Entrepreneurial Values and New Venture Success

David B. Newton, D.B.A.
Faculty of Economics
Westmont College
Santa Barbara, CA 93108-1099 USA
Office Phone: 805-565-6193 Home Phone: 805-684-0696 FAX: 805-565-7106
e-mail: newton@westmont.edu

Abstract

A survey of 214 entrepreneurs, whose firms were on the INC. "500 Fastest Growing Private Companies" from 1990-1996, found that entrepreneurs believed venture success was closely attributed to their personal values and was explained by: a management style with no distinction between private and public manner, and the venture's goals and objectives being closely associated with their own value system. The venture's goals and objectives were explained by: a personally representative corporate culture, a management team with common values, a company-wide style of conducting business to reflect the entrepreneur's values, and a belief that business partners should share the entrepreneur's personal business ethics.

Introduction

Weekly news magazines are generally not lacking for stories about top managers at huge multinational corporations being involved in questionable business practices. Who can forget the 1980's and the reports about securities fraud and manipulation by the likes of Ivan Boesky, Charles Keating, and Michael Milken, or the deceit and misrepresentation displayed by The Bank of Commerce and Credit International (Economist, 1991). Dwyer, Dawley, and Burns (1996) summarized how one copper trader lost $1.8 billion at Sumitomo Corporation by entering fake trades and altering financial reports. Lee (1995) and Shale (1995) reported how futures trader Nick Lesson conducted unauthorized interest rate futures trades and drove 400-year old Barings Bank, Ltd. out of business in less than two months time. Maremont (1995) reminded us of the unofficial corporate policies of spying, fraud, and deception that brought about the W.R. Grace, Inc. scandal of price fixing and preferential contract allocations. And Holland (1995) reported how racketeering at Bankers Trust created losses for clients in excess of $500 million. And, Barry Minkow reminded everyone that fast-growth entrepreneurial ventures may not always be as "hot" as they appear (Murphy, 1987).

Without clear guidelines, Shirref (1995) argued that many firms risk significant exposure to economic loss due to employee inexperience and lack of a professional ethic. Cooper and Kendall (1995) noted that entrepreneurial satisfaction is perhaps the most fundamental measure of new venture success. But how do values interact with the ethical decision making process to guarantee success without compromise? Numerous hypotheses have been raised over the last several years as to whether an entrepreneur's personal values have any impact on the relative success of the new venture. Others have inquired whether the new venture's operations and success are direct

reflections of the entrepreneur. However, ethical behavior is difficult to measure and presents a significant challenge to quantify its effects on entrepreneurial decision making.

Avishai (1994) proposed that firms have a broad moral and social responsibility to act ethically in the competitive environment. In a similar manner, Reynolds (1991) believed that the sociological characteristics and contexts of the entrepreneurial new venture need to be incorporated into planning and decision making. File, Moriya, and Judd (1991) found that greater financial penalties are correlated with firms that act in a socially responsible manner, and that small businesses are more likely to consider social responsibility as part of the promotional marketing mix rather than a cost to the firm. Hoffman, Frederick, and Petry (1989) argued that a corporate ethics policy literally transforms the organization into an entity with feeling and a conscience. Gartner (1991) stated that the entrepreneurial process is really organizational emergence, requiring attention to underlying values and business principles. Sims (1992) provided evidence that ethical behavior is perhaps the greatest challenge facing entrepreneurs in the new venture development process.

Corporate America experienced a new wave of interest in business ethics about ten years ago. Donham (1992) presented a comprehensive outline of ethical behavior based on both relative and absolute principles of conduct. Ethics questions range from whether entrepreneurship is inherently ethically suspect (Schell, 1991) to issues concerning the deservedness of profits and the potential for exploitation in the entrepreneurial process (Brown, 1992). The Economist (1992) stated that more than three quarters of American firms now have ethical codes of practice. Hoaas and Wilcox (1995) strongly advocate that business students take a range of classes that deal with ethical issues. Many business schools now offer extensive ethics course work for future corporate managers and entrepreneurs. And yet, the more entrenched the discipline of ethics and values becomes in business school curricula, the more bewildering it appears to individuals. Aguilar (1994) advocated this type of systematic approach to managing ethics within the corporation.

