Good Rich, Bad Rich: Perceptions about the Extremely Wealthy and Their Sources of Wealth

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ABSTRACT

We compare and contrast Americans' perceptions of four sources of extreme wealth: Executive, Financial Trader, Entrepreneur and Heir, and find positive perceptions of the Entrepreneur's wealth and negative perceptions of the Heir and the Financial Trader. Respondents read biographies of each archetype, controlling for quantity of wealth and personal attributes, recording their impressions of the character and competence of the individual and the justification of that person's wealth. Findings are discussed in the context of socio-cultural norms affecting our perceptions of the extremely wealthy and the sources of their wealth.

1. Introduction

Because of its multifaceted properties as a medium of exchange, store of value, provision for deferred and future payment and metric for financial accounting, money has clear, objective and utilitarian qualities. But it also has the power to elicit strong, feelings and emotions (Belk & Wallendorf, 1990; Lindgren, 1991). Depending on our personal values and personal wealth, we may devote considerable time and energy thinking about possessing, spending, investing, saving, and bequeathing. Moreover, some in our society devote "abnormal" time and energy pondering these issues and develop psychopathologies related to them, ranging from total disdain to total obsession (Furnham & Okamura, 1999). Krueger (1986) discusses how money affects our perceptions and shapes our behavior, equating it to primal motivating forces of food and sex.

Given its central role in our lives, and its power to elicit strong, potentially pathological reactions, it is not surprising that the attitudinal, cognitive, and behavioral correlates of money have been a pursuit of social science inquiry. This inquiry has focused on money-related perceptions and behaviors in both our personal lives (Furnham, 1984; Poduska, 1992; Prince, 1993) and our organizational lives (Arguinis, Joo & Gottfredson, 2013; Mitchell & Mickel, 1999; Peterson & Luthans, 2006; Tang & Gilbert, 1995).

The purpose of this paper is to extend that inquiry. But rather than studying perceptions of money per se or its motivating properties, we explore perceptions about the *sources of extreme wealth*, the 1%ers in U.S. society, and corollary perceptions about those who acquired it. This exploration is based on a fundamental premise: There are many legal (and illegal) ways to pursue and acquire wealth, and because of the differences in those pursuits not all wealth is regarded as equal, even when the quantity is.

Recently, significant discussion and debate have occurred regarding the historical trends of wealth distribution and the justification and implications of wealth inequality (Piketty, 2014). One tailof inequality lies in those who possess extreme wealth. We are interested in Americans' views concerning the source of extreme wealth. This may be the key question in the implications of wealth inequality. Regarding the distinction concerning wealth from inheritance vs. wealth created via other means, Piketty (2014, p. 27) states that, "Inequality is not necessarily bad in itself: the key question is to decide whether it is justified, whether there are reasons for it." Our study asks whether the source of someone's extreme wealth is perceived as justified.

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Although we have empirical evidence of the public's perceptions of the wealthy (Prince, 1993) and causal attributions about how that wealth was acquired (Forgas, Morris, & Furnham, 1982), we do not have empirical evidence related to attitudes towards the sources of that wealth, i.e., the means by which that wealth was obtained. The present study provides that evidence by answering the following research question: *What are the evaluative impressions we infer about the extremely wealthy and their wealth based upon how that wealth was acquired?*

2. Sources of Wealth

The studies cited in the introduction may be reduced to two broad generalizations. First, because of individual differences, wealth means different things to different people. Secondly, money specifically and wealth generally elicit affective, cognitive and behavioral effects. Unfortunately those same studies fail to yield comparable generalizations related to perceptions ofthe *sources of* wealth. However, generalizations may be derived from historical works and suggestive empirical research.

2.1 Historical Evidence

The stories, themes, and myths that define and shape our cultural values speak to how we view the wealthy and their wealth. For example, Horatio Alger authored a series of "rags to riches" stories in the late 1800s dramatizing the thesis that contrary to some societies where wealth and status are conferred solely through caste or progenitor dictates, the American society is more egalitarian and exalts self-made wealth. Alger's protagonists were not born to wealth; they acquired it through initiative, hard work, thrift, honesty and persistence.

Murray (2012) references the cultural impact of McGuffey's Readers, a series of books used by approximately 80% of school children in the 1800s, in his discussion of contemporary attitudes towards capitalism: "McGuffey's Readers, the books on which generations of American children were raised, have plenty of stories treating initiative, hard work and entrepreneurialism as virtues…" Juxtaposing the Horatio Alger-McGuffey Readers themes with Josephson's (1934) antithetical "robber baron" theme suggests that regardless of its absolute dollar value, wealth based on initiative, creativity, honesty, and persistence is likely to be viewed more favorably than wealth acquired through greed, manipulation, and avarice. Cascio and Cappelli (2009) reinforce this conclusion by highlighting the ethical problems of rewarding financial traders, when the effects of those trades create significant emotional and economic pain for large segments of society.

