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Who is Willing to Sacrifice Sacred Values for Money and Social Status?

Gender Differences in Reactions to Taboo Trade-offs

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Keywords: gender, judgment and decision-making, ethics, morality

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Abstract

Women select into top business degree programs at a lower rate than men and are under-represented in high-ranking positions in business organizations. We examined taboo trade-off aversion as one possible explanation for these patterns. In Study 1, we found that women implicitly associated business with immorality more than men did. In Study 2, when reading of decisions that compromised ethical values for social status and monetary gains, women reported feeling more moral outrage and perceived less business sense in the decisions than men. In Study 3, we established a causal relationship between taboo trade-off aversion and women's disinterest in business careers by manipulating the presence of taboo trade-offs in job descriptions. As hypothesized, an interaction between gender and taboo trade-off presence emerged. Only when jobs involved making taboo trade-offs did women report less interest in the jobs than men. Women's moral reservations mediated these effects.

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In the movie *Wall Street*, Gordon Gekko famously stated, “greed...is good.” To many, this mantra typifies the attitude held by businesspeople, particularly those on Wall Street, where women comprise only 4% of executives (Moya & Basar, 2011). Recent data suggest that women pursue business at lower rates than men. They are under-represented in business schools, comprising approximately 36% of students at the 10 top-ranked MBA programs according to the latest publicly available information, and in high-ranking positions in business organizations, comprising approximately 14% of executive officers at Fortune 500 companies (Catalyst, 2012).

To explain these disparities, research has largely focused on the lack of advancement opportunities limiting women’s career progression (Kanter, 1977; Lyness & Thompson, 1997; Martin, Harrison, & Dinitto, 1983; Miller & Wheeler, 1992). More recently, researchers have considered the value women place on communal goals (Diekmann, Brown, Johnston, & Clark, 2010) to explain gender gaps in science, technology, engineering, and math (STEM) fields. Complementing this research, we identify a novel explanation for why women are under-represented in business careers. To date, this topic received little attention from a social psychological standpoint; yet it has potentially far-reaching financial implications given the lucrateness of business careers (Bakija, Cole, & Heim, 2012). As evidenced by frequent news reports detailing corporate scandals involving fraud and harm to others in the name of profit, business careers often involve ethical compromises. We propose that women, more so than men, find these ethical compromises unacceptable. To examine the plausibility of this explanation, we build from the literature on taboo trade-offs, which are decisions that sacrifice sacred values (e.g., loyalty or fairness) for secular values (e.g., monetary gains) (Tetlock, Kristel, Elson, Green, & Lerner, 2000).

Taboo Trade-offs in Business Organizations

Taboo trade-offs may be especially prevalent in business organizations because the primary goal in business is to produce profit (Friedman, 1962), a secular value (Fiske & Tetlock, 1997; Tetlock et al., 2000). When ethical values are sacrificed for secular values, a taboo trade-off results. For instance, it is taboo to compromise friendship, marriage, or loyalty to one's country for an increase in salary because these values are not considered comparable (Raz, 1986); comparing them subverts the sacred value (Tetlock et al., 2000).

Consistent with the idea that taboo trade-offs are common in organizations, past research (Carroll, 1978; Lincoln, Pressley, & Little, 1982) has found that many business executives feel obligated to compromise their own values to advance their careers and achieve company goals. Thus, taboo trade-offs may be a common part of organizational life, particularly in business organizations. This distinguishes business from other fields, such as law and medicine, which have sacred values, such as justice and health, as underlying justifications. For instance, although law is a lucrative profession that can involve competitive relations, its ultimate goal is widely understood to be advancing justice.

Further, business organizations often have hierarchical structures designed to incite competition for limited advancement opportunities (Magee & Galinsky, 2008). Social status may therefore be another scarce currency in organizations, for which individuals sacrifice sacred values (Jackall, 1988), although no research on taboo trade-offs has examined this possibility to date.

Gender Differences in Ethical Socialization Histories

Gender differences in socialization may result in men and women reacting differently to taboo trade-offs when they encounter them. Generally, women are expected to be communal and

expressive, whereas men are expected to be agentic and instrumental (Eagly & Steffen, 1984; Spence & Helmreich, 1978). Because of these prescriptions, men and women may come to hold themselves to different standards of behavior, with women expecting themselves to engage in behavior that is inherently good and men expecting themselves to succeed at the task at hand. Consistent with this argument, some evidence suggests that women have higher ethical standards than men (Dreber & Johannesson, 2008; Kray & Haselhuhn, 2012; Robinson, Lewicki, & Donahue, 2000). Supporting the notion that men value secular ends more than women do, men and women report seeking different goals through their careers. More men than women cite income and organizational rank as reasons they pursue their careers, and more women than men cite opportunities for growth, stimulation, development, and helping people (Betz, O'Connell, & Shepard, 1989). This suggests that women may react more negatively when sacred, or ethical, values are traded off to attain secular gains.