Boroughs (1995) reported that executives today are making unprecedented efforts to play by strict rules of fairness, and that this is due to pressure not only from consumers, but employees as well. Big business has generally exhibited a renewed interest in, and commitment to, the pursuit of rigorous ethical standards and guidelines to govern the fairness of commercial transactions. But what about the ethical conduct of owners at small to medium sized, privately-held, fast-growth entrepreneurial ventures? Certainly they are just as susceptible (if not more so) to incredulous daily business decision making and questionable procedural challenges. Thorbeck (1991) advocated that successful businesses are built upon a foundation of ethical behavior, and that common values can speak to the very heart of every person within an organization. Powell (1996) reported how one small firm promoted employee trust, sharing information, and broad decision parameters, yet this increased freedom allowed high level employees to systematically steal money for years before finally being caught.

Longenecker, McKinney, and Moore (1989) found differences between how large and small firms approach ethics, but that neither had more successful results than the other. Humphreys, Robin, Reidenbach, and Moak (1993) also found that small business owners generally use the same ethical decision making dimensions as managers in large companies. Dunckel (1989) provided a basic framework for small businesses to successfully implement an ethics program based on

increased morale and employee motivation. Hornsby, Kuratko, Naffziger, LaFollette, and Hodgetts (1994) found that, for small firms, ethical behavior is often broader than the law requires. Smith and Oakley (1994) reported that nonurban entrepreneurs have higher ethical standards than those in urban areas, and that the level of education was negatively correlated with ethical values of honesty, integrity, and legal compliance.

Significant questions remain as to whether a renewed interest in ethics has produced measurable improvement in entrepreneurial and managerial decision making and firm performance. Stark (1993) found evidence to suggest that ethical behavior can be rewarded by the market, although they are often in conflict with each other. Often, when the economy hits a downturn and firms encounter decreases in sales and profitability, many small to medium enterprises may look for ways to cut corners and minimize their risk exposure due to increased business and market uncertainty. Labich (1992) reported that the corners being cut range from questionable practices right through plainly criminal behavior. It can be quite challenging for entrepreneurs to identify and implement a successful ethics program.

Much has been said about the relative success and failure rates of firms that include a formal ethics program as part of their normal operations. Haas (1994) noted that the chief executive of Levi Strauss and Company has stated that ethics is about the character and courage of individuals, and doing the right things even it costs more, and should be placed above all other priorities in the firm's long term planning process. Whipple and Swords (1992) compared American approaches to business ethics with those from other countries and found that values varied significantly with respect to what is considered inherently "right" and "wrong". Husted, Dozier, McMahon, and Kattan (1996) found that ethical behaviors are somewhat consistent across cultures but that the basis for moral reasoning varies significantly between different countries around the world. Choudhury (1995) proposed that ethics can be thought of as a simple mathematical formula that produces easily measurable results.

Entrepreneurial ethics can produce a values-based corporate culture. Case (1996) believed that although the corporate culture focus has waned over the last decade, it may now be the best response to business conditions that all company builders face. Evidence suggests that the benefits and costs to the firm that engages in ethical behavior are both literal and intangible. Favorable effects range from profitability, sales, and market share, to trust, loyalty, and confidence. Noe and Rebello (1994) found that higher ethical standards increase economic activity in the short run. However, negative effects include everything from bad debt, negative earnings, and bankruptcy, to deceit, theft, and low morale.

Many argue that there exists a long-term cost to unethical behavior. It has been documented that firms which stress business ethics actually experience increased profitability, and higher ethical standards increase economic activity in the short run. However, there are others who believe that ethical behavior will not be rewarded by the market, because such actions are in direct conflict with the very fabric of the competitive environment. It has been estimated that more than three quarters of American firms now operate with formal, ethical codes of practice. Yet, many individuals and companies are not sure of how to approach the issues of compromise and integrity, and remain perplexed as to how ethical standards are developed and ultimately implemented.

