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How entrepreneurs deal with ethical challenges – an application of the Business Ethics Synergy Star technique.

## Abstract

Entrepreneurs typically live with the ever-present threat of business failure arising from limited financial resources and aggressive competition in the marketplace. Under these circumstances, conflicting priorities arise and the entrepreneur is thus faced with certain dilemmas. In seeking to resolve these, entrepreneurs must often rely on their own judgment to determine ‘what is right’. There is thus a need for a technique to assist them decide on a course of action when no precedent or obvious solution exists.

This research paper examines how entrepreneurs experience and deal with these dilemmas. The research is based on interviews with seven entrepreneurs in established service-oriented ventures, which gave rise to twenty-six dilemmas.

These dilemmas were analyzed by making use of the Synergy Star technique, which is introduced here as a tool that is useful in defining any dilemma, isolating the ethical component, and resolving the dilemma in a way that is congruent with the entrepreneur’s personal world-view.

Keywords. Entrepreneur, Ethics, Synergy Star, BESS, Ethical Dilemma.

## Introduction

The trend toward an ever-growing awareness of the relevance of ethics to business began in the late 1980s when the concept of corporate governance began to gain currency, following a series of financial scandals in the United Kingdom. More recently, a slew of fraudulent business activities and corporate scandals have been uncovered in the United States of America. It is reported that these have “weighed increasingly on the economy, sapped investor confidence, driven share prices lower and led to thousands of layoffs, thereby growing into a prickly and inescapable issue”. (Knowlton, 2002: 4). However, ethical issues arise not only in ‘big business’ and in the form of major scandals, but also in the form of every day decision making among small scale entrepreneurs. It is the latter we concentrate on in the present paper.

Ethics in business has to do with making the right choices. One might well ask, ‘Right for whom?’ There are usually many stakeholders and may be as many opinions as to what is right. Thus, there is often no apparent single right way. Indeed none of the options may meet idealist expectations. The entrepreneur must then, of necessity, choose the best course of action under the circumstances. Entrepreneurs are therefore frequently faced with choices in business that create tensions between their need to be ethical and their desire to optimise profits. This tension may sometimes manifest as a fundamental choice between private gain and public good, though this is perhaps too simplistic a way to view the matter. Any decision where moral considerations are relevant may give rise to an *ethical dilemma*. In general, an ethical dilemma may result from a decision that:

- requires a choice between rules

- has no rule, precedent or example to follow

- morally requires two or more courses of action, which are practically incompatible

- should be taken (in self-interest), but which appears to violate a moral principle

It has been stated that the purpose of business is to maximise owner value (Sternberg; in Megone, 2002) and separately that the goodness of an action depends on its purpose (ibid). If we accept the validity of these assertions at face value, then it follows that ethics in the business sense should be assessed in terms of whether or not a particular action contributes to the maximisation of owner value. This is, however, too simplistic a deduction to assume, for several reasons. Firstly, even if we agree with the first of these assertions, it is possible that two opposing actions could each in their own way lead to the maximisation of owner value. That is not to say that both cannot be seen as good, although it is unlikely, since they oppose each other. What is likely though is that if the decision maker considers only the maximisation of owner value, it alone would not provide them with a clear choice between alternative (opposing) actions. Secondly, there is a growing body of evidence that there is no neat distinction between business and ethical considerations (Granovetter, 1992) and that business decision makers tend to be highly conscious of the potential conflict between expediency and sustainability, being well aware of the inextricable linkage between social and economic relations as economic goals are invariably embedded within socially-oriented structures (ibid). Thus what may appear to be owner value maximisation in the short term, may be just the opposite in the long term, and *vice versa*. Thirdly, beyond the time-scale consideration implicit in the expediency-sustainability dichotomy, we contend that every business decision implicitly contains an ethical element, even if it is not immediately obvious. Waters, Bird and Chant (1986) distinguished big issues from everyday issues and suggest that, since most managers are

concerned with the everyday issues, it is more important to be able to apply ethical reasoning to those. Although Jackson (1991) has argued the opposite, it seems logical that whoever applies ethical reasoning effectively to everyday issues will be well-equipped to do the same when faced with big issues. Indeed, the ethical element of big issue decisions will most probably be more obvious than in everyday issues. It is hard to believe that senior managers who authorised the misappropriation of Enron funds or the alleged payment of kickbacks by the Australian Wheat Board to Saddam Hussein's regime in Iraq were unaware of the ethical component in these big issues. More plausible is the hypothesis that they decided to ignore the ethical side of the decision, or simply convinced themselves that everyone else would. Fourthly, the reliance on owner value maximisation as the ultimate driver of business decisions strongly implies that self-interest is pre-eminent in the minds of business decision makers, and therefore not good. This argument is flawed, firstly because it contradicts the alternate view of business as multi-faceted, and also because, as Maitland (2002:6) has shown, self-interest is not automatically the same as selfishness. Indeed, it may often be a precondition for altruism.

The owner-managed business is arguably, even more than corporate business, dependent on most decisions, whether big or everyday, being made by the entrepreneur personally. Banfe accuses entrepreneurs of "compulsive behaviour" (Banfe 1991:23), which he considers an undesirable blemish: "A fly in the entrepreneur make-up often appears to be compulsive behaviour. The staccato demand to be right and the (need for) instant reaction, frequently lead to making off-the-wall decisions". For the entrepreneur, although there are a wide variety of choices, there is usually very little time for reflection and often no one to consult for advice. Fligstein (2006) asserts that managers of profit-making firms are required to satisfy multiple goals, with complex interdependencies, and that in so doing they may be led in directions that would be unpredictable *a priori*.

