

Ethics beyond the code of conduct – understanding the ethical dilemmas of entrepreneurs

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Abstract

Entrepreneurs choose a particular way of life with the dual aim of maximising profit and gaining a sense of self-satisfaction. In these endeavours, entrepreneurs typically live with the threat of competition and the risk of business failure, while attempting to do their best within the limitations of their resources. This qualitative study first examines existing theories of ethics and ways of applying business ethics and thereafter investigates entrepreneurs' actual experiences by means of in-depth interviews and the use of phenomenology. It finds that entrepreneurs are not guided by any specific code of conduct, and must decide for themselves what is right. It describes the entrepreneurial business ethic, some of the types of dilemmas that they experience and the methods that they have developed to deal with the dilemmas.

Key words

Ethics

Code

Conduct

Dilemma

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1 Introduction

Entrepreneurial actions aim to achieve various goals, such as survival; profit; enhanced self-satisfaction; limitation of risk and threat; and the optimum use of limited resources. But does the pursuit of these interests supersede the more general need to behave ethically? Entrepreneurs are involved in many decisions, some of which demand the making of choices that involve ethical issues. Is it possible to satisfy seemingly opposing requirements simultaneously?

That there is "endemic corruption on our (sic) continent" (Rossouw 2002:11) has been well documented (Rossouw 1997; Kpundeh 1998; Deloitte and Touche 1999). What is more disturbing is that it appears to be on the increase. A Deloitte and Touche (1999) survey of fraud in seventeen African countries has identified widespread abuse, including the forging of bank documents, tax evasion, submission of fraudulent insurance claims, and fraud relating to the electronic transfer of funds. Rossouw (2002:12) claims that "the greatest danger facing Africa is that the current absence of ethical values in business comes (to) be seen as the way business should be done".

A Sunday Business Times (22 July 2001:7) report entitled 'Corruption and bribery are huge problems for the continent' sums up the current situation in South Africa. Although South Africa's corporate codes of conduct are among the most admired in the world (Shevel 2001; King 1992 and 2002), the country appears to be unable to match practice with theory. In the past few years unethical business practices have been revealed at some of South Africa's large corporations, such as LeisureNet (Schoonakker 2001), Macmed, Regal Bank, Beige, Nedcor/Didata and South African Airways (Shevel 2001). There has also been the fiasco surrounding the provision of luxury cars to South African government ministers involved in a multi-billion rand arms deal (Bezuidenhout, Wa Afrika and Jurgens 2001) and the match-fixing charges brought against the former captain of the South African national cricket team. These incidents reflect poorly on the region and come in an era in which the President is attempting to initiate an African renaissance and the West perceives South Africa to be the powerhouse for sub-Saharan Africa. Shevel (2001:7) is justified in saying that "the state of affairs is creating a very real crisis which undermines the investment environment in this country". But this paper does not attempt to solve the problems being experienced in South Africa. Instead, it focuses on gaining an understanding of some of the ethical aspects of business. It does so by investigating the types of ethical issues that business deals with on a daily basis.

As a result of the authors' particular interest in the types of ethical challenges that the owner-managers of small businesses face, the research has been limited to these entrepreneurs, as opposed to the more affluent or famous entrepreneurs that are associated with older and more established companies. The purpose of the study is therefore to gain a first-hand understanding of how entrepreneurs experience and deal with ethical dilemmas. For reasons that will become clear to

the reader, the study proceeded without any hypothesis as to what might be found or what was to be tested. Indeed, the research project was not intended to test anything in particular. However, this does not mean that the research was entirely open-ended. On the contrary, the objective was to discover the truth – that is the real experiences – below the surface, i.e. beyond the façade of business, the normative and the code. This truth is important for accountants and auditors as it impacts on both the extent to which they may be willing to be associated with developing businesses as well as their ability to provide sound advice to clients who may be faced with dilemmas similar to those discussed in this article.

While the study was undertaken and completed prior to publication of the second report of the King Commission, its findings concur with one of the main recommendations of this report, namely that self-regulation is preferable to codes of conduct, which inevitably give rise to considerable additional documentation. Judge King did in fact suggest that, while codes provide a measure of quantitative accountability, they may well reduce the level of qualitative accountability, which is best obtained through self-regulation (King 2002 p.c.).

