Introduction

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Biographical notes: Alan E. Singer BA (hons) Oxf., BSc (hons) Lond., PhD (Canta. NZ), is the Holshouser Distinguished Professor of Ethics at Appalachian State University, North Carolina, USA. He was previously the Aram Professor of Business Ethics at Gonzaga University, Spokane, Washington (2004–2005) and Reader in Strategy at the University of Canterbury, New Zealand. He has numerous publications, including articles in journals such as *Strategic Management Journal*, *Business Ethics Quarterly*, *Journal of Business Ethics*, *Omega*, *Small Business Economics*, *Systems Practice*, *Human Systems Management*, *Decision Science*, *Psychology & Marketing and Accountancy*. He is the Associate Editor of *IJ Business and Globalisation* and Review Editor for *HSM*.

Linking entrepreneurship with moral progress quickly leads us into a political and educational battlefield. Can ethics be taught? Should entrepreneurship be studied? Can either be learned in college? (*e.g.*, Meyer, 2001). An introductory remark in a contribution to this special issue seems to effectively settle all the above questions:

> "…polls reported in 1999 that only 8 percent of Russian secondary school graduates considered 'honest labor' to be a suitable way to gain economic wealth. The majority thought that 'more suitable ways' included bribery and corruption (50%), organized crime (59%) and power (81%)."

It is certainly not only in Russia that entrepreneurs, business managers and university lecturers have felt compelled for decades to practice and preach ways of making money, in a 'new market order'. Meanwhile, philosophers have argued persistently and forcefully that not only does the market require a pre-existing or underlying moral community, but specifically that:

- entrepreneurial ambitions should be governed by the rules of a super-ordinate morality (Godlovitch, 1999, p.219)

- we only make moral progress to the extent that we take 'the making of moral progress' (*i.e.*, not the making of money) to be 'our most progressive venture'.

Many optimistic scholars and practitioners (particularly in the USA) see a long-term trend of moral progress in business generally, often associating this with the advance of the business-ethics movement and a global rallying cry of 'Corporate Social Responsibility (CSR)'. However, entrepreneurial business 'ventures' do not inherently represent a form moral progress. Their ultimate point of culmination is endless

material abundance (and waste), or an infinite collection of digital works (with their associated contentious property claims). Therefore, such ventures do not necessarily lead us towards an envisaged human condition that we can seriously recognise as ideal (cf. Godlovitch, 1999).

Under typical hypercompetitive conditions, or in winner-take-most markets, the eventual culmination of pure for-profit venturing looks highly unjust, even for the entrepreneurs. Accordingly, to the extent that our ventures or wider business policies lack any super-ordinate morality as their guide and governor, there is a real possibility that: "the enormous… energies released by (that) free market…(will) end up destroying society, not serving it" (Hendry, 2004; cited by Crockett in this issue).

Preliminary signs of such a regression are not hard to find. Many executives, despite their attractive corporate communications, are in practice equating moral progress and social responsibility with the installation of robust systems for corporate security; whilst more than a few would-be entrepreneurs have come to view illegal activities as 'suitable', feasible and acceptable (these being standard criteria for assessing legitimate business strategies).

Since entrepreneurial strategy, moral-progress and the 'free' market have all gone global (*e.g.*, Boatright, 2000), it is fitting that contributions to this special issue have come in from many parts of the world: India, Slovenia and Russia, as well as Australia, France, Canada, England and the USA. The editors had invited articles that attempted to relate the 'characteristics of entrepreneurship' to the concept of moral progress. Contributors were also asked to remain mindful of the implied ideological dimensions. A wide variety of papers were received and the selected ones have been arranged into four parts:

1	philosophical issues

2	social entrepreneurship and poverty alleviation

3	the dark side (*i.e.*, criminal or anti-social aspects)

4	evidence.

The editors sincerely hope that the resulting collection will somehow guide us towards the good life, or at least to Macintyre's (1981) equivalent: "the life spent seeking the good life".

Part 1 Philosophical issues

### 1	*Entrepreneurial wisdom: integrating the ethical and strategic dimensions of entrepreneurial decision-making*

Drawing upon the work of Aristotle and John Dewey, US scholars Dunham *et al.* have constructed for us a preliminary account of the 'wise entrepreneur'. Since any wise person understands what is good and feasible for themselves and others, choosing wisely in a business context requires:

- an acute grasp of the particular details of the situation

- an understanding of the good that can be obtained under those circumstances

- a commitment to practical actions that will plausibly achieve that good.

