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ENTREPRENEURIAL ETHICS AND JUSTICE PERCEPTIONS (SUMMARY)

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SUMMARY

ENTREPRENEURIAL ETHICS AND JUSTICE PERCEPTIONS

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Principal Topic

This study deals with the relationships between entrepreneurs' perception of whether the economic reward system produces fair and equitable merit-related outcomes and the likelihood of their firms engaging in opportunity-seeking entrepreneurship vs. rent-seeking entrepreneurship vs. destructive entrepreneurship. We develop theoretical arguments dealing with the influence that distributive justice perceptions held by these key decision makers have on these firm-level entrepreneurial behaviors. The extent to which they perceive the rule of law as inadequate in motivating ethical firm behavior is expected to influence their distributive justice perceptions. These perceptions are subsequently hypothesized to be antecedents to a variety of behaviors undertaken by the entrepreneurs' firms. Our study delineates between three types of behaviors entrepreneurial firms can undertake -- opportunity-seeking, rent-seeking, and destructive. Opportunity-seeking behaviors of interest include offering new products or services, entering new geographic markets, and improving processes or technologies. Rent-seeking behaviors include legal and political activities. We also investigate the likelihood for firms to engage in destructive entrepreneurship (i.e., illegal corrupt transactions).

Method

Study involves survey responses from 317 founders and senior executives of entrepreneurial firms. Participants had to have direct executive authority for their respective firms in order to be included in research study. In-person interviews were used to collect survey data from these entrepreneurs.

Results and Implications

Entrepreneurs' distributive justice perceptions are negatively related to their view that the Rule of Man is prevalent in their competitive environment. Whenever entrepreneurs believe that legal proscriptions are inadequate deterrents of illegal behavior, they are found to have a more negative evaluation of Distributive Justice. Entrepreneurs with higher levels of perceived distributive justice are more likely to report engaging in productive entrepreneurial actions. Further, we found that Rule of Man mediates this relationship. We also found that Rule of Man mediates the relationship between distributive justice perceptions and rent-seeking entrepreneurial actions. Respondents were likely to report participating in politically-directed behaviors whenever they perceive Rule of Man to be prevalent.

As predicted, entrepreneurs' distributive justice perceptions mediate the relationship between Rule of Man and likelihood of their firms engaging in destructive entrepreneurship. Whenever respondent entrepreneurs perceive distributive justice levels to be low, they are more likely to engage in socially detrimental behaviors.

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