Overview of Studies

In a series of three studies, we aimed to examine whether taboo trade-off aversion could provide one explanation for why women are under-represented in business careers. In Study 1, we examined whether women implicitly associated business with immorality more than men did. Study 2 described taboo trade-offs in work settings and measured gender differences in moral outrage and perceptions of business sense. Study 3 manipulated whether taboo trade-offs were present in job descriptions and measured moral reservations and job interest.

Together, this research makes at least four novel theoretical contributions. Contributing to theories of gender and ethics, it provides the first evidence that men and women react differently to situations requiring ethical compromises to attain external measures of success. Past research on taboo trade-offs has not reported evidence of gender differences. In addition,

this research is the first to document that social status is a secular currency that can form the basis for taboo trade-offs. Past research has examined only monetary gains. This research also contributes to knowledge of how work preferences differ by gender. Finally, this research provides a novel explanation for why women are under-represented in MBA programs and in high-ranking positions in business organizations: taboo trade-off aversion steers women away from business careers.

Study 1: Gender Differences in Implicit Associations between Business and Immorality

We had two goals for the current study. First, we aimed to examine whether an implicit association exists between business and immorality. We chose law as a contrast category for business because it is another lucrative profession that can involve competitive relations, but its ultimate goal is generally to advance justice, a sacred value, rather than merely produce profits, a secular value. Because law often involves adversarial relationships and lucrative pay for serving clients' interests, whether those interests are good or bad, this comparison provides a conservative test. Second, we examined whether women implicitly associate business with immorality more than men do. If so, this would provide some support for the idea that women are under-represented in business careers because they find the domain more ethically aversive than do men.

Method

Participants ($N = 105$, 52 women) were students at a West Coast university. They reported to the laboratory and completed an implicit association test ("IAT," Greenwald, McGhee, & Schwartz, 1998), which measured associations between business and immorality. Participants classified words associated with "business" (e.g., *corporation*, *earnings*) and "law" (e.g., *court*, *litigation*) and "immorality" (e.g., *wrong*, *unethical*) and "morality" (e.g., *honesty*,

ethical). Pre-testing ($n = 32$) showed each word to be significantly more associated with the target category than the contrast category. The IAT was scored according to Greenwald, Nosek, and Banaji's (2003) revised method, resulting in a d -statistic. Higher scores represented stronger associations between immorality and business compared to law.

Results

A one-sample t-test comparing the average d -score to zero revealed a marginally significant implicit association between business and immorality overall, $d = .06$, $p = .10$. This pattern reflects an overall tendency to associate business, more so than law, with immorality. More important for our hypothesis, a gender difference emerged. Women ($d = 0.18$) showed stronger implicit associations between business and immorality than men ($d = -0.05$) did, $t(103) = 3.13$, $p = .002$.

Discussion

As expected, women held more negative attitudes toward business than men did, in the sense that women associated business with immorality. This was true even though the contrast category, law, provided a conservative test. Women's relatively strong implicit association between business and immorality may provide one explanation for why they are under-represented in business careers.

Study 2: Gender Differences in Reactions to Taboo Trade-offs

Study 2 examined whether women react more negatively than men to taboo trade-offs for monetary or social status gains. To do so, we measured moral outrage, which captures desire to distance oneself from violations of cherished ethical principles (Okimoto & Brescoll, 2010; Tetlock et al., 2000), and perceived business sense (Tetlock et al., 2000), which captures more pragmatic evaluations of the instrumental utility of these behaviors. We included both measures

to explore whether feelings of moral outrage might be attenuated by recognition of practical value in these decisions.

Method

Participants were 103 adults (38 men, 65 women) recruited to participate through Amazon Mechanical Turk. The study utilized a two-condition (Type of Gain: Monetary, Status), between-subjects design.¹ Type of gain varied within-subjects and gender varied between-subjects.

Participants read 14 vignettes that described trade-offs of moral values (e.g., the well-being of others, close relationships, honesty) for secular values (e.g., monetary gain and social status) in organizational contexts. For instance, one monetary gain vignette described using a product ingredient that was cheap, but known to cause lethal allergic reactions in a small number of people, in order to meet financial projections and secure a performance bonus. One status gain vignette described assigning a talented subordinate to peripheral projects and publicizing the subordinate's mistakes in order to prevent this person from receiving too much respect and admiration. (See the online supplement for the vignettes.) After reading each vignette, participants reported their moral outrage and perceptions of business sense. Including both measures allowed us examine reactions along both moral and pragmatic dimensions.

To provide a measure of moral outrage, participants reported the extent to which the decision was disgusting, objectionable, upsetting, offensive, shameful, contemptible, and morally acceptable (reverse-scored). We averaged these items to form scales for monetary ($\alpha = .95$) and status gain ($\alpha = .96$) vignettes. Participants also rated the extent to which the decision was acceptable as a business practice and made good business sense ($\alpha_{\text{monetary gain}} = .85$, $\alpha_{\text{status gain}} = .89$). Response scales ranged from 1 (*not at all*) to 7 (*very much*).