Decisions, both large and small, are unavoidable in business. If all business decisions do contain an ethical component, then the real challenge is, as Sternberg asserts "to make the ethical component of business decision-making explicit so as to make it better" (Sternberg; in Megone, 2002: 28).

This paper comes about as a result of research into the way entrepreneurs have experienced and dealt with ethical dilemmas, conducted among seven entrepreneurs in South Africa. What emerged from the research was a sample of twenty-eight dilemmas implicit, maybe even hidden inside business decisions, some big, some belonging to the everyday category. It was found that each one consisted of a choice between two opposing actions, both of which appeared necessary to support a particular desired outcome, the dilemmas being that the two actions, by virtue of their opposing nature, were mutually exclusive, i.e. it would be impossible to do both. By exploring the underlying rationale behind each of the opposing actions, it became clear that each was considered necessary, in its own right, to support a condition or belief or principle, which in turn was necessary to support the goal of the business or the specific desired outcome of the decision. While the entrepreneurs relating their dilemmas had resolved them in their own way, it became apparent that there was one aspect to the dilemma resolution process that was common throughout, that being the satisfaction of *both* necessary conditions, even though *only one* of the opposing actions could be carried out.

To provide entrepreneurs and others with a way to address such problems, this paper aims to illustrate the use of a technique known as the Business Ethics Synergy Star (Robinson, 2002) to effectively make the

ethical component of a business decision explicit, which might then create a dilemma in the mind of the decision makers, and in turn to help them resolve the dilemma.

## Literature review

Different economic theorists have assigned different primary roles to the entrepreneur, such as risk-taker, innovator, coordinator, organizer, speculator, etc. (Kirzner, 1983). However, barring Marxism, where entrepreneurs are described as profiteers who appropriate the value created by other people's work (Hébert & Link, 1988: 48), a common denominator among theorists is that entrepreneurs are usually regarded as a positive driving force in the economic system. This does not necessarily mean that they are portrayed as well intended or having high moral standards (Smith, 1776; Baumol, 1990). Rather, it is argued that their self-interested behaviour will have unintended positive effect for society-at-large provided that the prevailing institutional framework gears self-interested entrepreneurial behaviour in the 'right' direction.

In the mainstream of neoclassical microeconomics the entrepreneur is a rational profit maximizer. According to Joseph Schumpeter (1934)—arguably the economic theorist who is best known for theorizing about entrepreneurs—the entrepreneur's motives are more complex. Thus, Schumpeter proposed that entrepreneurs are driven by three types of motivations (with possible ethical implications): the wish to create a private 'kingdom' (and possibly a dynasty); the will to conquer and show supremacy over others, and the joy of creating and finding an outlet for one's energy and inventiveness.

This speculation on the entrepreneurs' person and motives run somewhat counter to Schumpeter's (1934) emphasis earlier in the same chapter that the theoretical entrepreneur is a *role* in the economic system and not a label for a different breed of flesh-and-blood individuals. However, the early phases of the growing field of empirical entrepreneurship research (i.e., roughly the mid 1960s through mid 80s; see Cooper, 2005) picked up on Schumpeter's fascination with the entrepreneur and his/her motivation. Hence, the term 'entrepreneur' was equated with 'business founder' or 'business owner-manager'. This is a perspective we accept in the current research, as it is fruitful for the study of ethics in entrepreneurship. We define the 'entrepreneur' as *an individual who creates something of value and assumes the risk of building a business around it* (Robinson, 2002). That is, while respecting the arguments others have put forward for other definitions of delineations (Davidsson, 2004; Shane & Venkataraman, 2000) we include both business founders and 'social entrepreneurs' (Brinckerhoff, 2000; Kourilsky & Walstad, 2003), while we exclude those who pursue innovation and change within the confines of employment for a large organization (Sharma & Chrisman, 1999; Stevenson & Jarillo, 1990; Zahra, 1993) or as a hobby, without then taking on the risks associated with venture creation and growth.

Empirical research that addresses entrepreneurs' motivations in a direct manner clearly shows that entrepreneurs, defined as business founders or owner-managers, are not the single-minded profit maximizers found in microeconomic theory. When asked about their start-up motivations business founders state a range of economic and non-economic driving forces (Carter, Gartner, Shaver, & Gatewood, 2003). Universally the top two tend to be either a desire to be one's own boss, or the urge to realize an idea one has nurtured for some time, or some variation on those themes (e.g., Birley & Westhead, 1994; Vesalainen & Pikhala, 1999). A purely economic motivation has, on occasion, taken

primacy but economic necessity rather than the dream of becoming rich has then been the primary motivator (Solymossy, 1997).

In research on on-going small businesses, Wiklund, Davidsson & Delmar (2003) demonstrate that expectations concerning the effect of growth on employee well-being were far more important in determining overall growth willingness than were expectations concerning the effect of growth on the entrepreneur's income stream. Other non-economic concerns were also shown to have an influence greater or equal to purely financial outcomes. Reviewing a range of research studies, Sapienza, Korsgaard & Forbes (2003) found reason to discuss *self-determination* as a very important motive among business owners; often important enough to make them set aside potential financial gain.