An Entrepreneurial Ethics Model

Entrepreneurs introduce newly designed products and services, launch new companies, and create new markets through innovation and the ability to recognize opportunity, often when others do not notice such openings in the competitive market. The tremendous amount of uncertainty surrounding an entrepreneurial venture may contribute to a lack of rigidity with respect to policies and procedures, because the entrepreneur and the firm need to remain flexible to sudden changes and able to adapt quickly in a volatile market. How are entrepreneurs and the firms they conceive uniquely positioned with respect to the development and implementation of ethical behavior? And is there any support for the proposition that there is little distinction between the character of the individual entrepreneur and the procedural manners of the new venture? Some suggest that a simple mathematical formula can facilitate an objective, endogenous program for measuring values-oriented activity in the firm. The recent focus of the National Conference on Business Ethics dealt with the impact that mergers, takeovers, and corporate restructuring have on ethical behavior as firms are suddenly transformed into different organizations almost overnight, complete with new rules for success and failure. It is important to continuously review the status of ethical practices and to make formal recommendations as to how individuals and firms can improve their behavior in the future. In a similar manner, Gilbert (1994) highlighted the practice of predatory pricing as being tied directly to the entrepreneur's grasp of ethical principles within a given firm culture. And Serwinek (1992) found that, for small businesses, ethics really begin with the firm's inculcation of foundational values among all employees.

The research findings available on business ethics today is overwhelmingly aimed at large corporations. This paper presents the first two hypotheses components from an underlying model that is part of a broader research study aimed at qualifying the unique scope of entrepreneurial values and a wide range of ethical decision making in fast-growth new ventures. It is uniquely designed to examine ethical issues in business from the distinct perspective of entrepreneurial ventures and the individuals who own and manage these firms. It is anticipated that three subsequent manuscripts will follow from this survey data. However, the proposed framework deliberately avoids the conversion of values into some form of overly simplistic discrete formula. Instead, careful attention is paid to the range of empirical activities displayed by successful individual entrepreneurs as their firms encounter specific policy junctures within the model. The model recognizes that the entrepreneur's individual characteristics comprise the foundational component that supports three core personal factors of influence on the new venture:

a) the product or service concept idea(s),
b) the degree of risk tolerance, and
c) the type of individual values system

It is proposed that, together, these define the vision for the venture's direction. Each particular configuration of the entrepreneur's three individual factors is likely to produce a vision that is unique to that enterprise, and establishes a venture-level vision that determines the performance base for five separate business capabilities of:

1) firm representation,

2) market expectations,
3) financial requirements,
4) contractual partnering agreements, and
5) firm culture.

The entrepreneur's unique qualities contribute to the conception of new ideas, the display of certain individual values, and support for some optimum level of risk tolerance. The combined interaction of this personal dimension produces a vision for the enterprise. The individual entrepreneur's ideas, values, and risk tolerance are then transmitted, or filtered, through the vision to the venture dimension. It is then, at the venture level, that the firm's representation, market expectations, contractual partnering, financial operating requirements, and firm culture are defined. The most foundational aspect of primary ethics research deals with the behaviors, attitudes, and policies (target goals) that contribute to firm success. Natural extensions of success include issues dealing with corporate culture, the strategic emphasis of ethics, management styles, ethical transfers, mission, and corporate vision.

Hypothesis Number One

The market has often informally surmised that the entrepreneurial venture and the entrepreneur are one and the same. The first hypothesis of this study proposes that the vast majority of entrepreneurs believe that "the success of the venture is closely attributed to their personal value system", and that venture success can be explained by: the entrepreneur's personal values system, a management style that exhibits no distinction between private manner (seen by only a few individual insiders) and a public manner (seen by everyone), and the result of adhering to a moral code of business conduct rather than the strength of the venture's product or service. Equation 1.0 defines this hypothesis.

