Business Students' Love of Money and Their Distrust of Corporations

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Subject: Accounting, Business and Society
Article Type: Peer-Reviewed

In the last two decades, the business world has witnessed the collapse of major companies (e.g. Enron, Lehman Brothers) due to widespread fraud. The financial collapse of 2007-2009 has been characterized as "The Great Recession" by economists (e.g. Yandle, 2010) and was widely believed to be the most serious economic crisis in the United States since World War II. This crisis and the ensuing credit market freeze of 2008 have negatively affected the public's trust in corporations in general (Yandle, 2010).

The purpose of this study is two-fold: First, it examines the concept of corporate distrust as perceived by business students. This sample is selected because business students close to graduation will soon be looking for employment in a variety of organizations, mostly corporations. The study examines how business students view corporations in general. The timing of the study is important because the U.S. is recovering from the financial collapse of 2008-2009 and corporations are engaged in a major campaign to regain the public's trust (Koehn, 2013). Second, the study examines a potential psychological determinant of corporate distrust: The love of money. Friedman (1970) advocated that the primary responsibility of business was to maximize shareholders' value. Therefore, this study examines if lower levels of the love of money variable were related to higher corporate distrust and vice versa.

The paper is organized as follows: Following this introduction is a literature review of corporate distrust and the love of money along with a presentation of the study's hypotheses. This is followed by an explanation of the study's methodology as it relates to sampling and measurement. The results are presented followed by a discussion and opportunities for future research.

LITERATURE REVIEW

Corporate Distrust

The "trust" variable has received considerable attention in the psychology literature. Studies have examined individual and organizational trust (Robinson and Rousseau, 1994). Rotter (1967) defined trust as "the expectancy held by an individual that the promise of another individual or group can be relied upon". This trust is closely tied to a

corporation's reputation which is regarded as one of its greatest intangible assets (Park et al. 2014). For example, Leonidou et al. (2013) found that buyers tended to increase their purchases from ethical companies and distrusted unethical ones. Kooskora (2013) found that during the Great Recession, corporations that performed according to their core values and principles were significantly less influenced by the recession and able to restore their business more easily compared to others who cut corners and neglected ethics.

Research shows that negative media publicity about specific members of a larger group can influence perception of that group as a whole (Fiske and Neuberg, 1990). Corporate distrust develops when individuals gather negative information about corporations from friends, co-workers and the media. This negative attention might have concerned one or two corporations but quite often people generalize this unethical behavior to all corporations (Adams et al. 2010). Adams et al. (2010) conceptualized distrust as a malleable attitude subject to influence from various sources of information and is based on expected behavior.

In the last 15 years, several corporations went bankrupt due to high profile cases of fraud at the highest level (e.g. Enron and Worldcom). These collapses prompted Congress to pass the Sarbanes Oxley Act (SOX) of 2002 which demanded greater accountability from corporate directors and auditors. This was followed by another wave of high profile financial scandals such as Lehman Brothers that resulted in the greatest recession the U.S. has seen since World War II. All this negative publicity underscored the lack of trust toward business executives in general. After the Enron bankruptcy, a survey of CEOs of large corporations indicated that they were aware that they lost significant public credibility (Verschoor 2004). A more recent survey of trust in business conducted from 2007-2009 found significant negative perceptions of business ethics in general during that period (Tsalikis, 2011).

The current study examines the extent of business students' distrust of corporations. Elias and Farag (2012) investigated accounting students' distrust of corporations and found that they had a slightly above average distrust of corporate morality and sincerity. However, accounting students do not represent all business students and that study was conducted during the peak of the Great Recession. Therefore, a study of all types of business majors is more useful to determining if they distrust corporations. For example, if the study discovers differences in corporate distrust based on major, this might imply that accountants are more trusting of their employers than managers or vice versa.

Adams et al. (2010) advocated the study of corporate distrust in general, rather than distrust of specific corporations. Such distrust can have negative societal consequences such as employees' turnover, capital market investment allocation and overall purchases of products and services.