Results

A pre-test ($n = 37$) confirmed that the scenarios were perceived to involve trade-offs of something priceless, sacred, or morally important for money, economic gain, or wealth (monetary gain vignettes, $\alpha = .84$) or to feel higher rank, obtain prestige and admiration from others, or gain status (status gain vignettes, $\alpha = .87$). Both manipulation check scales had means that significantly differed from the mid-point, suggesting a taboo trade-off was perceived in both monetary, $M = 8.50$, $SD = 2.56$, $t(258) = 15.71$, $p < .001$, and status gain, $M = 7.62$, $SD = 3.06$, $t(258) = 8.52$, $p < .001$, vignettes.

We next examined moral outrage and business sense. Two separate mixed-model ANOVAs included gender as a between-subject factor and type of gain as a within-subject factor. The analysis of moral outrage revealed a main effect of gender. Women ($M = 3.74$) reported more moral outrage than men ($M = 3.21$) across both trade-off types, $F(1, 101) = 8.52$, $p = .004$, $\eta^2 = .08$. No other effects were statistically significant.

For business sense, two main effects emerged. First, consistent with the pattern of moral outrage observed above, women ($M = 3.52$) perceived less business sense than men ($M = 4.18$) in the taboo trade-offs, $F(1, 101) = 10.61$, $p = .002$, $\eta^2 = .10$. Second, participants perceived more business sense in trade-offs made for monetary ($M = 4.10$) rather than status ($M = 3.60$) gains, $F(1, 101) = 30.31$, $p < .001$, $\eta^2 = .23$.

Discussion

This study described ethical compromises in work contexts and found that women reacted more negatively than men to taboo trade-offs of sacred values for secular gains. As hypothesized, women experienced more moral outrage and perceived less business sense than men when confronting taboo trade-offs made for monetary or social status gains. In addition,

social status emerged as another secular currency that can form the basis for taboo trade-offs. Although both genders perceived less business sense in taboo trade-offs for social status compared to those for monetary gains, moral outrage did not vary by type of gain. Participants condemned ethical compromises made for status gains just as much as they condemned those for monetary gains. Finally, because both types of gains were perceived to make moderate business sense, both monetary and status gains appear to be consistent with the goals of business, in the minds of participants.

Study 3: Effects of Taboo Trade-offs on Business Career Interest

The previous studies established women's stronger implicit associations between business and immorality and their adverse reactions to taboo trade-offs. The final study was designed to establish a causal relationship between taboo trade-offs and women's disinterest in business careers. To do so, we manipulated whether taboo trade-offs were present in business environments and measured the mediating role of moral reservations. We expected resolution of taboo trade-offs in favor of secular gains (but not sacred gains) to result in gender differences in job interest. To examine whether the mere presence of a conflict between sacred values and secular gains produced gender differences on these outcomes, we also included a control condition.

Method

Participants included 178 students (84 women, 94 men) who received course credit for participating. The study utilized a three-condition (Taboo Trade-off: High, Low, Control), between-subjects design and included gender as a non-manipulated factor. In all conditions, participants read three job descriptions that provided task responsibilities and compensation

levels in consulting, private equity, and wealth management firms. (See the online supplement for these descriptions). We collapsed across vignettes in analyses below.

In both experimental conditions, each vignette included a description of an ethical issue – for instance, as a consultant, how to advise a client when a trade-off existed between giving honest advice and collecting fees or, as an investor, whether to fund companies that used unethical business practices to produce profits. In the low taboo trade-off condition, vignettes stated that the company’s norm was to choose in favor of ethics. In the high taboo trade-off condition, vignettes stated that company norms favored profits. For instance, participants read either that they would be expected to forgo investing in businesses that used unethical practices (low taboo trade-off condition) or to make the investments most likely to produce profits, regardless of whether the business practices were unethical (high taboo trade-off condition). After reading each job description, participants reported their interest in the job.

Two items served as a manipulation check ($\alpha = .80$). Participants rated the extent to which they agreed that at the firm, the ends justified the means and getting ahead required harming others at times.

We measured moral reservations with 5 items ($\alpha = .89$) gauging the extent to which participants would, if they were at the firm: experience difficulty with the moral compromises asked of them, have to compromise their ethical values to be successful, be uncomfortable with the moral tradeoffs required to succeed, find it to morally troubling to work there, and find it easy to maintain their moral integrity (reverse-scored).

After each vignette, participants reported how interested they were in the job (Diekmann, Clark, Johnston, Brown, & Steinberg, 2011), $\alpha = .65$. All response scales ranged from 1 (*not at all*) to 7 (*extremely*)

Results

Manipulation check. We first examined whether the taboo trade-off manipulation was successful. ANOVA indicated a main effect of taboo trade-off condition, $F(2, 178) = 7.55, p = .001, \eta^2 = .08$. Participants in the high taboo trade-off condition ($M = 4.99, SD = 1.16$) perceived greater ethical compromise than those in the control ($M = 4.54, SD = 1.21, p = .04$), and low taboo trade-off ($M = 4.18, SD = 1.20, p < .001$) conditions.