2.2 Empirical Evidence

Hofstede's (1980, 2001) seminal research on value differences across cultures provides both a conceptual and empirical link with the anecdotal evidence above. Although specifically focused on cross-cultural managerial values, his conclusions may be extrapolated to the values a culture places on achievement, possessions and personal initiative. According to Hofstede(1980), and consistent with the Alger-McGuffey themes, America represents a value system elevating quality of life and individualism, resulting in personal achievement, personal initiative and material gain. Furnham, Kirkcaldy and Lynn (1994) provide empirical data supporting this conclusion while focusing specifically on the working young and perceptions of competitiveness.

Forgas, Morris and Furnham (1982) find that acquisition of wealth is attributed to four causal factors: External/Social, Internal/Individual, Family background and Luck/Risk; an Internal/Individual attribution reflects initiative, dedication and perseverance. Similarly, Christopher and Schenkler (2005) find that the Protestant Work Ethic is linked to internal attributions for success and responsibility.

Given our research question, we are interested in attributions about the extremely rich (the "1%ers"). More specifically, what do we know about their *sources* of extreme wealth and how do we as a society feel about those sources? One answer to the first part of this question is provided in the annual *Forbes* list of richest Americans. First published in 1982, the list rank-orders personal net worth (total assets minus total liabilities), defining the 400 wealthiest individuals in the U.S. Miller (1997) analyzed the 1997 *Forbes* list toassess the relative percentage of wealth resulting from inheritance and/or subsequent investment vs. wealth derived from "boots trapping" and personal initiative. He found that 42% were born to extreme wealth which was later leveraged for even greater wealth and 6% inherited over $50 million that was later leveraged. Those that fit the rags-to-riches Horatio Alger scenario comprised 31% of the list. Kaplan and Rauh (2013) analyzed the *Forbes* list, tracking changes in sources of wealth over a thirty year period, 1982 to 2012. They found that the percentage of the *Forbes* 400 attaining their wealth through inheritance decreased over that span from 60% to 32%. Conversely, the percentage achieving their wealth on their own increased from 40% to 69%.

Lafrance and Larochelle-Côté (2012) analyze U.S. Census and Internal Revenue Service data to produce a life-cycle perspective of wealth acquisition by analyzing cohorts across time.

However, the aforementioned data speak to categorization and allocation of sources of wealth, not our perceptions about such categorizations or allocations. Moreover, government data fail to address the "how" of that wealth; i.e., the process by which the financial assets were acquired in the first place. Undoubtedly some of the assets reported in the government data were inherited. Thus, we have anecdotal data reflecting cultural norms and stereotypes related to sources of wealth and those who acquired it. We also have suggestive empirical data supporting those normative beliefs. We even have data indicating that perceptions of personal wealth are a function of varying levels of assets vs. debts (Sussman & Shafir, 2012). But we do not know how the *sources* of wealth and those who acquired it are viewed by others. Stevens' (2013) analysis of 1990-2010 Gallup surveys of perceptions of ethical professions highlights the decline in Americans' perceptions of business executives, and thus speaks to the issue of the public's views of sources of income. But these data tell us about perceptions of the generic title "business executive" rather than about perceptions of those executives who achieved significant wealth because of their endeavors.

In summary, previous research reflects the underlying premise of our study and the resulting generalization regarding perceptions of sources of extreme wealth: Regardless of the absolute dollar value, not all wealth is regarded as equal. Different paths towards wealth acquisition reflect differences in "morality and virtuousness" (Kornhauser, 1994, p. 119). The studies also underscore the lack of empirical data related to our perceptions of the different paths.

3. Hypotheses

We analyzed the 2012 *Forbes* list of the richest 400 Americans, and as discussed in our Method section below, operationalized four distinct routes for acquiring extreme wealth: by inheritance, by becoming a CEO of a major corporation, by active involvement in the financial industry or by starting a business. These routes are the theoretical basis for four archetypes of the top 1% of the wealthiest Americans. They also mirror thefour "routes to wealth" described by Furnham and Argyle (1998, pp. 257-260): heirs, entrepreneurs, and those who attain "commercial fortunes" either by being financiers or by being owners or managers of large companies. Three of these four archetypes are further classified in the present study as earned wealth: executive ascendance, financial trading, and entrepreneur; one, inheritance, is defined as unearned wealth.

Executive -- Wealth is earned wealth created through managerial/executive ascendance; i.e., rising to the top of an organization through managerial/executive competence with corresponding financial rewards. This executive ascendance could be based on promotion within a single organization (e.g., Jack Welch), or ascendance and hiring into the top position (e.g., Marissa Ann Mayer).