Research has further shown that entrepreneurs are a psychologically heterogeneous group (Delmar, 2000). But are they inherently a special breed as regards ethical issues? In one of the few studies devoted to the latter question, Bucar, Glas and Hisrich (2003) found differences across countries, and when contrasting entrepreneurs with managers within countries, as regards the attitudes towards certain possibly unethical behaviours. However, the results are better explained as based on situational characteristics rather than innate person differences.

Judging from the above review it is unlikely that the group of people we delineate differ markedly from other groups of people as regards how 'good' or 'bad' their innate ethical standards are. The *situation* they are in, however, does differ markedly from that of most other people, and this is the reason why they are a particularly interesting group to study from an ethics point of view. It is also the reason why we in the present context exclude so called 'corporate entrepreneurship'. Entrepreneurs, as we have defined them, share the characteristic that they are the primary decision makers in (emerging) organizations. As such, they are likely to have to make a larger number of significant decisions than the average person. Moreover, they cannot escape ethical dilemmas with reference to the fact that a superior, a job description or something else perceived to be outside of their control forced their behaviour in a direction that clashed with their own or generally accepted ethical standards (cf. Cialdini, 1988, on the effects of 'Authority'). In addition, as the top decision makers they are likely to frequently face *complex* and *novel* decisions, involving tradeoffs with ethical implications and for which no satisfactory, predefined solutions exist. This may also make ethical issues more pertinent to entrepreneurs. Teal and Carrol (1999) found that entrepreneurs exhibit moral reasoning skills on a higher level than either middle-level managers or the general population. This appears logical considering that entrepreneurs more often have to assume responsibility for difficult decisions.

One striking difference between the entrepreneur and others is that entrepreneurial dilemmas extend to personal, business, and family matters, and these are more likely to be intermingled than their corporate counterparts. The entrepreneurial business is characterised by risk-exposure, hard work, and the ongoing challenges associated with working in a highly competitive environment. For the entrepreneur, although there is a wide variety of choices, there is usually very little time for reflection and often no one to consult for advice. The purpose of the research underpinning this paper was to carefully examine the nature of entrepreneurs' dilemmas and discover how they deal with them. As a consequence, the

Business Ethics Synergy Star emerged as a technique for defining and resolving entrepreneurial dilemmas.

## **Methodology**

The research utilized phenomenological interviews (following Giorgi 1985) to investigate entrepreneurs' lived experiences. Seven entrepreneurs were selected and semi-structured interviews were conducted with each one individually, in a conversational style. Thus, participants were encouraged to relate their personal experiences. These interview-conversations were recorded, transcribed and returned to the participants for their approval, before being analysed. Analysis of the transcripts followed the phenomenological rigour formalised by Giorgi (1985), which entailed three successive reduction processes. Essentially, they were first reduced to their natural meaning units by the researchers, who were required to stand-back psychologically from the written words, while simultaneously using their awareness of the context of the discussion to be able to designate significant breaks and nuances of meaning in the transcripts. This process resulted in some 750 meaning units, containing 26 business dilemmas with an ethical component. A situated description, wherein various themes were identifiable, was then compiled for each participant. These were then forged into a general description in which the themes emanating from each of the entrepreneurs were combined. Since the phenomenological reductions demanded total integrity to the data, and the researchers conducted the analysis rigorously, it is believed the research provides useful insights into both the nature of ethical dilemmas experienced by entrepreneurs and their ways of dealing with them. Two of the dilemmas in particular, from the sample of twenty-six, are presented as examples to illustrate the respective underlying ethics and explain the use of the Synergy Star. Our aim here is to provide a sense of the lived-experiences of two of the participants, Bruce and Penny. This allows appreciation of their respective dilemmas in context.

Bruce is the founder of a church, an accomplished sportsman and sport administrator. He holds a PhD in Sociology, and is renowned for his unique style of expository teaching, as well as his energetic work in serving the needs of the local community. He recently established a school and currently has business interests in property development, publishing, education, and sports development. Bruce is best described as a go-getter. He has energy beyond human understanding. Once he sets his mind on something, there is nothing that can prevent him from pursuing it relentlessly. Coming from a poor background, and having discovered his true calling in life at early adulthood, he is consumed with a passion for both success and recognition. These two forces appear to propel Bruce forward toward his various goals at super-human velocities. He has an air of confidence that radiates self-esteem, yet is tempered by the humility derived from living under the inner conviction that he has been called to a divine purpose. He comes across as genuine, and his religious convictions have not prevented him becoming street-wise. It is clear that Bruce, the man, and Bruce, the minister of religion, are at peace with each other. He is consequently able to select projects that he believes are both valuable and productive in terms of his calling, and then direct his energy wholeheartedly toward their accomplishment. While not motivated solely by a desire for monetary gain, his ventures have nevertheless all been financially successful and he is justifiably proud of this.