2 Review of the literature

There are various ways in which entrepreneurs make moral choices. For example, they could use intuition, follow the example of someone they admire or apply a particular theoretical model in which one set of rules is preferred to another. These various ways of dealing with moral issues form the subject matter of ethics. Solomon and Hanson (1983) argue that a moral action should satisfy two conditions, namely *consistency* and *universality*. Consistency means that similar cases are treated similarly; universality means the same conditions are applied to all people everywhere.

A small business has unique needs in respect of ethical issues. Longenecker, McKinney and Moore (1989) believe that ethics in a small business is the uncharted area of ethics. It is business survival, initially, and business profitability and sustainability, ultimately, that are usually the paramount considerations in entrepreneurial decision making. Ward, Aronoff and Craig (1993) explain that the complexity of an entrepreneur's life experiences can lead to temptations and rationalisations, which may have unanticipated consequences. O'Connor and Lyons (1983) on the other hand found that, contrary to the perception that entrepreneurs are motivated mainly by money, many feel that they have personal obligations toward their customers and employees and social responsibilities toward national development.

Whenever entrepreneurs ask "What is the right thing to do?" they are searching for the morally appropriate action. If they seek applicable rules, norms, values or examples to follow, then they are applying *normative* ethics. If they question the grounds upon which values or rules are seen to be valid, for example by asking whether ethical rules are merely relative or purely subjective, then they are engaging in *meta-ethics*.

3 Normative ethics

Normative ethics is the branch of philosophy that is concerned with moral obligation and intrinsic value in the actions and character of human beings (Double 1999). The term *normative* refers to theoretical ideals – *norms* – against which we are able to evaluate practices (Dees and Starr 1992). Two main branches of normative ethics are *virtue ethics* and *rule-based ethics*.

A human virtue is a relatively stable character aspect that disposes a person to act in a benevolent way (Alexandra and Miller 1996). Virtues are therefore what we would think of as good habits, such as courage, generosity or loyalty; vices may be seen as bad habits, such as cowardice, selfishness or disloyalty. Virtue ethics are essentially about cultivating excellence in everything that one does (Boylan 2000). In ancient Greek literature, the study of ethics offered influential accounts of the virtues. These were recorded by Plato and Aristotle in the fourth century B.C. Virtue ethics focused on the formation of character to equip people for good citizenship in an organised community, in the belief that a community made up of people of good character would *ipso facto* be a good community (Negri 1998).

Virtue ethics fulfilled the requirements for morality by emphasising the roles of character and reason. Since not all people are virtuous, virtue ethics could not guarantee morally acceptable behaviour. Something more was needed. This gave rise to more prescriptive forms of normative ethics, referred to as *rule-based ethics*.

Rule-based ethics sought to provide generic prescriptions for morally acceptable behaviour. Rules were divided into two main categories. The first was consequentialism – actions should be judged in terms of their consequences – and the second was *deontology* – where the opposite was assumed, *i.e.* that rightness or wrongness is a judgement that is not dependent on consequences, but rather on the intrinsic goodness of an action.

If one's moral decisions are made by considering the likely consequences of alternative courses of action, one is engaging in consequentialism. The most popular approach to consequentialism is *utilitarianism* – the belief that actions should be appraised in terms of their effect on happiness (Rachels 1993). As a theory, utilitarianism suggested that an action could be considered morally right if it produced more total utility for the group than any other alternative (Boylan 2000:66). The goal of utilitarianism was therefore *the greatest good for the greatest number*. That concept could be extended to business by introducing the following tenet (Weiss 2003:80): an action would therefore be morally right if “the (immediate and future) net benefits over costs are greatest for all affected”.

The ultimate goal, therefore, was not the happiness of the individual, but the happiness of society (Rossouw 2002:56). For this to hold true in practice, it required every person to choose to act in ways that ensure the happiness of all

those affected by their actions, even at the expense of their own happiness. Utilitarianism therefore requires a level of impartiality that is often too demanding for most people. Only in a virtuous society could that be a feasible expectation.