Financial Trader --Wealth is earned wealth created through financial investments or trading; e.g., John Paulson.

Entrepreneur-- Wealth is earned wealth created through entrepreneurship and innovation; e.g., Paul Allen.

Heir --Wealth is unearned wealth acquired through inheritance; e.g., Linda Pritzker.

Drawing from the earned vs. unearned distinction, we test four hypotheses. The first two hypotheses move beyond exploring causal attributions of wealth and focus on the public's perceived justification of the wealth. Because "Americans imbue earned income with an aura of morality and virtuousness that unearned income, particularly inherited income does not have" (Kornhauser, 1994, p. 119), we hypothesize that:
H1: Extreme wealth derived from earned income is viewed as more justified than comparable wealth derived from unearned/inherited income.

Murray's (2012) interpretation of the stigma associated with wealth created through financial trading is the foundation for our second hypothesis:

"It has always been easy for Americans to applaud people who get rich by creating products and services that people want to buy. …When great wealth is generated instead by making smart buy and sell decisions in the markets, it smacks of inside knowledge, arcane financial instruments, opportunities that aren't accessible to ordinary people, and hocus-pocus. …It looks to a large proportion of the public as if we've got some fabulously wealthy people who haven't done anything to deserve their wealth."
H2: Within the earned income category, extreme wealth derived from financial trading is perceived as less justified than comparable wealth derived from entrepreneurial innovation or executive/managerial achievement.

The next two hypotheses focus not on justification of the source of wealth, but on perceptions of the archetypes themselves.
H3: Extremely wealthy individuals who acquired their wealth through earned income are perceived more favorably than individuals who inherited comparable wealth.

H4: Within the earned income category, individuals who obtained their extreme wealth through financial trading are perceived less favorably than those who obtained their comparable wealth through entrepreneurship or executive/managerial achievement.

4. Method

Discussion of methods is presented in five sections: (1) Validation of a Sources of Wealth Typology, (2) Construction and Manipulation Check of the Proposed Four Wealth Biographies ("Bios"), (3) Structure of the Web-Based Questionnaire, (4) Dependent Measures and (5) Sample Selection.

4.1 Validation of the Four Sources of Wealth Typology

The 2012 *Forbes* list of the 400 richest Americans was content analyzed to assess the construct validity of the Furnham and Argyle (1998) typology. The list provides both the name and a short bio for each individual. Because of the $1billion floor, the list provides an empiricaldomain for "extreme wealth" while excluding the possibility that one could be defined as "wealthy" by virtue of winning a lottery.

A sample of 100 names was selected from the list of 400. Moving sequentially down the list from rank number one (i.e., the wealthiest), the bio of every fourth name was assessed relative to the four wealth categories. This sampling procedure assumed random representation of sources of wealth, industry, family affiliation, demographics and total dollar value of that wealth. If a bio was incomplete or ambiguous, an internet search was conducted for additional biographical data.

Names were not assigned in multiple categories. If an individual worked in the family business that generated the wealth, he/she was assigned to the inheritance category rather than the executive category. This decision rule was based on the dual rationale that (a) the executive category should control for the potential confounding effects of nepotism (Rosenblatt, de Mik, Anderson, & Johnson, 1985; Schulze, Lubatkin, Dino, & Buchholtz, 2001), and (b) an heir working in the family business may be adding to his/her personal wealth, but the *source* of the wealth is, de facto, an inheritance.

Similarly, if an individual was currently a full time investor or trader, or currently launching a new venture, but used a personal inheritance as the financial source for that trading or new venture, he/she was assigned to the inheritance category. The analysis excluded wealth obtained through extraordinary sports achievement and associated endorsements (e.g., Tiger Woods), and wealth obtained as an entertainer (e.g., Oprah Winfrey). These decision rules resulted in assigning the sample of 100 to one of the four categories, without the need to create additional categories. The content analysis, based on these decision rules, answered a single question: Is there a source of wealth listed in the *Forbes* ranking that is not accounted for in the four archetypes? The following results confirm the validity of the four archetype typology:

- Executive Ascendance: 7%
- Financial Trading: 20%
- Entrepreneur: 39%

- Inheritance: 34%

This content analysis was designed simply to assess construct validity of the taxonomy. Nevertheless the distribution of percentages appears to support intuitive assumptions that wealth created by executive ascendance is less common than the other three sources of wealth. Moreover, the Kaplan and Rauh (2013) longitudinal data suggests confirmation for the 34% falling in the inheritance category.

4.2 Construction and Manipulation Check of the Four Bios

Working independently, we drafted short, fictional bios describing each of the four sources of wealth, ending with a quote from that person highlighting the source of his wealth.