It thus becomes clear that in order to attain wisdom, entrepreneurs must strive to develop the skills that enable them to properly assess the moral as well as the strategic implications of what they are doing. This requires something more than conventional rational decision-making under uncertainty: it also demands emotional intelligence, aesthetic sensitivity, an ability to recognise intrinsic values and a particular willingness to exercise (moral) imagination.

2 Entrepreneurship as wisdom

In another paper on a similar theme Singer and Doktor apply the pragmatic 'correspondence' thesis of strategy and ethics to the constructs of 'entrepreneurship' and 'wisdom'. A mapping is set out between their constituent components. The resulting prescriptions for wise-entrepreneurship include:

- the selection of good purposes

- a mindfulness of limitations, such as the business and personal life cycles

- the authentic prioritisation of activities, and particularly

- explication – the demonstration as well as explanation of the purposes and plans of the enterprise.

The latter has recently been emphasised by Zeleny (2006) who also saw that the transition from knowledge to wisdom 'is already taking shape' in economic activity. Such a viewpoint seems rather optimistic (see 'the dark side' below), but it plainly aligns with all those who perceive a long-term trend of moral progress in human affairs.

3 Entrepreneurship: opportunistic or virtuous?

Crocket discusses the moral implications of the entrepreneurial nexus of individual and opportunity. He notes that by focusing on the psychological characteristics of the entrepreneur, researchers risk de-valuing character (*i.e.*, virtue ethics, in moral philosophy). By focusing on opportunities we also encourage opportunism (*i.e.*, the sacrifice of principles to expediency). Although an opportunistic view is easily comprehended, in the classroom and the marketplace, the virtuous view is surely more *comprehensive*. The two 'views' are discussed and illustrated using case studies. Together, these reveal hidden assumptions in contemporary discourses on entrepreneurship and they equip us to make better moral judgements.

Part 2 Social entrepreneurship and poverty alleviation

4 Opportunity recognition of social entrepreneurs: an application of the creativity model

Monllor and Attaran analyse a case of international social entrepreneurship, with particular reference to the opportunity- recognition process. Although "there is plenty of research on creativity", is seems that this has not previously been applied to *social* entrepreneurship. Accordingly, the paper makes a novel contribution. Their analysis

suggests that "social entrepreneurs are able to detect opportunities that would otherwise be ignored by economic entrepreneurs", specifically because of "differences in the preparation, evaluation and elaboration stages of the creative process".

5   *Synergising entrepreneurship: incubated business and socioeconomic upliftment in rural India*

According to Khanduja and Kaushik, globalisation and economic liberalisation has "shaken the economies of developing countries" like India. Although India educates more than one million technically skilled persons each year, only 25% of them get immediate employment in public/private sectors. Accordingly, the authors describe recently developed Rural Business Hubs as "beacons of hope". In India, these are being established on a 'war footing'. The 'hubs' are intended to catalyse entrepreneurship. They are somewhat similar to the Chinese model of village enterprises, or the Thai model of 'one Tambon, one product'.

The question remains, will the beacons cast an enduring light and will the war be won? Khanduja and Kaushik report survey results showing that there is an expectation (or a hope?) that the hubs will alleviate "the rural masses from alarming levels of poverty" whilst also precipitating the 'socio-psycho awakening' of an otherwise passive population. As Sen (1999) has previously explained, the latter process of alleviating a poverty-of-understanding is itself a constitutive part of development: an enabling condition for material improvements, as well as moral progress (see also Singer, 2004).

Part 3   The dark side of entrepreneurship

6   *The entrepreneurial wide boy. A modern morality tale*

Frith and McElwee in England have noticed that our post-modern culture of individualism, coupled with the contemporary policy emphasis upon entrepreneurship, has produced some predictably negative outcomes. They caution that we should not be distracted by the contemporary "myth of the entrepreneurial hero", in part because many of those who possess the exulted "ability to exploit opportunities" are also "likely to be particularly accomplished when it comes to evading or circumventing…laws". Furthermore, many of our would-be heroes face only 'a limited supply of opportunities'.

Accordingly, they narrate an anonymous case study of the creation of a new illegal enterprise: cannabis dealing at a university. In this way, they debunk not only the 'hero' myth; but also the hidden sub-text of Panglossian narratives about social-capital formation and stakeholder-engagement in capitalist economies. Their enterprising anti-hero not only recognised, correctly, that "becoming a drug-dealer would…" make money, but also that it would "…in fact lead to greater social inclusion, as customers became friends and strangers became customers".