Job interest. We next examined whether women's job interest suffered more than men's when the jobs involved taboo trade-offs. ANOVA showed no effect of gender, $F(1, 172) = 0.51, p = .48$, a main effect of taboo trade-off condition, $F(2, 172) = 8.20, p < .001, \eta^2 = .09$, and the predicted interaction, $F(2, 172) = 4.28, p = .015, \eta^2 = .05$. Participants showed less interest in the job in the high taboo trade-off condition ($M = 4.06, SD = 1.34$) than the control ($M = 4.76, SD = 1.23, p = .001$) or low ($M = 4.83, SD = 1.14, p < .001$) taboo trade-off conditions. As hypothesized, men's job interest did not vary by taboo trade-off condition, $F(2, 91) = 0.33, p = .72$, but women's job interest did, $F(2, 81) = 11.78, p < .001, \eta^2 = .23$. Women had less interest in the jobs in the high taboo trade-off condition than in the control or low taboo trade-off conditions. (See Figure 1 for means by condition.)

Only when taboo trade-offs were present did a gender difference in job interest emerge. Women had lower interest in the job than men in the high taboo trade-off condition, $t(57) = -2.66, p = .01$. In the control, $t(57) = 0.61, p = .55$, and low taboo trade-off conditions, $t(58) = 1.02, p = .31$, no gender difference in job interest emerged.

Mediation analysis. We next examined whether greater moral reservations among women could explain this gender difference in job interest. A bootstrapping analysis of mediation (Preacher & Hayes, 2008) with 5,000 re-samples with replacement showed a

significant indirect effect of moral reservations (95% *CI* -.86 to -.19) on job interest, indicating evidence of significant mediation. (See Figure 2 for an illustration.)

Discussion

This study found, again, that women reacted more negatively than men to taboo trade-offs. When a job entailed taboo trade-offs, women reported less interest in it than men did, despite exhibiting no difference on these items when the job did not entail taboo trade-offs. Women's greater moral reservations explained why they were less interested in jobs involving taboo trade-offs. No differences emerged between the control and low taboo trade-off condition, showing that it was not the mere presence of a conflict between sacred and secular values, but the forfeiture of sacred values, that caused women's reactions.

General Discussion

As the first work to-date to consider gender in the context of taboo trade-offs, this research contributes to knowledge of why women are under-represented in MBA programs and high ranking positions in business organizations. Existing psychological research has highlighted the role of external barriers – such as stereotypes (e.g., Heilman, 2001; Spencer, Steele, & Quinn, 1999), social roles (e.g., Eagly & Karau, 2002), and backlash (Rudman & Phelan, 2008) – in limiting women's presence and success in domains traditionally considered masculine, such as business. More recently, research has begun to consider women's unique values (Diekmann et al., 2010). Following in this vein, we proposed a novel explanation – that women's unique ethical socialization theories lead them to react more negatively to ethical compromises and, therefore, to find business careers less appealing. We found support for this hypothesis in three studies.

In Study 1, women showed stronger implicit associations between business and immorality than did men. In Study 2, women reported feeling more moral outrage and perceiving less business sense in taboo trade-offs than men did. In Study 3, when jobs involved making a taboo trade-off, women reported less interest in the jobs, whereas men were not affected by taboo trade-offs. Greater moral reservations among women explained this gender disparity. Because women reacted more negatively to decisions aimed at increasing one's profit and social status, two key currencies in business organizations, this research suggests that women's ethical standards may disadvantage them relative to men as they seek advancement in business organizations.

This research also contributes to knowledge of how work preferences differ by gender. Past research has found that women prefer work that involves collaborating with or helping other people (Diekmann et al., 2010). Here, we find that women may also prefer occupations that allow for high ethical standards. Future research should explore whether ethical appeal helps to explain sex segregation in occupations (Anker, 1998; Petersen & Morgan, 1995), particularly relative to explanations that cite women's need for flexibility to meet family demands, which has not received much empirical support (England, Farkas, Kilbourne, & Dou, 1988).

Finally, this research contributes to knowledge of how individuals are affected by taboo trade-offs. Past research has largely focused on the negative emotions (Hanselmann & Tanner, 2008; McGraw, Schwartz, & Tetlock, 2012) and desire to morally cleanse oneself (Tetlock et al., 2000) engendered by taboo trade-offs. This research suggests that taboo trade-offs may affect important life decisions, such as choice of career. Moreover, this research was the first to examine social status as a secular currency; past research has focused only on monetary gains.

Although status pursuit is a pervasive aspect of business life (Jackall, 2010), taboo trade-offs made in pursuit of status seem to make the least business sense to men and women alike.

Future research should explore boundary conditions of these effects. Although our research focused on business as the prototype of taboo trade-offs, we acknowledge that other careers involve these tradeoffs as well, even law and medicine. Furthermore, additional research is needed to understand whether women experience more moral outrage toward taboo tradeoffs unrelated to money and status gains. For example, Fiske and Tetlock (1997) examined trade-offs that crossed relational spheres – for instance, by applying equality matching norms to communal sharing arrangements or market pricing norms to authority ranking relations.