To ensure that each of the four bios reflected one and only one of the four sources of wealth, and to ensure that possible extraneous cues were controlled, a panel of three independent reviewers vetted the bios. The reviewers, published authors who were experienced in both quantitative and qualitative research, concurred that each of the four bios incorporated one of the four variants of sources of wealth exclusively. The panel also suggested minor revisions for controlling extraneous cues. Their suggestions were merged into the following four bios:

Executive:

This executive started working for a large company in product design upon graduation from college. He progressed into increasingly responsible positions, eventually being chosen as a senior vice president, and then CEO (Chief Executive Officer). He accumulated his wealth through salary, performance bonuses and stock options in the company. In his own words, "The basis of my wealth is upward advancement and achievements as a manager and executive with corresponding stock ownership."

Financial Trader:

This financial trader went to work for a large investment bank in New York. He started by analyzing corporations for their investment potential. In a few years, the bank moved him into applying those skills toward helping both new and established companies needing capital to select the best financial instrument(s) to use, sometimes recommending debt, sometimes stock, and sometimes various combinations. This activity enabled him to develop many contacts among both companies and investors. In his own words, "I acquired my wealth by formulating new, complex financial instruments for raising capital and becoming a profit-sharing partner in the bank."

Entrepreneur:

After graduating from college this entrepreneur was hired in the sales department of a major electronics retailer. At night he wrote software applications as both a hobby and in hopes of developing a business. One of his software programs detected relationships among factors in large data sets. This application was soon licensed by major companies in the healthcare, logistics, and entertainment industries. He built a company around this software program and related products. In his words, "I made my wealth through entrepreneurial efforts."

The bio for the fourth archetype, the heir, was created to describe an individual who (a) was still devoting full time effort to a worthwhile pursuit, thus presentingan individual who is wealthy but not idle, and (b) was not working in the family business, thus controlling for nepotism effects or potentially introducing confounding effects with the Executive archetype.

Heir:

This heir inherited his fortune through a trust fund established by his grandfather, who founded and eventually sold an international chain of retail appliance stores. The heir began his career working in those retail stores but left to devote his time and energy serving on the executive committee of the family foundation. In his own words, "I acquired my wealth through a family trust."

4.3 Structure of the Questionnaire

Data were collected in response to an internet-based questionnaire, organized in five sections: (1) Introduction, (2) Presentation of the four bios, (3) Measures of respondents' perceptions of each of those four sources of wealth and the person who obtained it, and (4) Demographic data of respondents.

In the Introduction, respondents were told that "The purpose of this questionnaire is to assess your impressions of people based on short biographical sketches. You will be presented with descriptions of four different people. Based on those descriptions you will be asked to judge various aspects of their character."

The four bios were introduced with the following instructions: *Each of the individuals below has common characteristics and unique characteristics. These are their **common** characteristics:*

- *All are males in their fifties*
- *All are married with children*
- *All are college graduates*
- *All are "middle of the road" on social and political issues*
- *All serve onfor profit and not-for-profit boards*
- *All are extremely wealthy, with net worth (Total assets minus total liabilities) that places them among the top 1% of wealthy individuals in the U.S.*

The common characteristics were designed to provide background information about the four archetypes while simultaneously controlling for extraneous cues. Thus the four bios varied in terms of how their wealth was acquired, but were similar in terms of their total net worth, and common, salient demographic and psychographic characteristics. In addition, all four were described as serving on for-profit and not-for-profit boards to validate the visibility, power, and prestige conferred by their wealth (Withers, Hillman, & Cannella, 2012).

Rather than provide a specific dollar value of their comparable net worth, "extremely wealthy" and "top 1% of wealthy individuals in the U.S." were chosen as proxies for that wealth. This decision was based on the dual rationale that (1) the top 1% indicates a cohort of wealthy individuals at the extreme end of the wealth continuum without specifying a dollar amount[5], and (2) prior research suggests that perceptions of specific dollar value of wealth are subjective, affected by mental biases and "mental accounting" (Thaler, 1999). The perceptions are in the "eye of the beholder" (Forgas, Morris, & Furnham, 1982, p.393). Thus, "extreme wealth" was defined without specifying a dollar figure that might be a confounding cue.

4.4 Dependent Measures

Three dependent measures were used in this study: two measures of "favorability" of the wealthy individual and one measure of "justification" of the source of wealth. Perceptions of "favorability" were assessed with scales designed to measure "source credibility." Although typically used in studies of persuasion and interpersonal influence (Pornpitakpan, 2004), the credibility construct has both theoretical and methodological relevance to the present study. Theoretically, credibility is a direct measure of ethos, a concept first introduced in Aristotle's *Rhetoric* (Aristotle, Cooper trans, 1932), connoting a speaker's character, goodwill and intelligence. Thus, by assessing the credibility construct, "favorability" is defined as more thanjust a global, affective orientation towards the wealthy individual. It assesses dimensions of the individual's ethos, a measure of the degree to which the target individual is worthy of respect.