The timing of the study is important. It was conducted immediately after the Great Recession had ended. It is expected that corporate distrust would be more apparent

during this period for several reasons: First, students have been exposed to significant negative media publicity of corporations. McCollough and Karani (2014) found that the negative media publicity of the housing crisis negatively affected homeowners' perceptions of the value of their home. A similar effect is hypothesized regarding negative corporate behavior during that period. Second, Evensky (2011) argued that the Great Recession has shaken the public's trust in corporations in general and therefore affecting consumers' spending. Since this Great Recession is unique since World War II, based on the literature, it is expected that distrust of corporations would be at its peak during this period and the first hypothesis is presented as follows:

> *H1: Business students will have high levels of distrust of corporations in general immediately after the Great Recession.*

Adams et al. (2010) investigated the determinants of such distrust and concluded that the psychological variables of cynicism, liberalism and just world beliefs were important determinants of corporate distrust. The current study examines a psychological variable that has gained considerable attention in the business ethics literature: The love of money.

The Love of Money and Corporate Distrust

Money is an important aspect of daily life (McClelland, 1967). The lack of money has generally been associated with negative consequences such as high turnover, low commitment and counterproductive behavior (Tang and Chiu, 2003). Tang (1992) introduced the concept of the love of money as a psychological variable. It is defined as one's attitude toward money with affective, behavioral and cognitive components (Tang 1992), and the meaning one attributes to money (Sloan, 2002). The love of money has been found to have positive and negative consequences. Lower levels of the love of money have been shown to result in lower turnover among mental health professionals, even with low job satisfaction (Tang et al. 2000).

The love of money was found to have a significant relationship with unethical behavior, especially in business organizations. Tang and Chen (2008) found the relationship between higher love of money and unethical behavior to be the strongest for high- and middle-income individuals. Using classroom cheating as an ethical measure, Elias and Farag (2010) found that accounting students with higher love of money viewed cheating actions as less unethical compared to other students.

The timing of the study is also important for the study of the love of money. The consistent relationship between the love of money and unethical perception has been attributed to the concept of "greed" (Tang and Chiu, 2003) and Chen and Tang (2006) found that Hong Kong employees who were less satisfied with their jobs exhibited higher levels of the love of money. Marques and Luna (2011) noted that the Great Recession provided a great example of greed and also found that workers experienced greater work pressure, job insecurity and overall lack of job satisfaction during this

period. According to previous research, these conditions lead to increased levels of the love of money during the time this study was conducted.

The current study examines the relationship between the love of money and corporate distrust. Feiner (2004) argued that corporate scandals were not caused by executives' lack of intelligence but rather by their lack of virtue and integrity. Ariely (2008) argued that high love of money individuals are likely to fall into temptation and have high unethical behavioral intentions, eventually resulting in an environment of corporate distrust (Tang and Chiu, 2003). The potential relationship between corporate distrust and the love of money is theorized based on several factors: First, managers use money to motivate and retain employees (Milkovich and Newman, 2002), second, the primary organizational goal of maximizing shareholders' value has driven unethical executive decision-making (Kochan, 2002) and finally, executives seek to maximize monetary bonuses to increase their personal wealth (Ajzen, 1991). Singhapakdi et al. (2013) argued that these factors combined to create a business atmosphere revolving around greed and the bottom-line mentality, which is consistent with the reasons of corporate distrust. Based on previous research, since individuals with a high love of money have goals consistent with those of corporate executives, the current study examines the following hypothesis:

> *H2: Business students with a higher love of money will have lower levels of corporate distrust compared to those students with lower levels of love of money.*

RESEARCH METHODOLOGY

Sample Selection

The sample for this study consisted of undergraduate business students enrolled in two universities on the West Coast of the U.S. (one large public AACSB-accredited, and one medium liberal arts non-AACSB accredited). Two significantly different universities were selected in order to increase the generalizability of the study's results. A survey was developed and administered to undergraduate students in a variety of classes. The survey took about 15 minutes to complete and anonymity was guaranteed. After disregarding surveys with missing responses, the final sample consisted of 474 students (333 in the large university and 141 in the other one). A comparison of the results on each scale was conducted to determine if there were significant differences between students in both universities. No statistically significant differences were found. Therefore, both samples were combined in the statistical analyses that followed.

Study Measures

Several scales were used to conduct this study. In order to measure general distrust of corporations, the questionnaire developed by Adams et al. (2010) was used. The authors developed a 13-item questionnaire that measured general distrust of corporations from different perspectives. The questionnaire operationalized distrust as including elements of morality, sincerity, accountability, and benevolence. Survey reliability was estimated at .95. The respondents recorded their agreement with each

question on a seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). Adams et al. (2010) conducted factor analysis on their survey and concluded that a one-factor model was most appropriate. However, in the current study, factor analysis was conducted and two factors emerged with eigenvalues greater than 1 as follows: Accountability (the respondent distrusts that corporate executives are accountable for their actions) and intention (the respondent distrusts the corporate executive's intention). A total score for corporate distrust is also calculated.