Although the idea that women must forfeit their ethical standards to be satisfied with business careers is disheartening, we believe this research has two positive practical implications. First, it suggests that socialization that better prepares women for the realities of business careers may have a positive impact on their emotional well-being and job satisfaction and ultimately, on inequalities in authority within business organizations. Second, it suggests that retaining more women may have positive ethical consequences for business organizations. As women advance and occupy high authority positions, they may be able to improve the overall ethical standards of the organizations in which they work, if they can retain fidelity to these standards on the way up the hierarchy.

Footnote

¹ We also manipulated perspective to ensure that any gender differences were not due to women holding themselves, but not others, to high ethical standards (or vice versa). Only one significant effect for perspective emerged, so we collapsed across it subsequently. Participants rated the taboo trade-offs higher in business sense when they imagined themselves ($M = 4.05, SD = 0.96$) rather than others making them ($M = 3.66, SD = 1.12$), $F(1, 99) = 3.79, p = .05, \eta_p = .04$.

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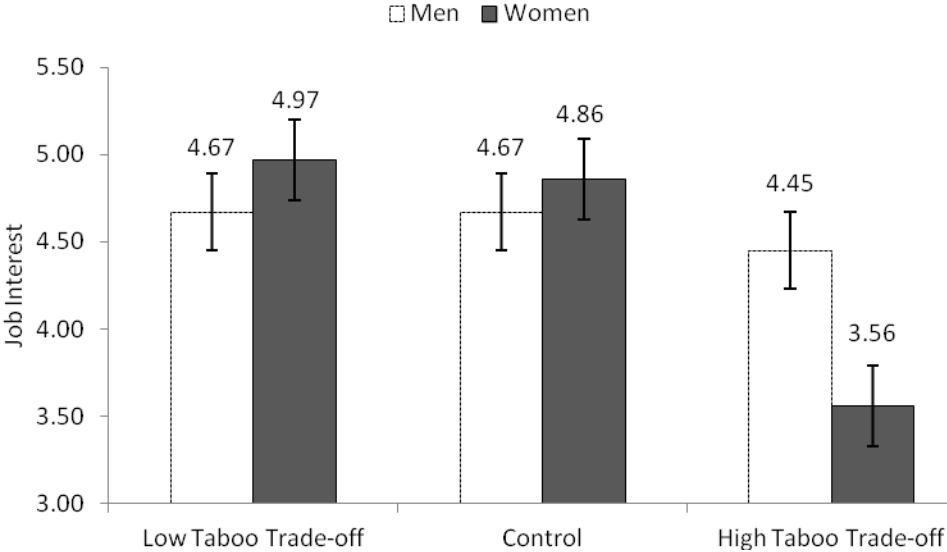


Figure 1. Means on job interest measure by gender and taboo trade-off condition in Study 3.

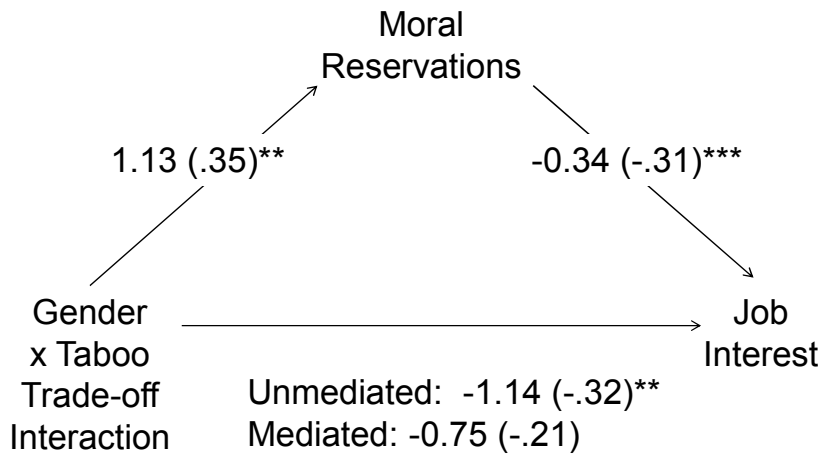


Figure 2. Mediation of gender differences in job interest by moral reservations in Study 3.

Unstandardized regression coefficients appear outside of parentheses and standardized ones are given in parentheses. ** $p < .01$. *** $p < .001$.

Online Supplement

Implicit Association Task Items (Study 1)

Business words	Legal words
Corporation	Legal
Investment	Court
Profits	Litigation
Earnings	Advocacy
Losses	Lawyer
Shareholder	Ruling
Finance	Prosecution
Market	Defense
Stock	Settlement
Capital	Argument
Cash	Judge
Trade	Case
Transaction	Attorney
Commodity	Lawsuit
Income	Precedent

Morality words	Immorality words
Fair	Wrong
Moral	Unfair
Truth	Tainted
Right	Deceitful
Justice	Injustice
Honest	Ruthless
Ethical	Irresponsible
Pure	Unethical
Responsible	Corrupt
Loyalty	Immoral
Respect	Exploitation

Vignettes (Study 2)

Trade-offs for Monetary Gains

1. A.B. is CEO of a manufacturing company. The company has been losing money and A.B. must decide whether to take a large pay cut or lay off 100 workers, including most of the janitorial staff and line workers who have served the company for over a decade. A.B. has less need for the money than those who would be laid off, but A.B.'s salary is the market price for a CEO in the industry. A.B. decides that the salary is therefore justified and decides to keep it at its current level and lay off 100 workers.