Two dimensions of the credibility construct were measured: character and competence. These dimensions were based on McCroskey and Young's (1981) theoretical critique and factor analytic study and Pornpitakpan's (2004) review of the source credibility literature. The former analysis led tosix adjective pairs for each of the two dimensions, with primary factor loadings ranging from .57 to .76 for the character dimension, and .68 to .81 for the competence dimension. The six bipolar adjectives for each dimension are as follows:

Character:

Sinful-virtuous
Trust worthy-untrust worthy
High character-low character
Sympathetic-unsympathetic
Unselfish-selfish

[5]Based on the Federal Reserve's "2007 Survey of Consumer Finances," Gebeloff and Dewan (2012) report that the 1% threshold for net worth was nearly $8.4 million. Wolff (2010) estimated that in 2007, the minimum wealth level to be placed in the top 1% was $8.2 million; the average wealth of the top 1% was $18.5 million. Wolff (2012) subsequently updated his analysis, and estimated that in 2012, it took only $6.6 million to be in the top 1%. However, data from the Federal Reserve (seehttp://federalreserve.gov/Releases/Z1/Current/z1r-5.pdf) suggest that by the first quarter of 2013, the average nominal net worth per U.S. household had returned to its 2007 (pre-financial-crisis) level. Hence, it is likely that at the time our survey was conducted, in June 2013, it would have required about $8.5 million to be a 1%er in the U.S.

Honest-dishonest

Competence:

Intelligent-unintelligent
Trained-untrained
Expert-non expert
Stupid-bright
Uninformed-informed
Competent-incompetent

Each set of adjectives in the two factors was measured with a seven-point semantic differential scale. Scales for measuring attitudes towards money have been developed and validated (Tang, 1995; Yamauchi & Templer, 1982). However, our hypotheses focus not on perceptions of wealth per se, but rather how that wealth was acquired, i.e., sources of wealth. We thus posit a "Wealth justification" construct. This constructwas measured with a set of four, seven-point semantic differential scales specifically selected for this study:

Justified-unjustified
Reasonable-unreasonable
Fair-unfair
Good-bad

Subjects read the bios, assessed the individuals along the character competence dimensions and evaluated each individual's source of wealth. Thus, the bio and dependent measures were presented as a set for each of the four archetypes. Order effects were controlled by randomly sequencing the four archetypes across the sample. Response bias effects were controlled within each of three sets of semantic differential scales by randomizing adjective polarity.

The final question in the bio/wealth section of the questionnaire asked subjects to rank order the four bios:

Now that you have read and assessed the four biographies and the sources of their wealth, please rank order all four in terms of your personal like/dislike. In other words, please make a comparative, not an absolute judgment. Assign "1" to the individual you like the most and "4" to the individual you like the least.

4.5 Sample

Subjects were recruited through MTurk. Sample size was set at 800, and included the following filters:

- All respondents would be drawn from a U.S. population.
- All subjects would be at least 18 years old.
- All subjects would be reliable respondents as evidenced by previousemployer/researchers rejecting their efforts less than 10% of the time.
- All subjects would correctly answer a vigilant/diligent question: "How many wordsare in the following sentence: 'Some people are extremely wealthy.'"
- All subjects would complete the entire questionnaire.

Given that MTurk provides a labor market of paid subjects, concernsabout external validity have been raised. Berinsky, Huber and Lenz (2012) addressed these concerns in a comparative analysis of convenience samples. Although their study speaks to political science research specifically, their conclusion is applicable to the present study: "Put simply, despite possible self-selection concerns, the MTurk subject pool is no worse than convenience samples used by other researchers in political science" (p.366).

5. Results

Of the 800 respondents, 24 were deleted because of sample selection criteria: incorrectly answering the vigilant/diligent question and/or completing the questionnaire in less than four minutes.[6]
Table 1 summarizes the demographics of the final sample of 776 respondents.

[6]This decision rule was based on the ability of one of the authors toquickly and randomly select answers, completing the survey in 3 minutes and 45 seconds.

