Ethical Entrepreneurship (E^2)

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Abstract

The purpose of the paper is to describe and analyze the key strengths of Ethical Entrepreneurship. Ensuring ever appearing new businesses to be registered and licensed helps to formalize economy .
It ensures the business sector is thriving, as well as healthy and protected. Small businesses can also only gain funding or protection by the law once they are registered and licensed. A moral consensus needs to focus on our dynamic changing environment. The problem being faced is that the individual's or corporations' entrepreneurial initiatives are mostly profit-oriented, and the ethical concerns for the society are ignored. The causes can be cultural, moral, or personal, but the result is ethical bankruptcy in society.
This research paper suggests that each step in the enterprising ventures should have an assessment[1] before starting or introducing an idea or venture ethically. Moreover, keep entrepreneurs in check, i.e., to avoid their harmful trickle-down effects on society due to their not very careful initiatives or innovation. We can check it from the E^2 model, which comprises of Individual Social Responsibility (ISR), Corporate Social Responsibility(CSR), and Marketing Ethics(ME) of a new venture. We have developed a model of Ethical Entrepreneurship (E^2), and the significant finding of the study is ethical evaluation of an idea or venture before introducing it into the market. An attempt is made to know how E^2 helps individuals and organizations be more productive and profitable ethically.

Keywords. Speed of innovation , business, ethics , moral compass.

Introduction

Ethics is when a person's behavior, while in action is influenced and controlled by a set of moral principles in which he believes. Ethics as a subject is the branch of knowledge that deals with moral principles. Morals are the standards of behavior, principles of right and wrong, or higher principles to govern the conduct. Integrity that is, unity between what we say and what we do, is a highly valued trait. Acting with integrity means we adhere strongly to a system of ethical values.[2]

The meaning of entrepreneurship involves an entrepreneur who takes action to make a change in the world. Whether startup entrepreneurs solve a problem that many struggles with each day, bring people together in a way no one has before, or build something revolutionary that advances society, they all have one thing in common: action. It is not some idea that's stuck in one's head. Entrepreneurs take the idea and execute it. Entrepreneurship is about the execution of ideas and before the execution of idea , E^2 has to be followed.

In this article, we are concerned with the relationship between Ethics and entrepreneurship[3][4][5][6]. Since profits and ethics do not always go hand in hand, many questions arise; whether entrepreneurship without this is ingrained into ethics is suitable for businesses and humanity or ethics must be part of and a prerequisite for

entrepreneurship? What is the trend in the market? What are the anomalies, and how such anomalies, if any can be taken care of? Or Ethics is a sure recipe for failure for business performance?

There is possibly much more to being a prosperous businessman than to only making wealth and expanding the business. Success may as well hold the meaning of dealing with the employees, clients and the public with transparency and regard. This is not just because the law directs us to but because it is the demand of us ourselves. The key to success probably lies in acknowledging the fact that deceiving others does not bring in more turnovers. Hence, the code by which businessmen and their corporations obey the law and regard their stakeholders is led by the business ethics. Such essential and basic believes then leads to the conduct of our ethical behavior that plays its part as a brilliant source of guidance for businesses. However, we do not need to necessarily persist any specific belief that the business ethical behavior is a compulsion, it is by the demand that we attend to others with impartiality and honor, this also includes our commercial dealings.
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When a business module is deprived of ethical values and believes, it can collectively lead to the devastation of society on large scale. For instance, when both the "Shisha" (Nirgheel) and a latest form of Hubble Bubble (Hukka) were launched into market nearly a couple of decades ago, they became an instant hit among the youngsters all over the globe. There was clearly the scarcity in the business ethics which caused a hazardous impact on society as a whole and directly harmed the health of many. Chilon (in about 560 BCE) proclaimed: - A merchant does much better in terms of tolerating direct loss rather than making gains thought fraudulent ways. He explained coherently that a loss might only be painful for a moment but deception hurts forever.

The concerned problem at hand is that business initiatives on individual or corporation level are mainly focused on high turnovers which as a result causes the concerns of the society to be neglected. There can be ethnic, behavioral or personal causes to it but the outcome unfolds to bring an ethical devoid in the society which negatively affects the individuals. In case of initiatives, government and all the other supervisory bodies are only concerned with the aspects that concerns the economy, and they effortlessly overlook the impact of such approach and the fact that this can adversely affect the economy. The incapability of these governing bodies to ban the sales of tobacco is mainly all because of the large sum of taxes they collect through this tobacco selling chain. The intake of tobacco is the reason behind widespread of cancer, cardiac ailments and other diseases. The economic load reveals over a society due to the losing the closed ones specially if that closed one is the breadwinner of the family. One other factor is that the advancements with time has surged more desires in people which has contributed to people compromising on their ethical values.

In the research paper, it was suggested that each step in the enterprising ventures should have an Ethical Entrepreneur License to tamper with the harmful effects likely to impact the individual consumers and society. How to keep Entrepreneurs in check, i.e., to avoid their harmful trickle-down effects over the society due to their not very careful initiatives, we need to develop a model for E2, i.e. Ethical Entrepreneurship and license for Entrepreneurship with innovation model[r]. Our E2 model will reduce the harmful effect concerning consumers and society.