Penny (a pseudonym) is the owner and manager of a business specializing in the provision of bereavement services to the families of deceased persons. These services include collection and care of

the deceased person, and all funeral, burial and cremation arrangements. Penny founded the business nine years ago. Today she employs nine staff members and owns the company premises. She is active in the local community and has managed the steady growth of Funerals Inc. to the point where it is now a market leader in the region. Penny is in business because she chooses and wants to be. She is a marketer, a promoter, who believes that actions speak louder than words. She runs her business in the same way that she lives her life - with enjoyment, integrity and control. She has surrounded herself with people that she knows and trusts. The business is, for all intents and purposes, an extension of her life. This quality is almost tangible - one feels it instantly upon entering the premises. When she speaks, her words appear to come directly from the heart. Her down-to-earth honesty characterizes every aspect of her business; there is nothing ostentatious. It appears to be an authentic reflection of its owner. The impression gained is that this business and its owner are - an indefinable congruency between words, actions, mannerisms, body language, the environment and the workplace culture. As she had been a housewife before starting Funerals Inc., Penny finds all aspects of the business challenging. She experiences entrepreneurship as requiring an enormous amount of energy: "You've got to be prepared to sacrifice your life ... well I sacrificed my life for the first three years. I ate, drank and slept Funerals Inc.", she states (Robinson, 2002). She feels a sense of responsibility to her customers to provide the best possible service at all times, even though she is dependent upon outside suppliers for some services, since in the eyes of the customer a mistake by her supplier will still reflect badly on her.

### Two Entrepreneurs' Dilemmas

Two examples are used to illustrate the complex nature of entrepreneurial dilemmas and to verify the usefulness of the Business Ethics Synergy Star (BESS).

#### Bruce's dilemma

The dilemma we have selected from Bruce's interview protocol concerns his role in establishing a professional soccer team. In so doing he had dealings with a certain high profile sport administrator who was later discovered to have been involved in fraud. Bruce thus questioned his own wisdom in remaining in something that was corrupt. The following extracts help to characterize him as an entrepreneur and set the tension for the dilemma (Robinson, 2002):

If you don't have a dream, you don't have a goal, life can become very, very boring.  
I have never, ever done anything with the motivation of making money.  
My motivation is to find personal satisfaction in what I'm doing.  
[Reputation] is my collateral ... integrity, credibility, the fact that the guys know.  
I think that the true character of an entrepreneur is to know that he's making a valuable contribution to the society in which he lives.  
People can't talk about faith without it being active - it has to be active, and for it to be active takes courage.  
Without a conviction, you will not conquer.

Several features of Bruce-as-entrepreneur are called into play here: His need to "make a valuable contribution to ... society" by helping to develop sport in disadvantaged communities; he clearly saw it



as vehicle for gaining “personal satisfaction”; the venture plays into his need for diversity and fresh challenges; his non-negotiable stand on “reputation” and “integrity” are spotlighted by what he knows of the corrupt practices of other associates. The dilemma is clear: does he get involved or not?

### Penny’s dilemma

Penny is torn between her felt responsibility to efficiently provide service to her customers and to show empathy for them at the same time. Faced with this double-edged sword, she appears to have mastered this dilemma quite effectively. An extract from Penny’s protocol helps to characterize her as an entrepreneur and set the tension for the dilemma:

Well, there's a double-edged sword here [to be compassionate and businesslike at the same time]: We don't want to put on concern if it's obviously not real. If your Mum had to die, and you've been to us, if your Mum had to die or your Dad had to die and you came to us, I would say to you, "Look, I'm so sorry that your Mum or Dad have died, but I wouldn't go more than that. I never knew your Mum or Dad, and I'm sorry for you, but if I had to start crying or putting on a big act, you would think, "What is this woman doing?" I mean that's not how I'm feeling. So, in fact what we do here, is we behave normally.

Her approach in most cases, where she does not know the deceased, is to express condolences in a normal way, without putting on an act, and then move on to business. In cases where she has an emotional closeness to the deceased or the bereaved, she believes it is fitting to act in accordance with her emotions as such action is then seen by the client to be genuine, which it is. In short, one might conclude from this extract and its explanation that Penny refuses to practice contrived compassion.

### The Business Ethics Synergy Star

Kierkegaard (1959), speaking from an existentialistic perspective, suggested that, where morality is concerned, one is obligated to make definitive choices, which are facilitated by reducing them to ‘either/or’.

He who would define his life task ethically has ordinarily not so considerable a selection to choose from; on the other hand, the act of choice has far more importance for him... it is not so much a question of choosing the right as of the energy, the earnestness, the pathos with which one chooses. (Kierkegaard, 1959: 171)

In a relativist sense, the question becomes not so much, ‘What is right?’, but rather, ‘How committed is one to following through on your decision’. Entrepreneurs are concerned with finding the most appropriate course of action, rather than one that conforms to any particular ethical theory or principle. What is needed, therefore, is a way for entrepreneurs to describe and resolve business decisions containing ethical components in a way that results in them committing to a particular course of action. To facilitate this, the Synergy Star technique has been developed.

Just as Goldratt's (1994) conflict resolution process reduces arguments to a generic format, the Business Ethics Synergy Star enables the entrepreneur to reduce any decision to its component parts. It is constructed by first defining the desired outcome (referred to as O), then stating succinctly two necessary conditions - one defining the pure business consideration and the other representing the ethical consideration. The two complementary considerations are referred to as the X condition and the Y condition, respectively. In order to construct the Business Ethics Synergy Star (BESS) consistently, the business condition is always placed in the X position and the ethical consideration at Y. The final step is to define the respective pre-requisite actions for X and Y. It is a feature of BESS that the action required to support X is the exact opposite of the action required to support Y. These two opposing actions are referred to as Z and -Z respectively.