Deontology focused purely on the intrinsic rightness of an action, without regard for its consequences. Deontology is in essence *the account of the musts*, i.e. moral duties (Boylan 2002: 88). Just as husband and wife have a duty to be faithful to each other, there are moral duties that persons should perform with regard to each other, for example to be truthful. Deontologists believe in the absolute necessity of duty, irrespective of the rewards or punishments that may follow. Therefore, deontologists would not lie, even if by lying they could save the lives of many.

Kant (1724–1804), the philosopher most closely associated with deontology, insisted that *human reasoning* and *good will* are necessary for consistent moral behaviour. This led him toward a universal law that should apply to all human beings. He believed that some duties are absolute, e.g. the duty to tell the truth, while others are discretionary, e.g. the duty to exercise. He therefore distinguished two forms of imperative, namely the *categorical*, an instruction to act that is not dependent on anything, and the *hypothetical*, a conditional instruction to act. Kant's Categorical Imperative (1785) required people to always act in such a way that they can, simultaneously, wish that everyone would act in that way (Solomon and Hanson 1983). Kant also believed that persons should never be used as a *means* to an end.

Deontology is not unlike virtue ethics, in the sense that, as a moral theory, its goal is for everyone to act virtuously at all times. The difference is that it seeks to prescribe moral duties by promoting an imperative to act morally, on the assumption that people will not, of themselves, always act in virtuous ways.

In deciding how to go about applying these ethical theories, one might inadvertently enter the domain of meta-ethics, in which two perspectives, namely *moral objectivism* and *ethical relativism*, offer conflicting views. Moral objectivism claims that there can be agreement on what is moral, i.e. there exists a moral truth that can be discovered by everyone in an objective way, and everyone should therefore live by the same morality.

In direct opposition to moral objectivism, ethical relativism claims that there can be no definite or objective moral truth. With the advent of a 'global village' and the resultant exposure to different cultures, people are now realising that cultural diversity is a significant factor that influences the appropriateness of any moral theory – "what is right in one culture is not necessarily right in someone else's" (Rossouw 2002:66). Some say that there is little point in pursuing any moral debate in the absence of objective criteria with which to decide who is right.

An extreme form of ethical relativism is moral subjectivism, which holds that each person is entitled to his own beliefs, and therefore he or she cannot be

judged by another. Whereas relativism claims that there can never be general agreement on moral issues, subjectivism takes moral dissensus to the extreme – agreement on moral issues cannot be expected between any two people, because individual preference is the only valid standard of moral judgement.

4 Codes of conduct

There are general guidelines for the making of ethical decisions. Any one of the following approaches may be adopted: The golden rule, the utilitarian principle and the categorical imperative. However, contemporary business is more complex than ever before. A recent advance in the ongoing effort to ensure the application of ethical principles in business includes the introduction of a code of conduct. Some industries, and notably most of the professions, have an association or institute that is usually charged with amongst other things the responsibility of drawing up and periodically reviewing a set of guidelines for ethical conduct with which its members are required to comply. As members are guided by the principles contained in the code, it provides a convenient short-cut for them when they are faced with the making of an ethical choice. The King Commission (1992 and 2002) has produced a set of guidelines for corporate governance, which, though not enforceable by the courts, has made corporate South Africa more aware of its ethical obligations to stakeholders. However, awareness of these obligations does not necessarily mean that they are or will be implemented.

Four problems exist with regard to such ethical guidelines. The first problem is that the players in an industry do not all belong to the association. The result thereof is that when unethical practices are associated with that industry, the association may be powerless to act against non-member perpetrators. The second problem is that the members of an association do not all comply with its code of conduct, which means that the association needs to police its members in some way. The third problem is that industries are often motivated to implement a code of conduct only *after* a series of unethical events have occurred, which amounts to locking the barn after the horse has bolted. The fourth problem – and one that pertains in particular to entrepreneurs – is that, as a result of the other pressures exerted on them, entrepreneurs often do not involve themselves in industry associations. In response to the lack of involvement, some professions, notably medicine, accounting auditing, pharmacy and consulting engineering, have created a legal requirement, instituted by an act of parliament, that requires all practising members of the profession to register with the professional institute or governing council. In other professions, registration is not a legal requirement, but serves as a strong recommendation. Prospective clients are advised to ensure that they use the services of registered members only, for example air travel agents, management consultants, estate agents and security services.

