

DOCTORAL PROGRAM (Ph Degree)

ENTREPRENEURSHIP & MANAGERIAL DEVELOPMENT
ETHICAL ASPECTS

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OVERVIEW

Entrepreneurship is primordial, foremost, basically, the development of a business. This refers to the starting of a new business or continuation of an existing business, assuming all risk involved, not only to succeed, but to thrive, while contributing to the country.

Success however, sometimes takes more than hard work, time and money. Some individuals either omit or incur in actions that, superficially speaking, resolves the short-term circumstances in order to achieve desired goals and objectives. They would not consider the long-term effect on society, on the organization itself or even in themselves.

Only when legal action is presented against the organization or business, or when negative or harmful publicity appears, they may take corrective action.

Today, many organizations, especially educational institutions, have included some ethics and social responsibilities courses as a requirement to their programs. In fact there are complete programs on such area in some institutions, as many world enterprises are soliciting it.

Unfortunately, still today, many people constantly worry to comply with the law, regardless of ethics and regardless of social responsibility. These might be employers or employees, may be businesses owners, but should not be considered entrepreneurs.

THE ENTREPRENEUR (SHIP) CONCEPT

In the world of businesses, many people could be found. Most commonly, employers and employees who work for the employers. Simultaneously, these employers could be employees of big (large) or small-medium organizations, whom play a managerial or administrative role. There could also be found individuals who play their roles as businesses owners, usually self employees, and those individuals called entrepreneurs.

Business owners are people who decide to work for themselves creating, administering and selling any kind of goods, whether it is a tangible (product) or intangible (service) for a price. These business owners invest their money (own or lend) in a business, assuming all risks involved with the operation, with the purpose of obtaining a gain.

Entrepreneurs are similar to business owner, initially. The word entrepreneur derives from the Old French word “entreprendre” which means to undertake - one who organizes, manages, and assumes the risks of a business or enterprise (Merriam-Webster, 2005).

In the early 16th century, the Frenchmen who organized and lead military expeditions were referred as entrepreneur. In the early 18th century, French economist Richard Cantillo used the term entrepreneur to business. Since that time the word entrepreneur means one who takes the risk of starting a new organization or introducing a new idea, product or service to society. An entrepreneur is an economic agent who plays a vital role in the economic development of a country. (Anil, 2003). Many other individuals and /or authors, such as Adam Smith, J.S. Mill Shumpeter, Knight and Casson have spoken of similar terms, adding their own ideas. This could mean that, while business owners are interested primordially in their own benefit; entrepreneurs go further to show an interest in the society (i.e., country, nation, etc...). Entrepreneurs, then, have entrepreneurships instead of businesses.

The entrepreneur develops special characteristics which will permit the success of the business. For example he must always be alert, always monitoring the environment, always flexible, ready to change his strategy quickly; he must be results-oriented and both a visual and a concrete thinker, clearly seeing a tangible goal even if there are no words to describe it. At the same time he is going to be independent and bored by mundane tasks, and to enjoy new ideas and excitement, willing and able to take risks and face danger (Harell, 1994).

Entrepreneurship can be defined as the process of using private initiative to transform a business concept into a new venture or to grow and diversify an existing venture or enterprise with high growth potential. Entrepreneurs identify an innovation to seize an opportunity, mobilize money and management skills, and take calculated risks to open markets for new products, processes and services (UNDP, 1999). Yet, there are many other definitions with little variation, if any. Basically, the entrepreneur has a commitment with society. Probably at this point, there is absolute freedom, even from financing issues.

As such, at this moment, individuals - an entrepreneur must develop skills that people use when they start their own businesses such as: capacity to be a self-starter, the ability to manage projects, and a talent for marketing oneself (Agbo, 2007). These acquired skills, abilities and knowledge will establish the basis for the development of an entrepreneurship, in order to hasten the pace at which new ventures are created. This accelerates employment generation and economic development. Furthermore, entrepreneurship development concentrates more on growth potential and innovation (UNDP, 1999).

From time to time, this concept of entrepreneur / entrepreneurship has been constantly growing, specially as the globalization / internationalization markets emerge. In the late 1970s and 1980s entrepreneurs and small business were hailed globally as a vital force in the economy

and engines of economic growth. In this last ten years, most countries have been looking at ways they can enhance and enable the growth of enterprises and, in this context; enterprises are widely recognized as a major driving force behind economic growth (Hull, 2005).

This could lead to understand that the new type of business would become big (large) or small-medium size entrepreneurs. These would be organizations, as we know now, but with a different attitude. One that, instead of chasing their own profit, would also be to become principal anchors to the economic growth within a country.

It has become so important, that the concept is being applied to all type of private profit organizations, including agriculture, commerce and industrial, but also to non-profit organizations (i.e. social), and recognizing the importance related to economic growth in countries - more important in developing countries- the public sector has started to work with entrepreneurship (Prokopenko, Pavlin, 1991).