The generic form of the Business Ethics Synergy Star is illustrated in Figure 1 below:

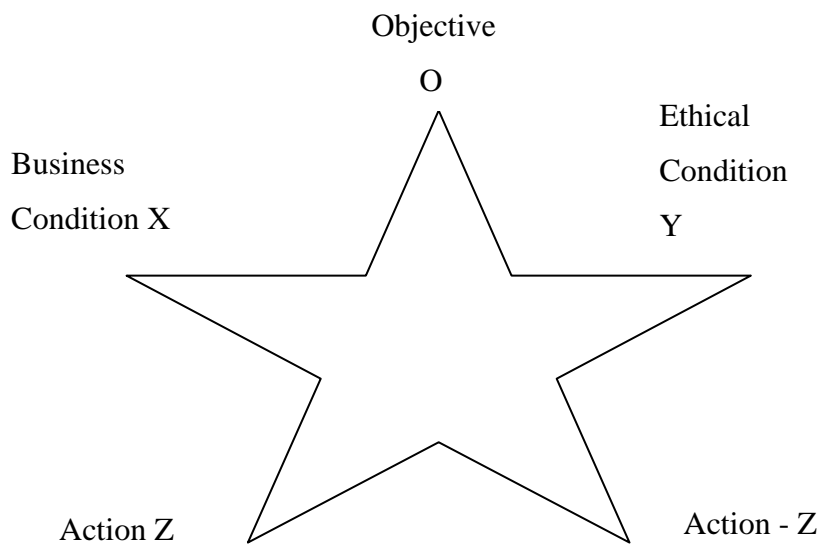


Figure 1: The generic format of a Business Ethics Synergy Star (BESS)

In applying this technique to any dilemma, the following logic is used:

In order to achieve a desired outcome (O), X is a necessary condition;

In order to achieve the same desired outcome (O), Y is also a necessary condition;

Therefore, X and Y are BOTH necessary conditions to achieve the desired outcome (O);

Now, in order to have condition X, Z is a necessary action for the creation of condition X;

And, in order to have condition Y, -Z, is a necessary action for condition Y;

But -Z is an action that opposes Z;  
 Therefore it is not possible to action both Z and -Z;  
 Thus either condition X or condition Y appears to be unavoidably obviated;  
 Therefore it appears that objective O is unattainable.

Applying the above to Bruce’s dilemma, it is clear that his objective was to make a success of the business venture he had entered with a partner. This required of him to both ‘make a positive business contribution to the venture’ (X) and ‘maintain his reputation for honesty’ (Y), giving rise to the dilemma of whether to ‘remain in the system’ (Z) or ‘not remain in the system’ (-Z). Thus:

Dilemma: Remain in the (corrupt) system (Z) vs. Do not (-Z);  
 Objective (O): Make a success of the venture;  
 Necessary Condition X: Make a positive contribution (by setting an honest example);  
 Necessary Condition Y: Maintain reputation for honesty (by disassociating from a system fraught with corruption/fraud).

The dilemma can be illustrated schematically as in Figure 2:

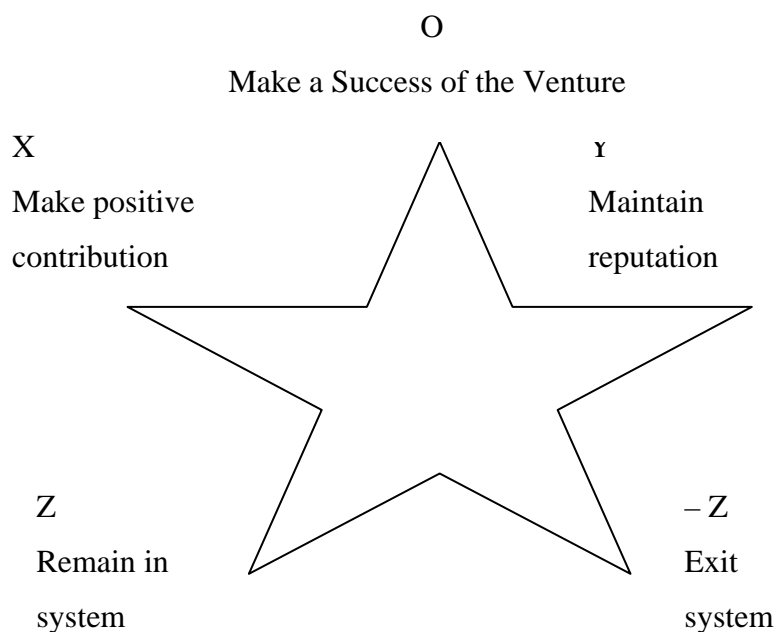


Figure 2: Bruce’s dilemma expressed in the BESS format

Now that we have the dilemma reduced to an easily understandable format, we proceed by seeking ways to facilitate the co-existence of X and Y, without the conflict between actions Z and -Z resulting. This is best achieved by seeking possible ways to achieve condition X with action -Z, or condition Y with action Z.

