

## Monetizing the Sacred or Getting Your Due? Taboo-Tradeoffs and Moral Judgements of Entrepreneurs

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Entrepreneurs aspire to grow their businesses and are celebrated when they meet their growth objectives. However, a similar experience may not be extended to all entrepreneurs. For instance, consider high identification entrepreneurial spaces such as craft entrepreneurship, where entrepreneurs and stakeholders define themselves based on both what they “are” and what they “are not”, and there is a “magical” quality to the origins and inspiration of their product or service offering” (Solomon & Mathias, 2020). In such spaces, customers may view themselves to be a community and may perceive entrepreneurs’ product offerings to be “sacred.” They may be particularly wary of exposing their community to the same market metrics that are used in other business forms. Importantly, an entrepreneurs’ decision to grow their business in this context via usual means may lead to moral judgements of actions as “right” or “wrong.”

We often encounter such business contexts. For example, the art industry takes pride in offering products that are not available to a wide market. In this industry, the value of a product lies in its reverence. As economist and visual artist, Hans Abbing notes, “people [associate] art with what was considered sacred” (2008). An artist who decides to mass produce their art for greater profit may be viewed by the art community to be a “sell-out”. We also experience this phenomenon in other environments—news of a guitar luthier who specializes in handcrafted and custom guitars selling the rights to her guitars and processes to Fender (the largest guitar manufacturer in North America) may not be welcomed by her customers. For further illustration, a National Public Radio’s (NPR) report on the craft beer industry shows the outrage from craft beer stakeholders regarding the recent trend of acquisitions of craft beer companies by major beer manufacturers (e.g., Anheuser-Busch InBev; Bland, 2014). One stakeholder from the report states, “To me, craft means artisan....” Once an enterprise scales up, the beer is no longer craft. It becomes a brand with lots and lots of employees, and you can’t point to a small team of individuals who are responsible for the art”. These highlight the risks of negative customer reactions that entrepreneurs may face when they decide to expand in high identification entrepreneurial spaces.

A common theme in these environments is that entrepreneurs are denied access to transact with the market economy as their products may be viewed as “sacred” products which should not be equated with money. Particularly, the origin of these products may be somewhat of a mystery to outside parties and exchanging such products for money may be seen as “wrong.” One understands that to build an online marketplace, you need to recruit engineers, accountants, and the like. However, we often associate art with talents that artists are born with, and not skills they develop through hard work.

In this study, we explore how growth-related decisions can influence moral judgements from external evaluators (for example, customers)<sup>1</sup>. Importantly, we investigate whether evaluators’ moral judgements about entrepreneurs are driven by their characterization of entrepreneurs’ source of success as either “sacred” or “mundane.” For example, an entrepreneur making a growth decision may be morally condemned if the entrepreneur’s success is attributed to something sacred (she has

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a “gift”) or something mundane (she worked hard or paid for education to acquire skills). Exchanging something sacred for something mundane (money) evokes negative moral judgement—e.g., she’s “selling out” by mass producing her art for the public. However, exchanging something mundane such as hard work for something else mundane (money) is morally acceptable. This is akin to arguments from the sacred values protection model (SVPM) (Tetlock, Kristel, Elson, Green, & Lerner, 2000), where people view the exchange of something sacred for something mundane as morally objectionable. We also explore the potential ramifications of these judgements as SVPM suggest that people often engage in moral cleansing when moral outrage is provoked, which reaffirms their values and their belonging to a moral community (Tetlock *et al.*, 2000). Therefore, evaluators may engage in moral cleansing in this context by ceasing their support of entrepreneurs who “sold out.”

We test these through two experiments. We recruited participants from Amazon Mechanical Turk (Mturk) for the two experiments and paid them \$5 each for completing the study. We pre-screened for participants who reside in the US and have a survey acceptance rate of 92% or more in their previous surveys. In total we had 447 participants in the first experiment and 364 participants in the second experiment. In the first, we asked participants to read a press release on an independent musician who recently received a record deal from a major record label that involves commercialization of their record catalog. For the second, we asked another set of participants to read a press release on a local luthier who recently received a licensing deal offer from the world’s largest guitar maker and in the process, will leverage the manufacturer’s capacity to more efficiently produce their guitars. We then capture participants evaluations of the entrepreneurs’ reactions to these deals. Specifically, we capture participants moral outrage towards entrepreneurs who accepted the offered deals. We also capture their intentions to continue supporting these entrepreneurs after a decision to grow their businesses. Finally, we capture how these evaluations are impacted by information that describes the entrepreneurs’ prior success as an outcome of hard work as opposed to sacred gift. Some interesting findings from our studies include:

- Customers were morally outraged in situations where the independent musician or the luthier accepted the deal to commercialize their products.
- This moral outrage dissuaded customers from further supporting the entrepreneurs (For example, with the musician, customers were less willing to buy his music).
- Demystifying the explanation for why the entrepreneurs are successful at their craft not only decreased the moral judgment associated with their decision to monetize their businesses, but also made it more likely for their customers to continue supporting them. For example, informing customers that an artist is not successful due to some sacred gift but is successful due to hard work helps mitigate the negative evaluation that may come from the artist’s decision to monetize his craft. This may be because the exchange of hard work for money represents a more morally acceptable transaction as it involves trading something mundane for something else mundane.

These findings are important for entrepreneurs for two reasons. First, they highlight that the evaluations of entrepreneurs also include non-rational factors. Importantly, they also highlight the importance of framing as way to manage stakeholder views during entrepreneurial growth. For example, by highlighting the hard work and efforts of an entrepreneur, evaluators may be more accepting of entrepreneurs’ decision to monetize their business.

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