2. E.L. is head of a division at a pharmaceutical company. The division is close to bringing a new cancer drug to market. One of the drug's components is very expensive, so the team has asked E.L. if they should replace it with a cheaper ingredient. The cheaper ingredient is known to randomly cause lethal allergic reactions in a small number of people, and these reactions are impossible to predict. E.L. runs the numbers and sees that the drug will produce much higher annual profits if they go with the cheaper ingredient, which means E.L. and the team will receive much larger annual bonuses for producing the drug this way. If E.L. uses the expensive ingredient, the division will barely meet projected numbers, resulting in no annual bonus at all. E.L. tells the team to go with the cheaper ingredient and sets aside some funds to compensate families of individuals who suffer the allergic reaction.

3. K.C. and B.C. are expecting a baby. B.C.'s boss is anticipating a very busy time in the group and wants B.C. to continue working as much as possible after the baby is born. K.C. and B.C. had looked forward to the first few weeks with their new baby and had planned to split all anticipated duties. B.C.'s boss offers them a sizable bonus to forgo the planned leave and hire a

nanny to help at home. B.C. takes the money and plans to forgo leave and spend nights and weekends in the office for a while.

4. S.W. is a management consultant facing a critical career decision. S.W. has been asked to move overseas to join the company's new Zurich office, for 3 times the salary, plus a bonus based on the office's performance. It would be a two-year position. The problem is that S.W.'s spouse is amidst a critical career period as well and can't move overseas. Therefore, they would have to live apart, seeing each other for only a few days a month. S.W. forecasts earning statements for the office and projects the savings that would accumulate in the bank, and eventually decides the move is worth it. S.W.'s spouse is upset, but S.W. decides to go anyway.

5. J.F. moved across the country and started a small venture capital firm. J.F. hired an assistant, P.Z., from the old fund to be the new fund's assistant, so P.Z. moved across the country as well. P.Z. was very competent and dedicated, supporting all four of the firm's partners at once and handling myriad administrative duties as the firm got up and running. Managing everything often required P.Z. to work on weekends or respond to email about travel arrangements late at night. P.Z. was paid the same amount as assistants at J.F.'s old fund. Recently, J.F. discovered that the local market price for assistants is much lower than what P.Z. is paid. J.F. decides to let P.Z. go and hire a less expensive assistant now that the fund is up and running and the duties will be less involved.

6. R.Z. is a defense attorney who is considering taking on a new case. The potential client is a CEO accused of "cooking the books" at a large, public company. While meeting with the CEO, it becomes obvious that the CEO is guilty as charged. R.Z. knows the company's bankruptcy caused severe problems in the local economy and that many employees are depending on proving the CEO's guilt in order to recover some fraction of their lost retirement savings from

the settlements. R.Z. wanted to believe the CEO was innocent, but sees a few ways to convince the jury of the CEO's innocence despite knowing the truth. If they win, the CEO will pay R.Z. millions of dollars. R.Z. decides on the spot to take the case.

7. E.W. is an accomplished doctor who feels entitled to a high level of earnings and frustrated by the rate caps put in place by HMOs. E.W. has taken some classes on running a medical practice as a business and is brainstorming ways to increase profits while staying within the letter of the law and abiding by HMO rate agreements. E.W. considers having patients fill out an extremely long health history form in order to identify any potential problems patients could have and using these factors to justify as many tests and minor procedures on patients as possible. The only problem with this idea is that patients usually find tests unpleasant and they have to cover approximately 20% of their cost. E.W. projects next year's earnings based on this system and discovers that it could double annual income. Since it will look like high quality medical care while increasing income drastically, E.W. decides to start doing this the very next day.

Trade-offs for Social Status Gains

8. L.D. is a project manager at a consulting firm. One of L.D.'s subordinates, C.E., stayed at the office until 3am to process L.D.'s changes to a presentation created for a client. C.E. has asked to attend the client meeting with L.D. in order to hear the client's reactions to the presentation, but business analysts don't usually attend client meetings. L.D. doesn't want to share credit for the work and is annoyed by the request. L.D. tells C.E., "This request is inappropriate. You're a business analyst; you don't go to meetings. You're going to stay at the office today. And don't request this again."