In this case, the options open to Bruce may be considered by envisaging situations where either ‘X and – Z’ or ‘Y and Z’ might co-exist. Thus two questions may be asked: How is it possible for him to not remain in the system yet still make a positive contribution? (i.e. he would be seeking a resolution along the X-Z vector); and/or, how is it possible for him to maintain his reputation for honesty while remaining in the system? (i.e. he would be seeking a resolution along the YZ vector). By focusing, for example, on the option presented by X–Z, Bruce might decide to forfeit his equity stake but be available to contribute as a consultant. Alternatively, by focusing on YZ, Bruce might decide to carve out a visible role for himself as the custodian of honest business practices within an inherently corrupt system.

In reality Bruce opted to remain in the system. What drove him to this decision was his recognition of the fact that he believed he could continue to make an honest contribution even within a corrupt system. He therefore chose to make Z and Y co-exist – not an easy choice, given the importance he attaches to his reputation. From a purely ethical perspective, Bruce’s decision may be explained as an altruist-utilitarian ethic. It was utilitarian in that he chose the option with the highest overall utility and altruistic in his elevation of the needs of others above his own. These are strange bedfellows indeed and this decision was only possible because he was confident that his well-established reputation for honesty could be maintained. An underlying virtue-based ethical world-view apparently forms the basis of Bruce’s resolution in this particular case. This complex resolution, however, can only really be understood to be both possible and feasible when Bruce as entrepreneur is understood in the context of his very personal lived world. Hence, it is clear that just as each dilemma is highly personal and contextual, just as the BESS portraying it.

Turning to Penny’s dilemma, it can best be stated as:

Dilemma: Be efficient (Z) vs. Express condolences (-Z);

Objective (O): Be authentic;

Necessary Condition X: Run an effective business;

Necessary Condition Y: Be genuinely compassionate (not contrived).

The dilemma is portrayed schematically by using the Synergy Star as shown in Figure 3:

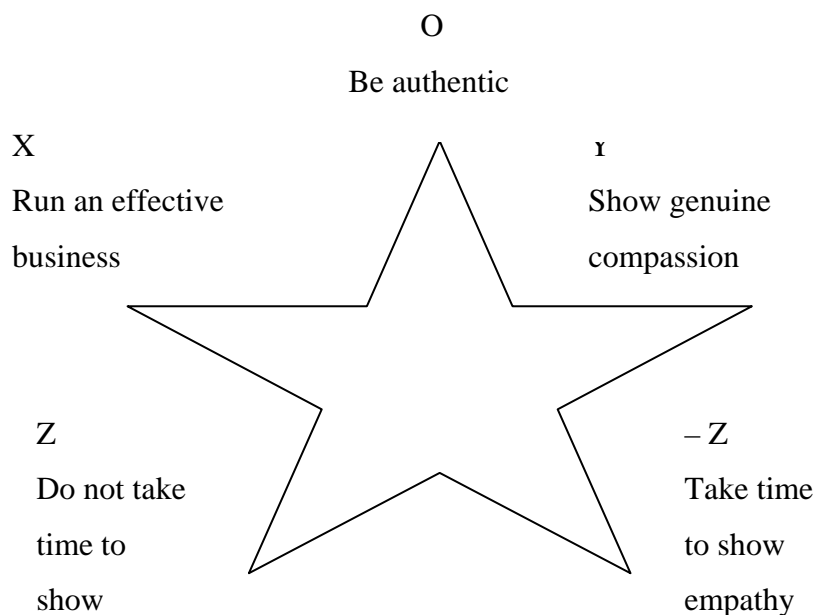


Figure 3: Penny's dilemma expressed in the BESS format.

The options open to Penny may be considered by envisaging situations where either 'X and -Z' or 'Y and Z' might co-exist. By focusing, for example, on the option presented by X and -Z, Penny must realize that time spent consoling the families of the deceased IS productive in her business. Alternatively, by focusing on Y and Z, she would discover ways to show genuine compassion in an efficient way.

It is clear that both options are related. She exhibits genuine compassion, and holds the dignity of the deceased beyond question. She handles bereavement in a sincere and businesslike way - being her natural, uncontrived self, but not shutting off real emotion. As to be expected, Penny's business ethic is entirely in line with her personal values, as she adopts a virtue-based stance in her approach to this dilemma.

Apart from alerting the reader to the complex nature of ethical dilemmas, these examples demonstrate two points: Firstly, it illustrates the effective use of the technique in defining and clarifying the five essential constructs of a dilemma, i.e. the objective (O), the conditions (X and Y), and the either/or action (represented by Z and -Z). Secondly, they show how ethical dilemmas tend to appear initially as incompatible actions, yet when it becomes clear that each required action underpins a necessary condition, i.e. one business and one ethical, it is possible to enter a paradigm of thinking where creative synergies can be sought. The feasible options take cognisance of the decision-maker's world-view. Each time the Synergy Star is completed a unique synergy is created. Therefore the notion that entrepreneurs prefer to march to their own beat (Banfe, 1991) is well-served, indeed made possible by the use of the BESS technique.