The Love of Money 15-point scale developed by Tang et al. (2003) was used. Respondents recorded their agreement with each statement regarding money on a seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). Higher scores indicate higher love of money. The scale yielded five factors: Budget (one's ability to manage money carefully), Evil (the love of money is the root of all evil), Equity (internal and individual equity), Success (money is a measure of success), and Motivator (money motivates people to work harder). The study also included demographic questions related to gender, age, class grade and major.

STUDY RESULTS

Table 1 presents the respondents' demographic characteristics. The sample was about evenly split between males and females, there were more younger students than older students and more junior and senior students than sophomores. In general, most students were accounting majors followed by general business and management majors. Few students were Economics majors.

Table 1 also presents means and standard deviations for all scales used in the study. The results indicated that business students had moderately high overall levels of distrust of corporations (mean 4.64/7.0). The students had higher distrust of corporate executives' intentions compared to their accountability. Therefore, H1 is partially supported in this study. An additional analysis revealed that 21.5% of the respondents strongly agreed that corporations should not be trusted during these difficult economic times. Regarding the love of money, business students strongly agreed that money was a motivator and moderately agreed that budgeting was important. Students had average agreement regarding money being evil.

Table 2 presents significant demographic differences regarding corporate distrust and love of money. A comparison of the means is conducted for each demographic factor such as gender, age, class grade and major for each of the variables used in the study. Only significant mean differences are presented in Table 2. The results indicated that male business students had higher distrust of executives' intentions and higher overall distrust of corporations compared to female students. In addition, older students had higher distrust of corporate executives' accountability and intention and overall corporate distrust compared to younger students. Senior business students had the highest distrust of executives' accountability and overall corporate distrust and sophomores had the least distrust. Regarding major differences and corporate distrust, Computer Information Systems and Marketing majors had the highest distrust of corporations and General Business majors had the least distrust of corporations.

TABLE 1
Sample Demographic Characteristics and Mean Results (N=474)

Gender		Age		Year in School		
Male	Female	≤ 25	> 25	Soph	Junior	Senior
250	224	339	135	107	217	150

Major	Number
Accounting	138
Management	77
Marketing	42
Economics	18
Information Systems	36
Finance	35
General Business	97
Non-Business	31

Means (SD)		
Distrust of Corporations		
Accountability	4.41	(1.39)
Intention	4.79	(1.25)
Total Distrust	4.64	(1.23)
Love of Money		
Budget	5.21	(1.28)
Evil	4.18	(1.37)
Equity	4.72	(1.08)
Success	4.58	(1.63)
Motivator	5.93	(1.01)

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highest distrust of executives' accountability and overall corporate distrust and sophomores had the least distrust. Regarding major differences and corporate distrust, Computer Information Systems and Marketing majors had the highest distrust of corporations and General Business majors had the least distrust of corporations.

Regarding the love of money, males had higher agreement that money as evil and a motivator compared to females. In addition, younger students slightly agreed that money was a measure of success compared to older students who believed more in the importance of budgeting, and Senior students slightly agreed that money was evil compared to Sophomores. Computer Information Systems majors agreed the most with money being evil and General Business students agreed the least with that concept. General Business, Nonbusiness and Economics majors agreed the most with money being a motivator compared to Management and Marketing majors.

TABLE 2
Significant Demographic Differences

Panel A: Gender

	Male	Female
Distrust of Corportations		
Accountability		
Intention	4.95***	4.60***
Total Distrust	4.77***	4.49***
Love of Money		
Budget		
Evil	4.24*	4.09*
Equity		
Success		
Motivator	5.98*	5.83*

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TABLE 2 (Cont'd)
Significant Demographic Differences

Panel B: Age

	≤ 25	> 25
Distrust of Corportations		
Accountability	4.21***	4.89***
Intention	4.59***	5.26***
Total Distrust	4.45***	5.12***
Love of Money		
Budget	5.15*	5.37*
Evil		
Equity		
Success	4.67*	4.34*
Motivator		

Panel C: Year in School

	Soph	Junior	Senior
Distrust of Corportations			
Accountability	4.20**	4.36**	4.67**
Intention			
Total Distrust	4.50*	4.61*	4.81*
Love of Money			
Budget			
Evil	3.90*	4.23*	4.30*
Equity			
Success			
Motivator			

