors of commission), Higgins and his colleagues confirmed that individuals in an approach orientation towards desired outcomes will be more likely to abandon the current course of action in the presence of better alternatives, than prevention focused individuals (Higgins et al., 2001).

Citing the Higgins et al. (1998) study, Brockner, et al. (2004) propose that an individual's propensity to "cut bait" and try something different depends upon the way performance feedback is framed. Negative feedback framed as the availability of a better course of action not being taken, communicates that the choice is between taking a different course of action with the higher probability of ensuring a desired outcome, or not. Feedback framed in such a way will get a greater response from individuals in a promotion frame (minimizing errors of omission) who will be more likely to abandon the current course of action for the opportunity with the higher probability of success. Negative feedback framed in terms of persistence of the current course of action (certain loss) or not (minimizing the chance of losing, minimizing errors of commission) will get a greater response from prevention focused individuals with a preference for avoidance strategies (Higgins, et al., 2001; Brockner et al., 2004; Baron, 2004).

H2: Promotion focused individuals will be more likely to disengage (reduce effort) from the collective task than prevention focused individuals under conditions of low performance and the presence of better alternatives to valued individual outcomes.

METHODS

Sample and Data Collection

Working professionals were invited to complete an on line survey for this study. To limit the influence of one particular industry or organization, the sample was drawn from individuals taking graduate level courses while employed. A *Cohen's d* analysis of extant studies using RF suggested that effect sizes of the majority of studies are above 0.4, supporting the use of large effect sizes in calculating power. Power tables for statistical analysis suggest that a sample of 100 would be

sufficient to detect the predicted relationships in similar studies (Judd & McClelland, 1989). Given, however, that the majority of RF research has been done using laboratory experiments, and field data is generally noisier with smaller effect sizes; we used a larger size sample size to compensate for the transition from laboratory to field studies. The target sample size was 250.

Participants in this study had a minimum of three years of work experience and were employed full time. Demographic information was collected on ethnicity, native language, age, experience, gender and self reported industry classification. Participants were divided into two different priming conditions (promotion and prevention). We collected data from students at several different universities in the area. This ensured variance in industry, educational background, profession and employer³. Where possible, the authors personally introduced the study to the group. This was then followed by an email invitation which prompted the recipient to go to a web based survey. Participants were assured of the confidentiality of their responses.

Consistent with policy capture approaches (Slovic & Lichtenstein, 1971; Rynes & Lawler, 1983; Karren & Barringer, 2002; Aiman-Smith, Scullen & Barr, 2002), we presented participants with a set of decision scenarios aimed at capturing differences in decision outcomes based on the priming (promotion or prevention) condition. Demographic measures and controls were at the end of the survey, while the priming and decisions tasks were the first items in the survey (Dillman, 2000). To maximize response rates, we provided advance notice, follow up reminders, and the opportunity to contribute to a local charity of the respondents choice (Roth & BeVier, 1998). The web based survey instrument consisted of the following:

- a) A priming exercise (either prevention or promotion priming).
- b) A series of decision tasks. To access the actual decision theories used rather than the espoused theories of action (Barr & Hitt, 1986), participants were required to make a series of decisions based on work related scenarios.
- c) Personality measures and controls.

Priming

Previous research utilizing Regulatory Focus and priming showed a paucity of empirical research with working professionals as the sample population. In fact, we found only one study that used a sample of working professionals in an empirical study on RF (Wallace & Chen, 2006). This presented two challenges. First, we had to develop a priming exercise that would work with professionals. Second, due to concerns that a manipulation check during the survey would weaken the effects of the priming exercise, we pre-tested the priming exercise to show that it worked with the population of interest. To maximize the salience and strength of the priming exercise, respondents recalled a time when they were able to achieve their ideal goals (promotion prime) or prevent a failure (prevention prime), and write down the advice they would give a new employee based on their experience (Higgins, Roney, Crowe & Hymes, 1994; Grant & Xie, 2007).

The priming exercise's effectiveness was first tested with undergraduate students (promotion, $p=.03$; prevention, $p=.03$) to verify that the priming worked in a manner consistent with past research. We then tested the effectiveness of the priming with a subsample of the target population (experienced professionals employed full time) through a web based survey. The pre-test consisted of the priming exercise, demographic data collection and an RF scale (discussed in the following section). Analysis of the 34 responses in the priming pre-test showed that the priming was successful within a 5% level of significance (promotion, $p=.03$; prevention, $p=.02$).