9. B.M. is a vice president at an investment bank. B.M. is in a team meeting, walking through the materials designed for a client, when the new analyst on the team suggests a different way to present the analyses, suggesting it would be clearer and more persuasive. B.M. recognizes that the idea is good, but is surprised that the analyst, who just recently graduated from college, is talking during the team meeting. After the meeting, B.M. tells the analyst to remember that vice presidents and associates have a lot of experience presenting work to clients and that, generally, analysts are expected to be seen and not heard.

10. D.W. is a senior associate in a law firm. One day, D.W. asks a new associate, S.H. to create a document for their case. Later in the day, D.W. hears that S.H. had been there all night already, and sees S.H. looking very frazzled, tired, and still busy on another case. D.W. has some free time and momentarily thinks about just getting the work done so they can both go home, but then figures, "I've been above this kind of work for a while now. I feel like leaving early tonight and S.H. needs to know who is boss." So D.W. calls out to S.H. in the hall, "Remember - 6pm! I want that on my desk by 6pm and not a minute later, S.H.!"

11. G.D. recently graduated from college and joined a company with a rigorous new employee training program. At the end of the training program, G.D. works in a team to prepare a mock project that the team will present to senior management at the company. G.D. doesn't understand much of what the team does because G.D. was not a business major in college. Therefore, G.D. asks another new employee on the team, C.S., to stay late one night before the presentation to explain what the team did. C.S. is very helpful and generously explains all the analyses in the presentation. The next day, during the presentation, G.D. wants to earn the respect and admiration of senior management, so G.D. says many of the things C.S. explained

the night before, interrupting C.S. to do so. Because of this, C.S. doesn't get to talk much during the presentation; G.D. already jumped in with what C.S. had to say.

12. B.K. is planning to serve in the bridal party at a close friend's wedding one weekend. B.K. is in the middle of an important deal at work, though, so it is a crazy time. The day before B.K. is supposed to leave for the wedding, B.K.'s boss gets a call from the client and says someone on the team needs to work that weekend. B.K. wants an edge over peers at work, so B.K. agrees to stay and get the work done.

13. K.G. manages a recent hire, A.S., who is increasingly recognized as a "star." For a few weeks, K.G. has started to feel threatened and put off by A.S. While K.G. admires A.S.'s talent and confidence, K.G. also sort of dislikes A.S. After hearing a bold recommendation by A.S. at a recent meeting, K.G. decides to teach A.S. to respect the hierarchy more. Over the next few months, K.G. assigns A.S. to peripheral projects and scrutinizes A.S.'s performance, looking for flaws. After finding a few flaws that will be easy to spin, K.G. points them out to A.S.'s mentors and supporters to be sure A.S. isn't given too much respect or admiration.

14. D.M. is a new employee at a private equity fund. D.M. wants to do well there and decides to try to ally with an influential partner. In the next few investment committee meetings, when the group is discussing new investment ideas, D.M. supports whatever the partner has to say. At one meeting, the partner has a crazy idea about an electric car company almost certain to lose millions of dollars for the limited partners. No one else at the fund supports it, and D.M. thinks it is an awful investment idea, but figures this is precisely when agreeing with the partner could count. So D.M. chimes in, "That's a great idea! We will be on the cutting edge and potential investors will find us more interesting. This is a really innovative idea. I will call the company today to assess their interest."

Job Descriptions (Study 3)

Scenario 1

You are graduating soon and are considering going to work for a consulting firm, Whitestone & Co. The firm makes money by analyzing clients' business strategies and recommending improvements based on what they see. The entry-level job you are interviewing for will involve:

- Travelling to the client's office and spending a few days there each week
- Working with managers at the company to identify and obtain relevant data on their operations, strategy, and business practices
- Conducting interviews with the client's customers or suppliers when necessary to obtain data
- Working closely with a team of consultants to analyze data provided by the company
- Brainstorming solutions to identified problems with your team of consultants
- Exploring relevant precedents from Whitestone's previous case work
- Writing memoranda and creating presentations for the client to describe your recommended solutions to the identified problems
- Presenting analyses you ran and answering client questions about the analyses

The first year associate position pays a salary of \$70,000 a year and there is the potential for a \$20,000 bonus. These figures increase consistently every year. If you decide to go to business school and are a high performer, the firm may pay for your business school education, or you may have the opportunity to rise to an associate position without going to business school. From the associate position, you can rise to a partner position and share directly in the firm's profits. If you decide to leave the consulting firm, you are likely to land a good subsequent opportunity

because the firm has an excellent reputation and its partners are well-connected and supportive of analysts seeking other jobs after two years of service.

At a career fair, you speak with a second year analyst about the position. You ask this analyst to be candid with you about the challenges of the job.

Control condition:

The analyst says that the hours can be long some weeks and that the travel is tiring.

High and Low Taboo Trade-off Conditions:

The analyst says that the hours can be long some weeks and that the travel is tiring. In addition, the analyst says that, on a fairly large number of cases, it has been unclear that the team of consultants was going to impact the client's bottom line. Sometimes the client's problems are so complex or are driven by systematic issues in the client's business market that it's not clear that the consultants can really help.