TABLE 2 (Cont'd)
Significant Demographic Differences

Panel D: Major

	Acct.	Mgt.	Mktg.	Econ	IS	Fin	Gen Bus	Non-Bus
Distrust of Corportations								
Accountability	4.39	4.76	4.89	4.03	5.02	4.40	3.71	4.64***
Intention	4.81	5.08	5.05	4.40	5.28	5.05	4.15	4.92***
Total Distrust	4.65	4.96	4.99	4.26	5.18	4.80	3.98	4.81***
Love of Money								
Budget								
Evil	4.25	4.38	4.35	3.65	4.61	3.93	3.84	4.30**
Equity								
Success								
Motivator	5.97	5.90	5.83	6.13	5.66	5.67	6.18	6.14*

General Business, Nonbusiness and Economics majors agreed the most with money being a motivator compared to Management and Marketing majors.

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Table 3 presents the correlation results between corporate distrust and the love of money. Pearson Correlation Analysis was conducted between the love of money and corporate distrust along with the appropriate factors. The results generally support H2. Business students with a higher belief in the importance of careful money management (i.e. budgeting) had higher distrust of executives' intentions and higher overall distrust of corporations. Business students who believed that money was evil had significant distrust of executives' accountability and intentions and higher overall distrust of corporations. Those who believed that money could be used to provide equity had high distrust of executives' intentions and higher overall distrust of corporations. Finally, students who believed that money was a motivator had lower distrust of executives' accountability and intentions and lower overall corporate distrust.

TABLE 3
Correlation Between Corporate Distrust and Love of Money

	Accountability	Intention	Total Distrust
Budget	0.03	.09**	.07**
Evil	0.35***	.43***	.43***
Equity	0.05	.11***	.09**
Success	-.01	.01	.00
Motivator	-.09**	-.08**	-.08**

DISCUSSION AND FUTURE RESEARCH

This study investigated the extent of business students' distrust of corporations immediately after the Great Recession. Business students in general had high levels of distrust of corporate executives' accountability and intentions. These results are

troubling since most of these students represent soon-to-be corporate employees. The results also indicated moderate levels of love of money among business students. There was strong agreement that money can be used as a motivating force. These results are expected since business education necessarily focuses on corporations' profit motive. However, the study finds that students with higher levels of love of money, especially as an important motivating force, tend to have less distrust of corporations. It seems that those students agreed with the theory that the primary purpose of business is to maximize wealth. These results were confirmed in the opposite direction when students who believed that money was evil had higher distrust of corporations. An interesting future study can further investigate this relationship. For example, does this relationship hold under different ethical behavior scenarios? A study can present students with situations where corporate executives behaved unethically and investigate the effect of the love of money on distrust under these circumstances. Another avenue for future research is to investigate the relationship among current corporate employees, rather than students.

The study's results also indicate significant demographic differences among students as related to corporate distrust. Generally, males and older students held greater distrust of corporations compared to other groups. The results regarding age can be attributed to longer media exposure to inappropriate corporate behavior. In fact, today's traditional-age college students had no live exposure to the events of the Enron bankruptcy that occurred almost 15 years ago. It is also interesting to note that general business students, who did not receive extensive training in a specific business field, had the least distrust of corporations. These results can possibly be explained by noting that different business majors expose their students to extensive case studies detailing executives' wrongdoing but general business majors might not have been exposed to such cases.

The study has practical implications for instructors and employers. Business instructors should be aware that during recessionary conditions, business students' perceptions are generally different than during other times and these students are quick to generalize unethical behavior to all corporations, which might negatively affect their perception of a business career in general. Instructors should emphasize that not all corporations were guilty of fraud during this time and that most corporations were and still are the cornerstone of the U.S. Economy and they always strive to increase their ethics culture. Regarding future employers, there were understandably fewer job openings during the Great Recession. Therefore, employers should pay close attention to students' attitudes during this period. Employers should be aware that students viewed their companies generally in a more negative light and seemed to be much more concerned about money than during other times. Therefore, employers should consider these factors in selecting the right person for the job.

Even though the study surveyed business students in two universities with very different types of students, in order to maximize the generalization of the results, the generalizability of the results remains a limitation of the study. Both universities are located in the same large metropolitan area. Considering previous research by Adams

et al. (2010) that found that political orientation had a significant effect on corporate distrust, it is unclear whether these results can be generalized across the U.S. Students' political orientation as related to liberalism/conservatism can be the subject of an interesting future study of corporate distrust.

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