Decision Tasks

There were four decision tasks that followed the priming exercise. The first decision task recorded the respondent's decision to increase, decrease, or leave unchanged, the effort on a collective task under conditions of goal attainment. We used a three item, 7-point scale (Highly Unlikely – Highly Likely) scale to capture the response. Task 2 asked the participant to choose between persevering on a task in an effort to maximize performance, and disengaging since goal attainment was assured. Disengagement was operationalized as the decision to focus on a different task. Task 3 asked the participant to choose between disengaging and persevering on a collective task where the goal appears to be unattainable. Finally, task 4 added the availability of an alternative to the previous decision and asked participants to make the choice again.

Measures

Regulatory Focus: RF was measured using a 26 item scale that combined the 12 item work RF measure (Wallace, Chen & Kanfer, 2005), and the modified 14 item RF scale from Roese, Hur & Pennington (1999). Scale reliability (Cronbach's α) was .66 for the 13 Promotion items and .75 for the 13 Prevention items.

Goal Orientation: The 13 item scale from Vandewalle (1997) was used to measure Learning Goal Orientation (5 items); Performance (Prove) Goal Orientation (4 items); Performance (Avoid) Goal Orientation (4 items).

Personality: We used the International Personality Item Pool (IPIP) scale in keeping with current practices. In an effort to keep the survey length to a manageable size, we evaluated two scales based on the IPIP. The 50 item IPIP FFM measure (Goldberg, 1999) showed superior scale reliabilities (.8 or greater) than the 20 item Mini-IPIP scale (Donnellan, Oswald, Baird, & Lucas, 2006) which had scale reliabilities lower than .7 for three of the five factors. The 50 item measure was selected.

Demographics and controls: We collected data on participant age, work experience and gender. Despite the fact that extant research on RF has not found significant relationships that involve gender, we collected data on gender because this study is different in its sample (working professionals instead of students) from recent research utilizing RF, and research indicates that women rate higher on nurturance and anxiety, and lower on assertiveness than men (Feingold, 1994). Controlling for gender is a precautionary measure in case there are systematic differences between students and professionals that may make gender differences significant.

RESULTS AND CONCLUSIONS

Preliminary analyses showed that promotion focused individuals compared to their prevention focused counterparts were more willing to take actions in areas that did not necessarily have immediate payoffs. Further analyses will be completed and provided before the Babson Conference.

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NOTES

1. Based on a keyword search for “Regulatory Focus”, and for “Regulatory Fit” with limiters set for peer reviewed journals in relevant fields (Psychology, Marketing, and Management). The databases searched were Business Source Complete, PsychINFO, and ABI-Inform. Out of a total of 126 articles in peer reviewed publications, 14 were published during the first quarter of 2007; 35 were published in 2006; 16 in 2005; 16 in 2004; 13 in 2003 and the remaining 32 were published between 1996 and 2002.

2. While extant research utilizing Regulatory Focus Theory has been consistent with the view that Promotion and Prevention are independent and correlated measures rather than opposite ends of a scale, and that the fundamental structure of RF as an attention focus construct precludes individuals from being both prevention and promotion focused in the same context, many researchers also seem to consider promotion and prevention symmetric, such that hypotheses about RF should come in symmetrical pairs. This is appropriate and logical in many situations, there are, however, some fundamental differences between promotion and prevention in the manner they interact with external feedback. A promotion focus, which is characterized by an approach orientation towards the pleasure associated with the achievement of the ideal future state (Higgins, 1997), is similar to the concepts of propiarte striving (Allport, 1955) and purposeful behavior (Von Mises, 1949), suggesting a constant tension between the perceived actual state, and the imagined ideal state. One way to conceptualize this is that individuals in a promotion focus are likely to reevaluate their ideal goals so that they continually have to strive towards these ideal goals and may even increase effort as they approach the ideal goals (Forster et al., 1998), while, for individuals in a prevention focus, such a reevaluation is not necessary.

3. To control for differences between data sources, we assigned a dummy variable to each university and/or degree program who’s participants were recruited for our research.

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