(1.0) SUCCESS = á0 + á1 GOALS + á2 STYLE + á3 STRENGTH

Hypothesis Number Two

It is also a common perception that the new venture's goals and objectives are somehow automatically "entrepreneurial" in nature. The second hypothesis proposes that the new venture's goals could be explained by (Equation 2.0):

a) a unified corporate culture that reflects the entrepreneur's personal values;
b) a management team with a common set of values and ethical characteristics;
c) a firm style of conducting business that intentionally reflects the entrepreneur's values; and
d) a belief that even joint venture business partners should share in the entrepreneur's personal values and sense of business ethics.

(2.0) GOALS = á0 + á1 CULTURE + á2 TEAM + á3 FIRM + á4 SHARED

It was anticipated that the results of Equation 1.0 would demonstrate a significant relationship between firm success and entrepreneurial goals and objectives, management style, and an emphasis on a moral code of business conduct (versus strength of product or service). If the entrepreneurial goals and objectives proved to be significant, then perhaps they are representative of, and could be explained by, the corporate culture, the new venture executive team, the firm style, and a distinct principle to work with other firms that share similar core values.
The Sample

A pool was compiled of nearly 3,500 entrepreneurs, represented by those firms that were listed on the INC Magazine "500" during 1990, 1991, 1992, 1993, 1994, 1995, and 1996. Approximately 500 individuals (one in seven) were randomly pre-approached via telephone and asked to complete a confidential survey containing six general demographic items and forty situation questions. About 300 (over 60% of those contacted) agreed to participate in the study. Completed surveys were received between September, 1996 and early January, 1997. Two hundred and fourteen (214) usable surveys (over 40% of those contacted, and over 70% of those agreed to participate) had been received and compiled into the final database prior to the ICSB submission deadline of January 1997.

Instrument Design

The survey questionnaire was specifically engineered to obtain responses for eight separate categories in the database. Questions were strategically placed so as to produce an apparent random mix of inquiry. Many confirmatory items were structured to seek similar information from the respondents, but through apparently unrelated questions. Each group of responses targeted the five business capabilities plus three other areas with a number of questions about each topic, including: firm culture (8 questions), representation (9), partnering (5), market expectations (8), and financial operations ((8), as well as issues regarding personal ethics/values (16), vision (3), and business experience (3). Some of the 40 questions were intentionally worded to yield data for more than one of the eight prior categories.

Qualitative Data Validity

The "intentions" of how individual questions are structured and interpreted by each respondent, and whether responses do in fact specifically address the targeted issue of each question, are always concerns in a qualitative primary survey. Entrepreneurial decision making behavior and ethical implications can certainly be misinterpreted due to survey question comprehension error in the wording of the survey items. Pretesting and great care were taken to ensure that questions would be direct and concise, and that responses would be orthogonal and clearly distinguishable from one another. A one-page "Pledge of Confidentiality" was provided to each respondent in an attempt to assure individual entrepreneurs that their particular survey would only be published as part of an aggregate study, and this would increase the likelihood that respondents would answer in a forthright manner, rather than answer based on how they would like

to be perceived. The forty survey items were intentionally structured as either dichotomous variables, or as three-point Likert scales (based on agreement, disagreement, or neutral responses). Many variables are complementary with respect to the five ethics capabilities.

Results

The sample database contains 214 usable responses. The database responses were divided into three levels of evaluation. The first level included basic demographic summary data for each respondent, including: the firm's industry, the entrepreneur's age and sex, the number of employees, the year the firm was started (also shown as number of years in business), and the entrepreneur's level of education. The second level included basic summary statistics and frequency distributions for the 40 decision situations. The third level is comprised of descriptive and predictive functions based on various hypotheses, to provide inferences concerning entrepreneurial values and ethical decision making issues. Equations 1.0 and 2.0 are the first of these functional hypotheses to be tested empirically.