Table 1: Demographic Profile of Final Sample

	n	%
Gender		
Male	439	56.57
Female	335	43.17
Prefer not to answer	2	0.26
Highest Level of Education Completed		
Never completed high school	6	0.77
High school diploma	242	31.19
Associate's degree or certification	141	18.17
Bachelor's degree	311	40.08
Master's degree	64	8.25
Doctorate	12	1.55
Race		
American Indian or Alaska Native	7	0.90
Asian	67	8.63
Black or African American	35	4.51
Hispanic	40	5.15
White	616	79.38
Prefer not to answer	11	1.42
Occupation		
Full-time or part-time student	159	20.49
Professional (MD, JD, DDS, etc.)	20	2.58
Full-time blue collar worker	90	11.60
Full-time white collar worker	218	28.09
Business owner	32	4.12
Part-time employment	104	13.40
Unemployed	101	13.02
Retired	18	2.32
Other	34	4.38
Current Net Worth		
Zero or negative	145	18.69
$1 to $25,000	340	43.81
$25,001 to $100,000	224	28.87
$100,001 to $1 million	62	7.99
Above $1 million	5	0.64
Age		
18-21	90	11.60
22-25	202	26.03
26-30	172	22.16
31-40	173	22.29
45-50	72	9.28
51-60	50	6.44
61 or over	17	2.19

The demographic profile of the sample is weighted slightly towards males and is largely white. Half possess a bachelor's degree or higher. Twenty-eight percent are full-time white collar workers while another 20% are students. The sample is also weighted towards a younger cohort: 70% are in the 22-40 age group. Also noteworthy is the inclusion of 5 millionaires.

5.1 Reliability of the Dependent Measures

Summing across the scales provided a single score for each of the three measures. Scores for Competence and Character ranged from 6 to 42; scores for Justification for Wealth ranged from 4 to 28.

Justification for summing across scales was based on computing Cronbach's Alpha coefficients for each of three measures. To ensure that the coefficients were not archetype dependent, these reliability estimates were computed for each measure in each of the four archetypes. The results of this analysis are presented in Table 2.

Table 2: Reliability of Dependent Measures Across the Four Archetypes

Archetype	Measure	Cronbach's Alpha
Earned Wealth		
Executive		
	Competence	0.895
	Character	0.886
	Justification of Wealth	0.939
Financial Trader		
	Competence	0.931
	Character	0.927
	Justification of Wealth	0.956
Entrepreneur		
	Competence	0.892
	Character	0.886
	Justification of Wealth	0.930
Unearned Wealth		
Heir		
	Competence	0.926
	Character	0.910
	Justification of Wealth	0.918

The high Alpha values indicate strong internal consistency and negligible archetype dependence. Thus, each of the three sets of semantic differential scales appears to be measuring a uni-dimensional latent construct, and thereby justifying the summed scores.

5.2 Tests of Hypotheses

Means and standard deviations for each of the dependent measures were computed across each of the four archetypes. The results of this analysis are presented in Table 3.

Table 3: Character, Competence, and Justification of Wealth Scores Across the Four Sources of Wealth Archetypes

	Competence		Character		Justification of Wealth	
Archetype	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**
Earned Wealth						
Executive	36.736	4.905	28.469	5.629	23.421	4.599
Financial Trader	37.039	5.212	25.524	7.008	19.863	6.048
Entrepreneur	38.195	4.354	31.535	5.647	25.331	3.796
Unearned Wealth						
Heir	23.698	6.626	24.724	5.872	16.527	5.875

Table 3 provides empirical support for our four hypotheses. Within the earned wealth category, the Entrepreneur is viewed as most favorable in terms of competence and character, and his wealth is viewed as more justified than his peers. Moreover, the Trader is viewed as having the lowest character and his wealth was viewed as least justified. The Heir, representing unearned wealth, was viewed as having the lowest competence and character relative to the other three archetypes and was viewed as having the least justifiable wealth. Means for the Executive fall between the Entrepreneur and the Trader for two of the three dependent measures. The exception is for the competence score: the Financial Trader is viewed as slightly more competent than the Executive.

The Entrepreneur, who had the highest competence, character and justification scores, also had the lowest standard deviations for two of the three measures, suggesting a high degree of consensus in our sample. Within the earned wealth category, competence scores are clustered within a relatively narrow range (36.7-38.2), a clustering not present in the character or wealth justification scores. Finally, we note that all three of the earned-wealth archetypes have higher competence scores than character scores.

To test for statistical differences in the three dependent measures across the four archetypes and thus test our hypotheses, a series of repeated measures ANOVAs were computed.[7] The Wilks' Lambda test, computed for a within-subjects design, was statistically significant for all three dependent measures: competence ($F(3,773) = 999.517$, $p < .001$), character ($F(3,773) = 301.395$, $p < .001$) and justification of wealth ($F(3,773) = 576.857$, $p < .001$). Because of the significant F values for each of the dependent measures, post hoc t-tests were computed to test the differences between and among those measures across the four archetypes. Table 4 provides the results of that analysis.The entry in each cell represents the difference between the row archetype mean minus the column archetype mean for that specific measure. All mean differences are significant at $p<.001$ unless otherwise noted.