The Entrepreneurial Ethics (E2) primarily based on
Ethics in Marketing EM, **Individual Ethics IE (Individual social Responsibility ISR)** and **Corporate Ethics CE (Corporate Social Responsibility CSR).**

Individual Ethics (ISR)

Ethical theory of social Obligations and duties can be viewed as one of the ways we take Individual Social Responsibility (ISR) as Individuals are held responsible for the choices which they make that contributes to be the welfare of society in it, where it allows the society to be a contributor to the welfare of environment. Furthermore, Individual Social Responsibility (ISR) refers to the Individuals taking responsibility for their actions with time that leaves an impact on the societies apart from his own.

There are two ways of being socially responsible at an individual level: being a good human being, doing some action for the benefit of society at the individual level singly or as a group, and not as part of the corporation. The other way is to be sensitized for social responsibility while being part of a business corporation, and the corporation may or may not be involved in the CSR activity. Such an individual's behavior will be of great value for the corporation engaged in a CSR activity because of the individual's willingness and contribution for the CSR initiative because of individuals' willingness and contribution for the CSR initiative. Each community lives its own life that undergoes a process of development all the time, and every one of us could take part in that development in different ways.

Is ISR practical?

Yes, ISR is practical. One case in point is www.akhuwat.org.pk which has been a successful venture in terms of empowering many to bring a meaningful change. Contrary to this, it is displayed by the trends that individuals have been the real reason behind a huge rise in the number of charitable establishments around the globe and not the corporations and governing bodies. There is unquestionably a need and space of more discussion over the facets of morality, truthfulness and veracity. There is a very prominent ethical issue in businesses creating monopoly in the field, lying obstacles in the ways of new potential entries, opting the low and condescending strategies in reducing the competition and seizing the customer's rights of choice, and this clearly needs to be eliminated in order to protect the rights of users and community on the whole. However, in the prospect of law only a few actions can probably be termed as legal.

Corporate Ethics (CSR)

Entrepreneurs find something that can be fixed or done better in the industry. As a result, sometimes changes are made throughout the entire industry, making it better due to innovations. (e.g., more efficient, less costly). The measured success in terms of profits & ROI (Return on Investment). Ethical entrepreneurs use a business-like structure and entrepreneurship principles to solve social and environmental problems. Corporate Social Responsibility (CSR) provides a lot of good initiatives but is a reactive process. CSR means taking responsibility for the effects of one's business on the surrounding environment. Known examples of CSR are saving energy or buying fair-trade products. The difference between CSR and social entrepreneurship is thus the difference between reactive and proactive. The ethical entrepreneur focuses his core businesses on creating social value while Corporate Social Responsibility entrepreneurs try to carry out their core business in a responsible way. [6]

Corporate social responsibility means that businesses act in ways that balance profit and growth with society's good. Corporate social responsibility affects employees, customers, investors. and creditors. Corporate social responsibility often translates into profits. This advantage for business is sometimes described as "doing well by doing good."

Corporate Social Responsibility = Doing Well by Doing Good Corporate Social Responsibility (CSR) is a duty of every corporate body to protect society's interest. Even though the main motive is to earn a profit, corporates should take the initiative for the welfare of society should perform their activities within the framework of environmental norms[7][8].

Entrepreneurs have legal obligations to provide a safe workplace and fair employment policies. Business owners are bound by law to treat customers fairly. Acting responsibly toward suppliers or vendors results in

making the best choices of materials and using them wisely. Investors and creditors provide the money to start and run a business. They must believe in both the idea behind the business and the entrepreneur.

Performance is mainly measured only by the businessmen whose orientation deeply lies towards profit and profit, revenue and rise in stock values are the business metrics by which it is measured. So subsequently, as for the ethical businessmen, their business metrics and the contribution towards the community are clearly different because this type is neither a fan nor the follower of profit goals. Instead, their goal is inclined more towards a broad spectrum of society, culture and environment which enables them to actively associate themselves to voluntary departments in different areas such as poverty.

Marketing Ethics

Fundamental rule of business remains unchanged even after the customer expectations has been drastically increased by the internet. A person must operate a successful business abiding by the upright and valuable practices. Competition, differentiation and cost effectiveness has given rise to commodities of a number of products due to which it is very hard to survive and bring in profitable turnovers. However, marketing ethics cannot be settled for the business gains. [9][10]