Entrepreneur Profiles

Just under ninety-four percent of the respondents were male (192), and about six percent were female (14). Table 1.0 summarizes the age of the entrepreneurs. They ranged from 30 years of age to 69 years of age, with a mean of 45.217 years (std. dev. = 8.709). Table 2.0 presents the level of education for each respondent. Slightly more than eighty percent of the entrepreneurs had at least a four-year college education with 7.48 percent having doctorate degrees (including Ph.D., M.D., D.B.A., and Ed.D.), and 27.6 percent having earned a master's degree, more than half of which were M.B.A.'s.

Table 1.0 - Entrepreneur's Age

Age Range	Frequency	Pct.
30-39	63	31.0%
40-49	83	40.9%
50-59	45	22.2%
60-69	11	5.4%
70 and over	1	0.5%

Table 2.0 - Entrepreneur's Education

Degree	Frequency	Pct.
High School	42	20.7%
BA or BS	86	42.4%
MA or MS	26	12.8%
MBA	33	16.3%
Doctorate	16	7.9%

Firm Profiles

Table 3.0 summarizes the breakdown of industries represented in the sample. Manufacturing is the largest single group (20%) followed by computer software (15%), financial (7%), and computer marketing (7%). The category "other" included medical and health care, environmental, and various types of service firms. Table 4.0 outlines firm employment figures and covers a widely diverse

Table 3.0 - Firm Industries

Type	Frequency	Pct.
Manufacturing	42	20.1%
Construction	10	4.8%
Engineering	10	4.8%
Financial	15	7.2%
Computer Hardware	9	4.3%
Computer Software	31	14.8%
Marketing	14	6.7%
Publishing	9	4.3%
Wholesale	12	5.7%
Retail	10	4.8%
Other	47	22.5%

range between two and 3,200 employees, with a mean of 177.87 employees (std. dev. = 354.8). Forty percent (40%) of the firms employ less than 50 people, while nearly two-thirds (63.55%) employ less than 100 people. Only about eight percent (8%) employ more than 500 individuals.

Table 4.0 - Firm Employment

Employees	Frequency	Pct.
Less than 50	86	40.2%
50 to 99	50	23.4%
100 to 500	61	28.5%
501 to 1000	13	6.1%
More than 1000	4	1.9%

Table 5.0 shows when the firms were founded and how long they have been in business. About 70 percent of the companies are 10 years old or younger. Less than five percent have been

in business more than 15 years. The average age of the firms was 9.7 years (std. dev. = 2.99), the median 9 years.

Table 5.0 - Firm Operations

Year Started	Years in Business	Frequency	Pct.
1970 to 1980	Over 15 years	10 Firms	4.8%
1981 to 1985	11-15 years	45 Firms	21.6%
1986 to 1990	6-10 years	128 Firms	61.5%
1991 to 1996	0-5 years	25 Firms	12.0%

Hypothesis Number One

First, a highly significant number 99.05% (n = 210) of entrepreneurs believed that venture success was closely attributed to their personal value system ($p < .0000$), while less than one percent (n = 2) believed success had little to do with their personal value system. Multiple regression was then employed to test both hypotheses. It was first determined that 210 (virtually 99%) of the 214 respondents (2 missing) believed that the success of their venture was closely attributed to their own personal value system. Equation 1.1 presents the results of the hypothesis from Equation 1.0 as follows:

$$(1.1)\ SUCCESS = .9289 + .0830191\ GOALS - .030682\ STYLE + .0075673\ STRENGTH$$

1. $t = 4.0969$ ($p < .000042$)
2. $t = -2.182$ ($p < .029086$)
3. $t = 0.982$ ($p < .325996$)

The three independent variables together explained 9.69 percent of the variance in whether firm success is tied to the entrepreneur's personal value system. The ANOVA for the regression was very significant ($F = 7.3716$ @ 3, 206 df; $p < .000102$). Using a hypothesis coefficient screen of 90% probability (alpha = .10), venture goals and objectives did explain firm success (positive coefficient), while an entrepreneur with both a "public" and "private" management style detracts from venture success (negative coefficient). The strength of the firm's product or service positively contributed to venture success (+.007567), but was insignificant ($p < .32599$). The variable STRENGTH was dropped from Equation 1.0 and the regression was performed again with the remaining two independent variables (GOALS and STYLE). Equation 1.2 defined new venture success as follows:

$$(1.2)\ SUCCESS = .9285 + .0804681\ GOALS - .029922\ STYLE$$

1. $t = 4.0043$ ($p < .000062$)
2. $t = -2.131$ ($p < .033063$)

