ETHICS TO OPPORTUNITY RECOGNITION: A CREATIVE PROCESS
(INTERACTIVE PAPER)

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ETHICS TO OPPORTUNITY RECOGNITION: A CREATIVE PROCESS

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Principal Topic

The entrepreneurial ethics literature has primarily focused on how being engaged in entrepreneurship affects ethics. We consider how ethical ideologies, specifically utilitarian as compared to formalist ideologies, relate to opportunity recognition. Specifically, we propose that holding a utilitarian ideology is positively and more strongly related to opportunity recognition than holding a formalistic ideology, and that creativity mediates this relationship. We rely on a theory of entrepreneurial action (McMullen & Shepherd 2006) that notes the importance of relevant information in recognizing opportunities. Specifically, we suggest holding a utilitarian ideology allows for a greater breath in the acquisition, retention and potential utilization of information, whereas, holding a formalist ideology may prevent the same. We also suggest that additional relevant information allows for increased combination of thought, a critical part of creativity (Bierly, Kolodinsky, & Charette, 2008) that is necessary for the identification of business opportunities (Shane, 2003).

Method

We surveyed 205 working adults. Participants completed surveys regarding their ethical orientation (Brady and Wheeler’s 1996), creativity (Peterson and Seligman’s 2004) and ability to recognize opportunities (Nicolaou, Shane, Cherka, and Spector 2009). We analyzed the direct relationships using linear regressions and a Wald post-estimation test and the indirect relationship using the PROCESS macro from Hayes (2012).

Results/Implications

Results show holding a utilitarian ideology is positively and significantly more related to opportunity recognition than holding a formalistic ideology. Further, this relationship was mediated by creativity. It is also notable that holding a utilitarian ideology was positively related to the intention to found a business, whereas, holding a formalist ideology was negatively related to the same. These results support the notion that holding a utilitarian ideology is important to opportunity recognition because it allow for more creativity. Our paper makes several important contributions. Most notably we show being ethical (at least in the utilitarian sense) is an important antecedent to entrepreneurship. Second, we explore the underlying process through which holding a utilitarian ideology relates to opportunity recognition. Finally, we show that holding a utilitarian ideology is also related the intention to found a business.

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