Table 4: Results of Post Hoc Paired Comparisons of Means of Dependent Measures Across the Four Archetypes

	Financial Trader	Entrepreneur	Heir
Competence			
Executive	-0.303[a]	-1.459	13.037
Financial Trader		-1.156	13.340
Entrepreneur			14.496
Character			
Executive	2.945	-3.066	3.745
Financial Trader		-6.010	0.800[a]
Entrepreneur			6.811
Justification of Wealth			
Executive	3.558	-1.910	6.894
Financial Trader		-5.468	3.336
Entrepreneur			8.804

[a]Significance at $p < 0.05$
All other paired comparisons are significant at $p < 0.001$

Three major conclusions emerge from this Table. First, all paired comparisons are statistically significant. Second, the mean differences are in the hypothesized direction. Third, perhaps the only counter-intuitive finding was a higher competence score for the Financial Trader than the Executive.

A final test of our hypotheses is provided in responses to the rank order question, a question requiring respondents to rank order the four archetypes in terms of their overall "likability," thus a comparative rather than absolute judgment Table 5 presents the results of that rank order.

Table 5: Respondents' Rankings of Likability Across the Four Sources of Wealth Archetypes

	Most Likable		Least Likable	
Archetype	**n**	**%**	**n**	**%**
Earned Wealth				
Executive	86	11.08	34	4.38
Financial Trader	25	3.22	173	22.29
Entrepreneur	623	80.29	38	4.90
Unearned Wealth				
Heir	42	5.41	531	68.43

Most Likable=Rank 1; Least Likable=Rank 4

The data in Table 5 summarize subjects' overall comparative perceptions of the four archetypes and thus extend and reinforce the results reported in Tables 3 and 4. Four-fifths of the respondents ranked the Entrepreneur as most likable, and slightly less than 5% ranked him as least likable. Among the remaining three, the fewest respondents found the Trader most likable. At the other end of the likability rankings,

[7]One of the more stringent and infrequently satisfied assumptions for using ANOVA is that of compound symmetry in the inter-item covariance matrix. Mauchly's Test of Sphericity was run because sphericity may not be assumed. Thus we used the common resolution of adjusting the diagnostics with the Greenhouse-Geisser factor. We found equivalent significance ($p < 0.001$) both before and after applying the factor for all three dependent measures.

results are somewhat analogous. Over two-thirds of the respondents found the Heir the least likable; the Trader is the second least likable.

6. Discussion

This research was conducted to answer a single overarching question: What are the evaluative impressions Americans infer about the extremely wealthy and their wealth based upon how that wealth was acquired? The survey of 776 respondents represents a range of demographic characteristics. We conclude that while our research supports the positive view of entrepreneurs, perhaps created by a Horatio Alger effect, it also supports the "relative disdain" for those who inherit their wealth or obtain it from financial trading.In short, we empirically validate the proposition that not all wealth is regarded equal, regardless of the financial equivalence. Moreover, the tests of our hypotheses illuminate distinctions between and among the four most common archetypes of extreme wealth.

6.1 Character, Competence, and Wealth

One set of hypotheses examined perceptions of the relative favorability of the 1%ers. Analyses of three dependent variables measuring favorability, character, competence and justification for the 1%ers' wealth, yielded statistically significant differences between and among perceptions of the archetypes. These differences are noteworthy given the controls and experimental manipulation of the bios. All four 1%ers were described with identical biographical cues, varying only in terms of their sources of wealth.The implications of our findings will be discussed in the following order: Entrepreneur, Financial Trader, Executive, and Heir.

The Entrepreneur

Among the three archetypes in the earned income category, the Entrepreneur received the highest character and competence scores. One interpretation for these findings may be based on the perception of the 1%ers' personal stakes in their endeavors. Although the Executive and the Financial Trader are arguably motivated and committed to their respective vocations, the Entrepreneur may manifest a higher order commitment. He alone may have mortgaged his house and invested significant "sweat equity" into launching the business that provides his income (Shane, Locke,& Collins, 2003); the Executive and the Trader have not.

Clearly, Financial Traders and Executives face risks. They may be fired for poor performance, downsized because of external forces, and may work for a company that declares bankruptcy. However, because of many iconic stories, the public is also aware of the motivation and commitment required to confront and overcome the unique risk of losing a personally-founded business so as to achieve a tremendous success story.

The Entrepreneur's higher character score is also reflected in perceptions of the justification of the 1%ers' wealth. Though his wealth was comparable to his peers in the earned income category, itwas viewed as more justified. Moreover, the mean wealth justification score for the Entrepreneur was 6 points higher than the mean score for the Financial Trader. The public may thus view an Entrepreneur's wealth as justified not only because he is smart (competence) but also because he is good (character).