The parameters for these two independent variables were both statistically significant (alpha = .10) and together they explained 9.27 percent of the variance in whether firm success is tied to the entrepreneur's personal value system, such that venture goals closely associated with the entrepreneur's personal values positively contribute to firm success, while a dual "public"-and-"private" management style detracts from the success of the venture. The formulation of the venture's goals and objectives contributed nearly two and a half times more to the perception of the firm's success when compared to the entrepreneur's management style. The ANOVA for regression Equation 1.2 was very significant ($F = 10.5768$ @ 2, 207 df; $p < .000042$). Based on the Eigenvalue incremental and cumulative percent condition numbers, the four independent variables appear to be orthogonal and multicollinearity was not a problem. Table 7.0 summarizes the variable Pearson r correlations.

Table 6.0 - Correlation Matrix
Hypothesis Number One

	Success	Goals	Style	Strength
Success	1.000	.2698	-.149	.0216
Goals		1.000	-.032	-.1298
Style			1.000	.0591
Strength				1.000

Hypothesis Number Two

The regression for Equation 2.0 determined that the firm's entrepreneurial goals and objectives (as they contribute to new venture success) are explained as follows:

(2.1) GOALS = .4238 + .087431 CULTURE + .10122 TEAM + .14973 FIRM + .236374 SHARED

1. $t = 1.8554$ ($p < .06505$)
2. $t = 2.2863$ ($p < .02331$)
3. $t = 3.1819$ ($p < .00170$)
4. $t = 2.9518$ ($p < .00354$)

The four independent variables together explained 15.2 percent of the variance in goals and objectives being closely associated with the entrepreneur's personal value system. The ANOVA for the regression was very significant ($F = 8.7134$ @ 4, 194 df; $p < .000002$). Using a hypothesis coefficient screen of 90% probability (alpha = .10), a corporate culture that reflects the entrepreneur's personality, expectations, and values contributes positively to new venture goals and objectives, as do each of the other three variables. All four parameters were statistically significant in explaining new venture goals and objectives. Doing business with partners who share the entrepreneur's ethics was the strongest relative contributor to the venture's goals and objectives, while the firm's internal culture contributed the least. In fact, having shared ethics contributed three times more to the goals and objectives when compared with the corporate culture. Based on Eigenvalue incremental and cumulative percent condition numbers, the four independent variables

appear to be orthogonal and multicollinearity was not a problem. Table 7.0 summarizes the Pearson r correlations between all the variables.

Table 7.0 - Correlation Matrix
Hypothesis Number Two

	Culture	Team	Firm	Shared	Goals
Culture	1.000	.0314	.2198	.1755	.2146
Team		1.000	.0166	.0241	.1636
Firm			1.000	.0302	.2522
Shared				1.000	.2308
Goals					1.000

Conclusions and Discussion

The question has long been asked, "Regarding qualitative characteristics, are not the entrepreneur and the new venture one and the same". It would be very helpful to understand whether or not there exists any distinction between the individual entrepreneur and the entrepreneurial new venture, with respect to the success of the firm. Based on this study, it appears that entrepreneurs believe that the ultimate success of their ventures is very closely attributed to their own personal value system. And this success appears to be explained by the firm's goals and objectives being directly associated with the entrepreneur's own personal values system, as well as a management style that exhibits a consistent style in both public and private settings.

The way in which the entrepreneur's goals and objectives contribute to the venture's success appears to be formulated through a unified corporate culture that deliberately reflects the entrepreneur's personality, expectations, and values. A complementary management team with common values and ethical characteristics, and a company-wide manner for conducting business also help to explain the venture's goals and objectives for success. Finally, the belief that it is important to enter into partnerships with firms that share the entrepreneur's personal values and sense of business ethics also contributes positively to the goals and objectives for success.