7   *Entrepreneurial trust in the St. Petersburg region of Russia*

Kapustkina *et al.* allude to similar developments when they write that the "criminalization of Russian society during the last decade has furthered the process of alienation from labor, among the youth". Against this background, they examine the

processes of 'trust transformation' in Russia during the 1980s and 1990s. They focus on the St. Petersburg region, observing that 'the complexity of Russian economic mind' has yielded a dynamic and intricate conception of 'trust'. For example, entrepreneurs tend to trust their business partners more than their friends and family. In contrast, employees trust relatives, friends and neighbours more than their workplace colleagues. Most pertinently, "no one fully trusts managers and entrepreneurs". Many employees hold highly negative opinions about their employer's personal qualities. Yet, their attitudes about their employers' 'professional qualities' is much more positive, due perhaps to the perceived "importance of firm solidarity and team spirit for adaptation and survival in a new market order".

Part 4 Evidence of ethical practices and dilemmas

8 The environmental responsibility of Slovenian SMEs

Knez-Riedl reports data from another FSU transitional economy. Historically, in Slovenia, the idea of CSR was likened to a charity: helping the poor, whilst the attitude towards the natural environment was manifested by reactive caring. Now, however, the general understanding of environmental responsibility is more complex. SMEs confront claims and requirements for accountability regarding environmental and social performance, whilst the number of SMEs striving pro-actively for environmental excellence is growing.

9 Ethical entrepreneurs: a study of perceptions

Although anecdotes suggest that entrepreneurs 'bend rules' and act unethically, results of a recent survey of early-stage incubator-sited technology firms in the USA suggest otherwise. Christensen *et al.* conducted a random survey of 108 technology-based firms. Respondents tend to think of themselves as ethical and they appear to believe that they do not have to sacrifice their ethics in order to succeed in their ventures. These US entrepreneurs typically "defined people as basically good and honest, and they felt that they are treated fairly by others in business". Furthermore, irrespective of the age and size of the firm, most reported that they do have a code of ethics and that it is communicated to employees (see also Callaghan *et al.* below).

10 Women business owners: ethical issues and response strategies and moral progress

Expansion of the moral community constitutes an important dimension of moral progress. It involves the re-drawing of moral boundaries so that they become more inclusive. With this in mind, Coscarella *et al.* report typical challenges faced by Canadian women business owners who are engaged in international trade.

Their survey (which started in 1999) yielded 254 responses. They found that the most frequently cited 'ethical issues' were those associated with gender and equity. Indeed, there were many incidences of perceived discrimination. The paper also describes two response strategies used by the women business owners: 'organisational integrity' (using ethics as a steering mechanism) and 'legal compliance' (placing lawyers and codes at the forefront).

11   *How franchise relationships affect franchisees' satisfaction: the importance of fairness, communication and trust as ethical bases of relationship marketing*

The franchisor-franchisee relationship in France is investigated by Dubost *et al*. They surveyed 400 franchisees and found that intangible factors, such as franchise-network climate, are at least as important as concrete factors like 'franchisor's support'. They also outline some ways of creating a more positive climate. These include: seeking quality among new franchisees, understanding the 'daily constraints' they face, creating an easy and regular flow of information, whilst also negotiating constructively with any ailing franchises. Currently, the processes through which network climate affects franchisee satisfaction are not very fully understood, so there is an opportunity for further research in this area.

12   *The commitment to business ethics of Corporate Australia: a longitudinal study*

The final paper in the issue reports research on 'Corporate Australia'. Although it is generally necessary to distinguish between the corporate and entrepreneurial contexts, in empirical ethics research (*e.g.*, Gilbert, 2002) this study by Callaghan *et al*. is the only one that speaks directly to 'progress' by reporting longitudinal empirical data.

These researchers examined 'the commitment to business ethics' of the top 500 Australian companies, over a full decade. They report 1995 data from 340 companies, year 2000 data from 173 companies and 2005 data from 111. In the earlier phase, few respondents drew any distinction between 'what is good' versus 'what is good for business' (much like the entrepreneurs in the Christensen *et al*. study). By 2005, however, there were signs that these perceptions might be changing.

The overall picture (or movie) is somewhat mixed. For example, it seems that "codes of ethics have moved beyond a regulatory requirement and are now considered an integral component of … commercial practice", in Australia, yet "consistently less than half" of the companies use these codes in strategy formulation. (In other words, codes are not really meant for the upper echelons.) However, an increased level of awareness of business ethics is "changing the way that organisations feel that they need to conduct business". Many companies in Australia are 'addressing the issues inherent in ethical practice' and the overall trend since 1995 is reportedly 'positive'.

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