The analyst says that it can be tough because, in those situations, the norm is for the team to *(present their work in as convincing a way as possible in order to collect their fees. In these situations, the analyst feels they are getting paid without adding any value and fears the client will spend more money to implement solutions that won't actually work / present their work carefully and modestly, identifying the true source of the problems. In these situations, the consultants collect a far-reduced fee because the client probably won't implement their solutions since they are unlikely to work).*

Scenario 2

Graduation is upon you and you are thinking of applying for a job in LawlorMorgan, an investment firm. The investment firm makes money by investing funds it has raised from wealthy individuals, pension funds, and other sources. The investment firm buys companies

with this money. The entry-level job you are interviewing for will involve assisting in the following activities:

- Researching new investment ideas by finding companies that look promising and may need your investment firm's money in order to grow
- Presenting and discussing the merits of the new investment ideas you find to colleagues within your investment firm
- Financial modeling of companies' projected cash flows to predict how much money you could make from your investment
- Analyzing companies' business model and strategy to predict how much money you could make from your investment and to identify ways to improve the company
- Negotiating agreements with the companies surrounding how much you will invest, how much ownership you will get
- Working with companies' management teams to identify growth opportunities and to improve operating results
- Recruiting new management team members from other companies
- Holding Board seats at your investment companies
- Travelling to occasional Board meetings and industry conferences
- Networking with professionals at other investment firms who may invest in a company alongside you

Making investments involves some financial risk, but the job pays a salary of \$100,000 a year and there is a lot of upside potential – when your investments make a lot of money, you receive a portion of that return. For instance, if your firm's investment of \$3 million returns \$9 million, you may receive a bonus of \$20,000 from your investment firm that year. Because your firm

invests in many companies, this number can be multiplied many times over in a good year. Over time, you can rise to a partner position and receive a larger portion of the firm's profits. The investment firm is prestigious and you will work with smart, accomplished people there.

Control Condition:

(No further information)

High and Low Taboo Trade-off Conditions:

The companies you invest in rely on a wide variety of strategies to make money. Sometimes you encounter companies that rely on lax environmental or child labor laws in other countries to make a good profit. Other times, you learn that companies may be engaging in morally questionable business practices. For instance, they may hire their employees as contractors to avoid supplying insurance to them, lay people off when they can find cheaper replacements, or use make products that could have negative long-term effects on people's health.

At your investment firm, the senior partners expect you to *(do what it takes to make money – if the activities are legal and the business is profitable, they consider it a good investment idea and expect you to work with the management team to make good profits so that you and your firm make as much money as possible / do what is right – if the activities are morally questionable, they consider it a bad investment idea and expect you to forgo the investment opportunity or hold the management team accountable for their behavior, even if this means you and your firm make less money that year).*

Scenario 3

You are considering whether to accept a financial analyst position at Riverrock Investments, a private wealth management company, after graduation. Over the summer, between your junior and senior year, you worked as a summer analyst at the company. The work involved:

- Working with a team to analyze high net worth clients' current investment portfolios in order to examine their current levels of risk, return, and diversification
- Researching new investments (stocks, bonds, mutual funds, index funds, hybrid securities) using criteria laid out by more senior members of your team
- Running analyses of the returns provided by each possible security portfolio under a variety of market conditions
- Creating charts and presentations in Powerpoint to summarize your findings and recommendations for clients
- Listening to calls between high net worth individuals and your more senior team members to understand high net worth individuals' concerns and to gain understanding of possible solutions recommended by your team
- Attending meetings and social events with high net worth individuals and your team
- Attending conferences with your team

Analysts work with multiple teams at all times. The financial analyst position pays \$55,000 in salary and there is the potential for a bonus (usually \$5,000 to \$25,000) at the end of the year, based on where you rank in your analyst class according to reviews given by your team members. The promotion track is steady and clear – you move from analyst to associate to vice president to managing director – over a course of approximately 10 years. You will work about 50 hours a week, on average, and the company is prestigious. Many people leave for a few years to go to business school. Over the course of your summer, you noticed that the review system is subjective and it is important that your colleagues like and respect you so that you receive a good year-end bonus.

Control condition:

(No further information)

High and Low Taboo Trade-off Conditions:

Some of the associates and vice presidents are easier to work with than others. From watching the full-time analysts, you have seen that some associates and vice presidents can make unreasonable demands on analysts, redo client presentations at the last minute, creating stress for analysts and keeping them there late at night, or treat the analysts rudely and disrespectfully by refusing to answer their questions or excluding them from client meetings. These situations are difficult because analysts need senior team members to evaluate them positively in order to obtain a good year-end bonus.

In these situations, you saw that most analysts (suffered in silence in order to obtain the best review and highest year-end bonus possible, no matter what they had to put up with from senior team members. Most analysts thought that having a better reputation and more status in the eyes of their senior team members were worth putting up with some mistreatment and suffering through difficult times / spoke with the staffer or senior team members about their concerns and requested to be re-staffed if the problem was not resolved. Even if it resulted in a senior person thinking less of them or writing a slightly more negative review, most analysts thought holding the person accountable was the right thing to do).