There have been countless attempts to specify empirically those characteristics that define risky, entrepreneurial new ventures as inherently successful. Similar studies have tried to define the entrepreneur (the driver of the risky new venture) with specific personal attributes that are generally conducive to risky endeavors. The premise of this paper's model is that the risk tolerant entrepreneur brings to the enterprise a distinct set of personal values, beliefs, and ethical positions that will ultimately manifest themselves as venture characteristics. These decision making value parameters are intricately associated with the entrepreneur's business idea, namely, the product or service concept to which the opportunity is inherently linked.

But an idea alone is not sufficient to mold and shape the entrepreneur's values. It is proposed that the real bonding of the individual entrepreneur, the idea/concept, decision values, and the recognized opportunity for success is uniquely expressed in the entrepreneur's goals and objectives, as well as his or her management style. The core inquiry is focused on whether the

personal values of the risk tolerant entrepreneur are indistinguishable from the venture's risky activities to bring together an idea and an opportunity. This perceived melding of the individual entrepreneur with the newly launched enterprise may present the notion that the personal values and ethical considerations of the individual become one and the same with the firm's corporate perspective.

This phenomenon may then contribute to how the entrepreneur and the venture deal with decision making, values, beliefs, and ethics across the five capabilities previously mentioned on page three. The entrepreneur's value system appears to permeate the corporate culture, the management team, the firm's business conduct, and even stand as a prerequisite to those partners planning a joint venture with the entrepreneurial venture.

First, the melding of the entrepreneur's values and the firm's perspective might have a direct impact on all aspects of how the content and process of the new business is represented externally in the competitive market. Second, it may have a direct influence on the degree of future expectations for firm performance. Third, it might direct the relative utilization of various methods for financing the new venture. Fourth, it could establish the structure and frequency of a wide range of external business partnerships. And finally, it may determine the nature and effectiveness of the firm's internal corporate culture. The relative extent of these five effects will play a significant role in how the venture is strategically positioned, and ready to deal with, external change in the market. Ultimately, the extent of the firm's competence, with regard to accommodating change, will directly impact the long-term viability of the venture and its ability to build and maintain momentum in a competitive environment.

Ultimately, entrepreneurial values and the five capabilities are brought together within the context of a wide range of perpetual change and the impact that the resultant decision making process can have on the firm's competitive momentum. The various configurations of ideas, values, and risk exhibited in entrepreneurial decision making present a formidable obstacle to developing a universal and objective set of guidelines for ethical entrepreneurial decision policies. Perhaps this model of entrepreneurial values formation and decision contexts will establish a basis for discussions among all types of entrepreneurs, managers and employees of entrepreneurial ventures, as well as students of entrepreneurship, small business management, and the new venture development process.

References

Aguilar, Francis, 1994. Managing Corporate Ethics, (New York: Oxford University Press)

Avishai, Bernard, 1994. "What is Business' Social Compact?", Harvard Business Review, (January), 38-47.

Boroughs, Don, 1995. "The Bottom Line on Ethics", U.S. News & World Report, (March 20), 61.

Brown, G., 1992. "Are Profits Deserved?", Journal of Business Ethics, (Fall), 105-114.

Case, John, 1996. "Corporate Culture", INC., (November), 42-53.

Choudhury, M. Alan, 1995. "Ethics and Economics: A View from Ecological Economics", International Journal of Social Economics, (Vol. 22), 61-80.

Cooper, A. and A. Kendall, 1995. "Determinants of Satisfaction for Entrepreneurs", Journal of Business Venturing, (November), 439-455.