So, it could be resume that some individuals, looking for total freedom will enhance into self employees. The hard work, assumptions of all type of responsibilities and risks - specially risk of loosing their money - will lead to become businesses owners; some of them, perhaps, will convert their businesses into entrepreneurs. Then, the entrepreneurs are constantly observing, analyzing, developing and evaluating new goods to offer. This is a very important issue in the constant globalization / internationalization markets competition.

But what happens when some individuals behave unethically, for the purpose of achieving some immediate objective or goal. And for the worst, what if they did not know or understand it?

THE ETHICAL CONCEPT

When this aspect rises, people do not have a clear concept of the ethics term definition. Some times it is confused with the term social responsibility, other times, for worst, with the obligation to comply with the law. As unfortunate as it sounds. And that is a major problem.

Definitions could be as many as perceptions exist. So it makes it a little confuse and people rather act based on law regulations.

Ethics may be defined as the concern with what is right or wrong, good or bad, fair or unfair, responsible or irresponsible, obligatory or permissible, praiseworthy or blameworthy (Chapter 2: What is Ethics?). How should an individual live, act, conduct, as a human being and as an entrepreneur.

Social Responsibility from an entrepreneurship point of view refers to the obligation of an organization's management towards the welfare and interests of the society which provides it the environment and resources to survive and flourish, and which is affected by the organization's actions and policies (BusinessDictionary.com, 2008)

It could be taken that, while ethics is the behavior of an individual - of course there is no obligation, so far- social responsibility, in fact is an obligation, even if it not legally compelled.

Whenever a decision is to be made or act is to be done, individuals know what is right and what is not right. However, sometimes individuals are not sure. When an individual become unsure temptation rises, sustained by money, promises, etc..., when loyalty is confused with what is right in the long run, as mentioned before, or when there is uncertainty with respect to other people or culture, the moment to act ethically emerges. Some people will act accordingly, other will not. Those other individuals are the ones that will analyze the decision or action in terms of what is permitted by and what is not permitted by law.

APPLICATION OF ETHICS INTO BUSINESS ENTREPRENEURSHIP

Construed broadly as moral reflection on commerce, business ethics is probably as old as trade itself. If law is a rough guide to widely-held moral intuitions (Gooden 1985). So, whenever an individual is into a business relationship, there will be a struggle in which there will be the courage to act on conscience or the idea of attempting just not to violate the law, while acting.

To start with, it is obvious that the problem lays with how do people interpret or understand the term ethics, which as said before, is not the same as social responsibility and to a lesser, law. It is important to define all aspects as such, have a clear conscience and live and act to it on each and every decision made or action taken by an individual.

Business ethics is the application of ethical values to business behavior. It applies to any and all aspects of business conduct, from boardroom strategies and how companies treat their employees and suppliers to sales techniques and accounting practices. Ethics goes beyond the legal requirements for a company and is, therefore, about discretionary decisions and behavior guided by values. Business ethics is relevant both to the conduct of individuals and to the conduct of the organization as a whole (IBE, 2003).

But way further, business ethics is also attached to professional and individual ethics. Professional ethics relates to how people behave in relation to their chosen career. Doctors, lawyers, accountants, engineers and other professionals are expected to behave a certain way or follow specific codes of conduct. This helps to guard against their actions bringing their profession into disrepute (IBE 2003). But when a dilemma emerges in the workplace, regarding job responsibilities, tasks and the duty to perform, the professional have to choose between acting ethically, and it could cost the job, or act for the short-term benefit of the organization,

which of course in the near long-term will also cost the job; not forgetting that the company will be affected too.

But keeping the search, the individual may arrive at a point where there is the question of why acting ethically? There are two schools of thoughts. The first, the deontological, focuses on the intrinsic benefits and second, the consequentialist, focus on the payoff in terms of avoiding risks, and improving reputation (Carmichael, 1995).

At this point it becomes very obvious that for any individual who is to become an entrepreneur, both schools mean about the same. Intrinsic benefits will result in a satisfactory workplace, which lead to satisfied workers, which also lead to productivity. And all these will basically result in a “good talk” about the business. And that is the way the business grows.

CONCLUSION

All these assumptions finally have a simple meaning: it all lies in the hand of the individual. It is the values and moral of the individual the sole responsible of the behavior of the business. Fortunately, entrepreneurs are individuals that are aware of the effect of acting with ethics and also recognize the satisfaction it represents for both the entrepreneurship and the people (i.e. customers, clients, etc,...). Taken it into the business world is about the same. If there is to be any difference, it would be that while an individual will just feel honorable, for example, for an entrepreneur it will represent the growth of the business and perhaps its profit.

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