### Analysis of results

All 26 dilemmas were examined with the use of the Synergy Star. It was found that entrepreneurs' main concerns were about four issues. First, how best to balance work and family commitments. It emerged that a major source of dilemma arose from entrepreneurs' desires to succeed in business while at the same time recognizing their duties to their families and communities. Second, authenticity and credibility: Each, in their own way attempts to act authentically, and is concerned about their credibility in the eyes of others. Their concerns generally arise from a critical event through which they have become sensitized to the dangers of being considered inauthentic. Being seen to be involved in a fraudulent business transaction, or reading about a colleague or business associate being charged with corruption, are examples of such precipitating events. Some entrepreneurs choose to operate within an industry characterized by inherent corruption, and are thus faced with an ongoing dilemma that strikes to the heart of their authenticity. Third, risk and expansion: It is usual for entrepreneurs to pursue expansion by constantly seeking ways to overcome obstacles to growth. Some, however, recognize their limitations and choose rather to limit business growth so as to keep it manageable. Here, the ability to exercise the virtues, such as patience and temperance, is useful. Lastly, awareness of diversity showed up as an important element of ethical dilemmas in the context of entrepreneurial business in South Africa. Cultural differences manifest as dilemmas in such areas as partner relationships, marketing channels, venture design, and span of control.

Noting how these entrepreneurs actually dealt with the dilemmas they had experienced revealed six categories, largely influenced by each one's underlying world-view. Firstly, some entrepreneurs tend to make decisions based on personal virtues, such as honesty, trust, integrity and compassion. This is only possible when the virtues are authentic to them. When decisions are made without a virtuous base, entrepreneurs may be swayed by vices, such as greed or selfishness. Secondly, an approach the authors refer to as "what's-in-it-for-me". One way of taking a definitive stand when it comes to ethical decisions is to view the outcomes from a perspective of self-interest. If the likely outcome is negative *to the entrepreneur*, they would naturally decline the action. This is all very well, but one cannot always assume that a positive outcome *for the entrepreneur* necessarily justifies the action. To do so is to endorse a consequentialist-egoistic stance, as was found to be the case with some. Thirdly, friction avoiding: Some entrepreneurs simply withdraw from situations where there is potential for friction. While this may be seen not a way of resolving conflict, but simply a way of avoiding it, it does in fact dissolve the dilemma. As any dilemma exists in the mind of the person experiencing it, presumably if one is able to ignore the dilemma it ceases to exist. The analysis reveals that there is often a conscious reluctance to engage in matters that might be experienced as disturbing to the entrepreneur. An example of this is the case where one participant, nearing the end of her working life and desiring nothing more than a peaceful existence and the time to enjoy the fruits of her labour, valued relaxation above money, and was therefore content to avoid conflict situations regardless of the financial impact on the business. Fourthly, some entrepreneurs simply allow dilemmas to run their course without intervening at all. Although this could be deemed careless or irresponsible, the ability to accept an outcome, whether favourable or not, once you have done the best you can, requires a certain maturity. This level of maturity appeared to stem from a belief that all things in the universe work together for good. In living out this naturalist utilitarian view, they reason that since they have done nothing to attract a negative outcome, if it should be so it could only be for the general good. If a positive outcome results, they feel vindicated in having allowed or attracted it. The authors refer to that as a come-what-may approach. The fifth way was to give weighted consideration to the expectations of the community. By avoiding weighing decisions on the basis of

personal gain, some entrepreneurs adopted the approach that success in business relies on a good understanding of societal and community norms and expectations. They took cognizance of community expectations and were reluctant to act until sure of the support of others. The underlying world-view appears to be altruistic, but can in fact be disguised egoism - a mere manipulation of events for their own benefit. Lastly, and most importantly, the authors found that in many cases, these entrepreneurs were quite adept at seeking the types of synergies that become evident from the use of the Synergy Star technique. The ability to create win-win outcomes is not to be confused with compromise. Whereas compromise solutions entail fifty-fifty accommodation - each party giving a little to accommodate the other, the synergy seeking entrepreneur expects nothing less than a hundred-hundred solution - where both parties achieve everything they expected, and sometimes even more. The Synergy Star technique was found to be ideally suited to support synergistic solution-building precisely because it can be used to assist entrepreneurs to generate a number of possible solutions and then critically examine each in terms of the major constructs, namely the objective and the inherent conditions, which as we have shown contain both the business and the ethical components.

The findings of this research further reveal that each entrepreneur has a distinctive world-view, which is represented by a complex mosaic of virtue ethics, deontology, utilitarianism and meta-ethical perspectives. The permutations are numerous, thus any attempt at typecasting entrepreneurs is futile. Instead, this research has identified aspects of the entrepreneurial milieu that influence the way they decide what is ethically appropriate. These include considerations of cultural diversity, the freedom to limit the amount of personal energy given to business, and the existence of a more sensitive, searching inner soul beneath the apparent hard-nosed business-oriented public image.

## Conclusions

It is clear that business decisions contain both business and an ethical considerations. The Synergy Star facilitates the explication of these. As these two components are complimentary to each other, the ability to synergise results in a more effective course of action than a more expedient course of action that would ordinarily negate one of the components. While examining entrepreneurial dilemmas, this paper introduced the Business Ethics Synergy Star as a tool to portray the argument form of a business decision and facilitate its effective resolution in a non-prescriptive, non-normative way. The authors were successful in applying BESS to all dilemmas experienced by each of the participating entrepreneurs. It may be applied as a standard way of expressing any dilemma, but particularly where business (X) conditions and ethical (Y) conditions imply opposing acts (Z and  $-Z$ ). Since the (by its construct format) BESS demands that the ethical (Y) condition be made explicit, it provides a useful way of formatting a dilemma so as to facilitate its resolution. The five essential constructs of the Synergy Star were identifiable in each of the business dilemmas analyzed (see Appendix 1). This alone suggests that it offers potential as a way of assisting entrepreneurs to choose courses of action that are aligned with their personal world-views. The authors suggest that using a technique such as this could also lead to a stronger commitment on the part of the entrepreneur to act on the decision made.