Donham, W., 1992. "Business Ethics: A General Survey", Harvard Business Review, (September/October), 160-173.
Dunckel, J., 1989. Good Ethics, Good Business: Your Plan for Success, (Bellingham: International Self-Counsel Press)
Dwyer, P.; Dawley, H. and G. Burns, 1996. "Descent Into the Abyss", Business Week, (July 1), 28-29.
Economist, 1991. "The Many Faces of BCCI", (July 13), 81-82.
Economist, 1992. "Who Cares, Wins", (May 16), 19.
File, K.; Moriya, F. and B. Judd, 1991. "Social Responsibility in the Smaller Enterprise", Journal of Business and Entrepreneurship, (October), 23-32.
Gartner, William, 1991. "Acting As If: Differentiating Entrepreneurial from Organizational Behavior", Entrepreneurship Theory and Practice, (Winter), 13-27.
Gilbert, Nick, 1994. "Just Business", Financial World, (August 18), 86-87.
Haas, Robert, 1994. "Ethics: A Global Business Challenge", Vital Speeches, (June 1), 506.
Hoaas, D. and D. Wilcox, 1995. "The Academic Coverage of Business Ethics", American Journal of Economics and Sociology, (July), 289-303.
Hoffman, M.; Frederick, R. and E. Petry, 1989. The Ethics of Organizational Transformation, (New York: Quorum Books)
Holland, K.; Himelstein, L. and Z. Schiller, 1995. "The Bankers Trust Tapes", Business Week, (October 16), 106-111.
Hornsby, J.; Kuratko, D.; Naffziger, D.; LaFollette, W. and R. Hodgetts, 1994. "The Ethical Perceptions of Small Business Owners: A Factor Analytic Study", Journal of Small Business Management, (October), 9-16.
Humphreys, N.; Robin, D.; Reidenbach, E. and D. Moak, 1993. "The Ethical Decision Making Process of Small Business Owner/Managers and Their Customers", Journal of Small Business Management, (July), 9-22.
Husted, B.; Dozier, J.; McMahon, T. and M. Kattan, 1996. "The Impact of Cross-National Carriers of Business Ethics...", Journal of International Business Studies, (QII), 391.
Labich, Kenneth, 1992. "The New Crisis in Business Ethics", Fortune, (April 20), 167-176.
Lee, Peter, 1995. "Lesson One: The Safety Harness", Euromoney, (August), 34-38.
Lesley, Elizabeth, 1995. "Fall From Grace", Business Week, (May 29), 60-70.
Longenecker, J.; McKinney, J. and C. Moore, 1989. "Ethics in Small Business", Journal of Small Business Management, (January), 27-31.
Maremont, Mark, 1995. "Blind Ambition", Business Week, (October 23), 78-92.
Murphy, Kim, 1987. "How the Big Bubble Burst", Los Angeles Times, (March 30), Section One, 1, 3-4.
Noe, T. and M. Rebello, 1994. "The Dynamics of Business Ethics and Economic Activity", American Economic Review, (June), 531-547.
Powell, Michael, 1996. "Betrayal", INC., (April), 23-24.
Reynolds, P., 1991. "Sociology and Entrepreneurship: Concepts and Contributions", Entrepreneurship Theory and Practice, (Winter), 47-70.
Schell, J., 1991. "In Defense of the Entrepreneur", INC., (May), 28-30.
Serwinek, P., 1992. "Demographic and Related Differences in Ethical Views Among Small Businesses", Journal of Business Ethics, (July), 555-566.
Shale, Tony, 1995. "Why Barings Was Doomed", Euromoney, (March), 38-41.
Shirref, David, 1995. "Danger: Kids At Play", Euromoney, (March), 43-46.

Sims, R., 1992. "The Challenge of Ethical Behavior in Organizations", Journal of Business Ethics, (July), 505-513.

Smith, P. and E. Oakwood, 1994. "A Study of the Ethical Values of Metropolitan and Nonmetropolitan Small Business Owners", Journal of Small Business Management, (October), 17-27.

Stark, Andrew, 1993. "What's the Matter With Business Ethics?", Harvard Business Review, (May), 38-48.

Thorbeck, John, 1991. "The Turnaround Value of Values", Harvard Business Review, (January), 52-64.

Whipple, T. and D. Swords, 1992. "Business Ethics Judgment: A Cross-Cultural Comparison", Journal of Business Ethics, (September), 671-678.