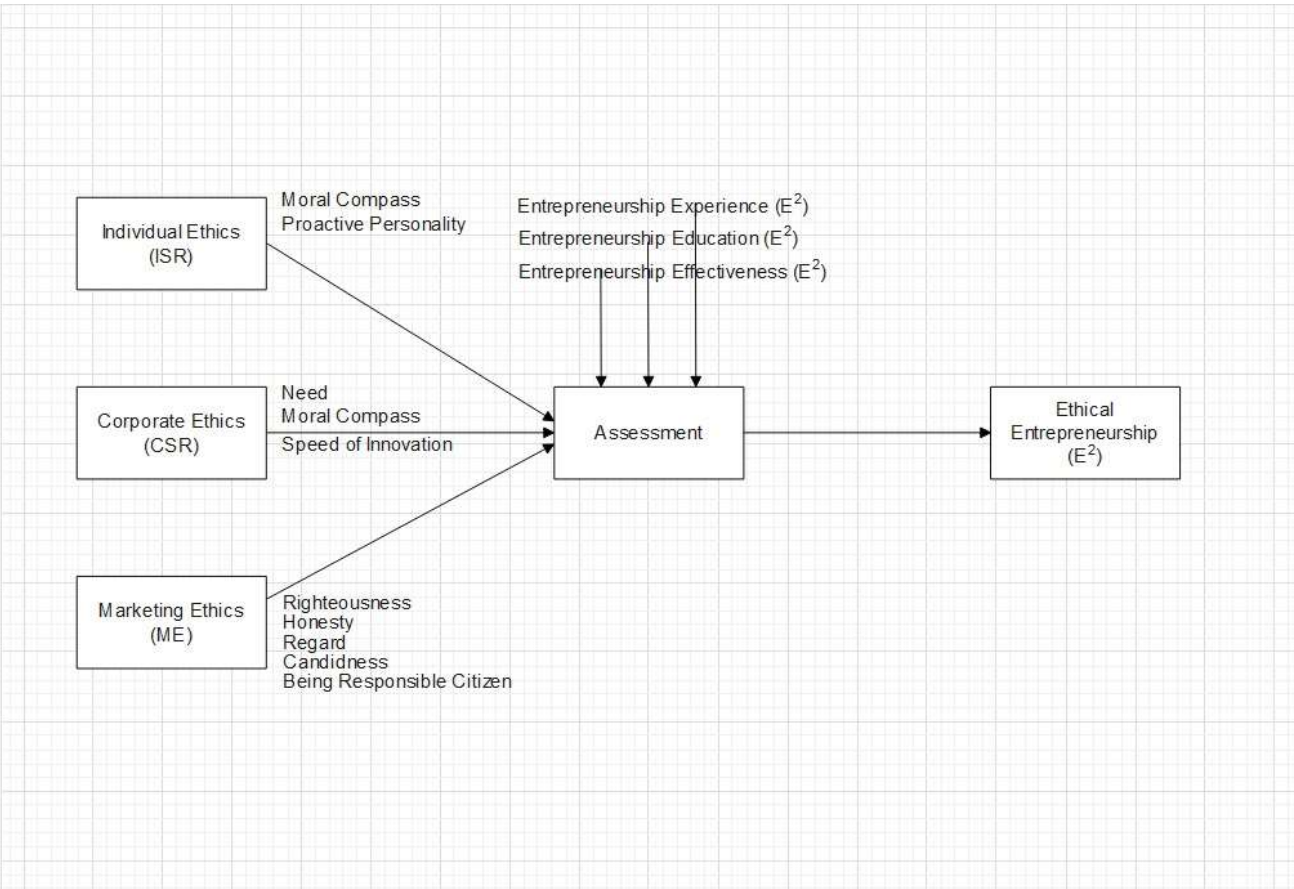
The marketer's ethical role has been explained by the Marketing Ethics and American Marketing Association that it is linked directly to something which is far from the anticipation of only serving the firm. The moral principles that incorporate self-improvement and leads to accountability, honesty, esteem, candidness and social responsibility will enhance the trust of the users in the integrity of marketing exchange system. [10][11]

Being Honest: Living up to the buyer's expectations and certifying the claims made in promotions of both the returning goods and distributing gifts. Making sales without the misinterpretation and damaging the user's trust. Use moderate pricing strategy and secure the confidentiality of patrons and shareholders data.

Being Regardful: Difference of interest between the competitors and shareholders should be kept a side for the sake of human self-esteem and one should do work for the wellbeing of users despite their different viewpoints and lifestyles. Moreover, it includes appreciating all the valuable efforts that underwent during marketing activities by all the buyers, clients, advisors, suppliers and staff.

Being Candid: Building up an open and ingenuous environment in the marketing campaigns through transparent communications, perceiving constructive criticism and responding to it with dignity whilst taking in the feedback positively and improving the quality accordingly, disclosing the prices and promotions openly without withholding any piece of information that concerns the public interest.

Being Responsible Citizen: Safeguarding the domain by protecting it from the setbacks caused by failure of the marketing campaigns that have been serving the society through corporate social responsibility, honest exchange of information, fair treatment of the suppliers, more significantly of the ones that are from the developing countries.



Conclusion

E^2 model can quickly help us protect our society from the consequences of malpractices of entrepreneurship that are only profit-oriented, and we can also improve any business idea before its execution.
Licensing[10] in Entrepreneurship can also help in this regard. Besides with Innovation model [1] and licensing, E^2 can also significantly impact Ethical Entrepreneurship. The business standards and practices vary from country to country, the issues of ethics pose particular challenges for international marketers. The growing consensus among today's marketers is that it is crucial to commit to a common set of shared standards worldwide.

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