The research also provided some insights into the psyche of the entrepreneur as aspects of the lived-worlds of entrepreneurs were revealed through the dilemmas they experienced. Some general characteristics emerged. The key components of entrepreneurial success were found to be – having clear

goals, energy, making a contribution to society, being connected, getting others on board, and work as an extension of self. Entrepreneurs appear to be driven by four key motivations, namely goal-orientation, sense of personal excitement, inner conviction, autonomy, and external recognition of success. An initial attempt has been made to understand the notion of an entrepreneurial ethic – a rich mosaic of deontology, teleology and virtues. Five key concerns were identified, namely concern for credibility, commitment to service, contributing to quality of life. As for the nature of entrepreneurial dilemmas, these were found to be derived from four concerns, namely conflicting responsibilities, authenticity and credibility, risk and expansion, and awareness of diversity. It is clear that entrepreneurs deal with ethical issues in their own distinctive ways – by holding fast to authentic virtues, bowing to community expectations, avoiding friction, adopting a ‘come-what-may’ or ‘what’s in it for me’ attitude, or pursuing a higher purpose where both parties benefit. This has particular relevance for entrepreneurs in South Africa, where the challenges of overcoming the legacies of apartheid include the need to limit crime, to foster an acceptable work ethic, and to facilitate reconciliation between ethnic groups. Finally, the notion of the entrepreneur as someone intent on finding the power within themselves appears throughout the data, and at least partially sheds some light on the illusive entrepreneurial spirit, which manifests as self-reliance, looking beyond immediate obstacles, grasping opportunities, and recognising serendipitous events.

This research reveals the significant power of moral choice in influencing business decisions. Since moral choices can have such a significant impact, and given the fact that entrepreneurs usually make those choices without consulting people well-versed in ethics, it is imperative that they be equipped with a technique that enables them to consider their options and make effective choices. One challenge entrepreneurs face is about how to define the ethical dilemma explicitly, so as to address it within the context of the entrepreneurial purpose. As all the dilemmas studied were found to contain an ethical dimension, and each could be drafted into the five constructs of BESS, it can be confidently concluded that the use of the Business Ethics Synergy Star facilitates this. It also offers a way of resolving dilemmas in line with the entrepreneur’s personal world-view, thereby ensuring commitment to follow through. The Business Ethics Synergy Star is recommended as a technique to aid in the formatting and resolution of entrepreneurial dilemmas and ethical challenges in a non-prescriptive and non-normative way.



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## Appendix 1 Summary of 26 Entrepreneurs' Dilemmas

<b>Category</b>	<b>Business Condition X</b>	<b>Ethical Condition Y</b>	<b>Dilemma Z vs. -Z</b>
Authenticity/ Credibility	Make a positive business contribution	Maintain reputation for honesty	Remain in or exit the system
Risk / Expansion	Hold out for best site	No delay in pursuing goals	Persist or not with best-case scenario
Authenticity/ Credibility	Remain focused	Remain stimulated	Pursue only one venture at a time or take on others
Risk & Expansion	Maximize profits	Remain true to my profession	Start a new business
Authenticity/ Credibility	Have accurate administration	Deal with customers honestly	Offer additional service
Authenticity/ Credibility	Climb corporate ladder	Be true to my conscience	Ensure own upward mobility
Diversity	Ensure best quality	Respect customers' preferences	Engage in 'hard sell' tactics or not
Conflicting Responsibility	Build a successful business	Not exclude my family	Commit totally to business or not
Diversity	Recognise competing ideologies	Advance own beliefs	Be controversial or not
Risk / expansion	Obtain additional business	Add value to existing business	Pay bribes or not
Conflicting Responsibility	Recover cost of delivery	Not upset regular customers	Implement delivery charge or not
Conflicting Responsibility	Seek new challenge	Retain secure salary	Leave corporate employ or not

Conflicting Responsibility	Run a lucrative business	Not place trust in something that may not last	Stay in this industry or exit
Risk / Expansion	Expand market	Not upset existing customer	Supply new customer or not
Authenticity/ Credibility	Pursue business goals	Engage community stakeholders	Delay project or not
Conflicting Responsibility	Attract customers to store	Keep peace with partner	Improve displays or not
Authenticity/ Credibility	Accept the offer of a loan	Be honest	Bear complicity with untruthfulness or not
Conflicting Responsibility	Meet patient obligations	Recharge emotionally	Work or rest
Risk and Expansion	Have sufficient capital	Have no burdensome loan	Borrow money or not
Authenticity/ Credibility	Run business efficiently	Be genuine	Show compassion or not

Diversity	Maintain high quality standards	Empower staff	Assume control
Diversity	Not lose control	Conserve own energy	Delegate financial controls or not
Risk and Expansion	Make huge profits	Not exploit vulnerability	Increase prices or not
Conflicting Responsibility	Ensure flawless quality & service	Uphold dignity of deceased	Show or deny respect
Conflicting Responsibility	Concentrate on business	Fulfill family responsibilities	Commit fully to business or not
Risk and Expansion	Raise capital	Not over-extend financially	Grasp property opportunity or not