The above interpretations are based on an analysis of competency and character scores across the four bios. The results of the comparative rankings confirm the absolute assessments andare themselves striking: 80% of the subjects assigned the highest ranking to the Entrepreneur; only 4.9% ranked him as number 4.

The Financial Trader

The Financial Trader's wealth was viewed as the least justified in the earned income category, and he received the lowest character scores. These two findings support the anecdotal observations by Murray (2012) and Kornhauser (1994) regarding the questionable virtue of income derived from financial trading. Rank order data provide further empirical support of the public's perceptions of the wealthy trader. Only 3% of the sample ranked him as number 1 in likability, just slightly higher than the ranking for the Heir, while 22% ranked him as number 4.

The Financial Trader's perceived competence, however, suggests subtle distinctions in the earned income category. Although clearly the least admirable among his earned wealth peers, he is not the least competent.

In fact, his competence score is slightly higher than the Executive's score. One interpretation for this finding is that the public may view the skills required for successful financial trading comparable to the skills required for running a business, while attributing marginal importance to the profit motive of the business. A related interpretation is that the public may attribute a higher degree of expertise and knowledge to a Financial Trader than to a CEO. If so, this attribution may be based on the assumption that a Financial Trader is a specialist with esoteric knowledge, and a CEO is a generalist.

One implication emerging from the Financial Trader's profile was dramatically displayed in the 2012 Republican presidential primaries in the U.S. Mitt Romney framed his experience at Bain Capital as "job creation," and his considerable wealth as the just, market-derived rewards for those efforts. His Republican opponents, however, framed him as an out-of-touch multi-millionaire who made a fortune through complex, arcane financial investments and job eliminations. In the latter frame, the financial rewards Romney earned were not just. Although post-election pundits focused on a variety of factors converging to produce Obama's subsequent victory, disparaging Romney's source of wealth was one of those forces (Adams, 2012). The implication is clear: an individual who acquires significant wealth through financial trading and decides to enter the public arena and/or pursue public office may invite negative attacks from the opposition, exploiting the public's perception of the justification for that wealth.

The Executive

The primary interpretation emerging from our analysis of the 1%er Executive is that his character and competence are closer in profile to the Financial Trader than to the Entrepreneur.Perception of the justification for his wealth falls between the Entrepreneur and the Trader, but is closer to the former than the latter. Rank order data support the similarity between the Executive and the Entrepreneur. While the Entrepreneur clearly ranks the highest, the Executive received the second largest number of number 1 rankings. Moreover, both the Executive and the Entrepreneur received the fewest number 4 rankings: 4.4% and 4.9% respectively.

The Heir: Unearned Income

Our study reinforces common stereotypes of the wealthy Heir whose wealth was viewed as least justified relative to the other three archetypes. Moreover, his character and competence scores were the lowest among the four archetypes. The rank order data support this interpretation. The heir received only 5% of number 1 rankings, only slightly more than the 3% number 1 rankings for the Financial Trader, but 68% of the number 4 rankings. Thus, just as the virtuousness of the Entrepreneur may be entrenched in the American psyche, so too may the pejorative stereotypes of winning the birth lottery be entrenched. One of the consequences of this possibly entrenched cultural stereotype is the self- and externally-imposed need for heirs to prove their worth and mettle in the workplace.

6.2 Competence vs. Character

The preceding discussion highlighted between-archetype comparisons. Focusing on within archetype comparisons, however, suggests another intriguing finding. Regardless of the source of wealth, competence scores of the earned wealth 1%ers were higher than their character scores. Ostensibly, this finding suggests that the public draws a distinction between how smart (competent) a 1%er may be and how virtuous (character) he may be. Perhaps the general public has reservations about how "good" a 1%er may be regardless of how that wealth was earned.

Future research should probe the competence vs. character distinction both across and within the four archetypes. The relative distribution of archetypes has changed over the last 30 years and is likely to change in the future (Kaplan & Rauh, 2013). If trends continue, we will witness more 1%ers who are Entrepreneurs and Financial Traders. Moreover, some will apply their skill set in the public arena, as was the case with Mitt Romney. Exploring the public's perception of their source of wealth could have significant implications for future public policy debates and/or elections.

7. Conclusion

We will always be concerned with wealth, regardless of our personal wealth. For the 1%ers, however, wealth will provideboth considerable benefits and impose significant costs. One of those costs will be the impression the public has towards those who acquired extreme wealth and the means by which it was acquired. The present study probed these perceptions and in so doing elucidates our assumptions, stereotypes and attributions of the Executive, Entrepreneur, Financial Trader and Heir.

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