Apart from industry-specific or professional codes, some companies have developed their own code of ethics, which consists of value statements that

define the organisation. Weiss (2003:140) has found that the major purposes of company-specific codes of ethics are *inter alia*:

- To state the corporate leaders' dominant values and beliefs, which are the foundation of the corporate culture.
- To define the moral identity of the company, both internally and externally.
- To set the moral tone of the work environment.

The leaders of organisations, industries and the professions – including entrepreneurs – play a pivotal role in influencing the ethical norms that are associated with their constituents.

Business ethics has recently attracted considerable academic interest (Powell 2002:5). Companies attempt to be “simultaneously profitable and socially responsible” and the study of business ethics is increasing in popularity, as was the case with marketing in the 1980's. Because business ethics affects all internal and external business practices, it has become recognised as being vitally important. A recent flood of textbooks on the subject (*e.g.* Shaw and Barry 2001; Rossouw 2002; Weiss 2003), which offer comprehensive overviews of the classical theories of ethics and some insights into how they could be applied in business, is testimony to this recognition.

5 Methodology

The research underpinning this article is based on the interpretive paradigm as its purpose is to “understand and interpret daily occurrences and social structures as well as the meanings people give to phenomena” (Cantrell 1993:83). It differs from critical science – of which the primary aim is to bring about change – and from positivism – of which the aim is to explain reality in terms of facts that may be generalised. Interpretive researchers accept the possibility of “multiple, divergent and holistic realities” (Cantrell 1993:83). Instead of studying *situations* and events with the aim of changing them in some way, interpretive researchers engage *participants* in an interactive interview process to obtain sufficient depth of understanding. Because it is the process of *interpretation* that forms the epistemological basis for gaining that understanding, it follows that the preferred method of data collection is *qualitative*.

This article is based upon the findings that emanated from a literature study, followed by a phenomenological analysis of the ethical challenges that are experienced by seven practising entrepreneurs. The methodology used for the empirical, phenomenological investigation followed a predetermined, three-step sequence (Smith and McIntyre 1982:95), namely:

- 1 *Psychological reduction* – focusing attention on consciousness and its experiences, rather than on the various external objects with which consciousness is more typically occupied.

- 2 *Transcendental reduction* – eliminating from this study of consciousness all empirical or naturalistic considerations.
- 3 *Eidetic reduction* – generalising the results attained.

In recent times, phenomenology has been described and applied extensively and it is highly regarded as a scientific method, provided that the above-mentioned steps are applied rigorously (Giorgi 1999). It is, in fact, the only method capable of researching *existence in consciousness* and therefore it is ideally suited to the study of how entrepreneurs experience and deal with ethical issues.

The sample frame for this study comprised established entrepreneurs in service-oriented businesses that are located in the Eastern Cape region of South Africa. The seven participants were deliberately selected to include as much variation as possible in respect of the nature, type of industry and age of business as well as the age, gender, race and culture of the entrepreneurs. The research was conducted over the period March 2001 to September 2002 in accordance with the Human Scientific Phenomenological Method (Giorgi 1997), as listed below:

- Collection of verbal data.
- Reading and re-reading the data .
- Dividing the data into parts to delineate meaningful units.
- Organisation and expression of the data from the perspective of a particular discipline.
- Synthesis or summary of the findings.

6 Findings

The findings reported in this paper are limited to those findings that relate to the particular discipline of business ethics. They focus on the following three aspects: business ethic, the nature of ethical dilemmas and the ways in which entrepreneurs deal with them.

Part 1: Business ethic

The term 'business ethic' refers to the underlying philosophy that influences the way in which the participating entrepreneurs conduct business with other people.

Integrity and credibility

One entrepreneur that was interviewed, referred to his reputation as his collateral – a store of wealth, based on integrity and credibility. The fact that people know that he conducts business with integrity, has made it easier for him to pursue various projects, and his reputation for honesty assures him access to loan capital. After questioning the wisdom of being involved in a sporting venture, which he later discovered to be tainted with fraudulent practices, this

entrepreneur realised that one of his roles was to demonstrate to people that business could be conducted in an honest way. In another venture he found it necessary to bring about improvements to products that he was selling so that he could sell them honestly, claiming that selling a lie affects one's self-esteem.

One black entrepreneur was obliged to look credibility squarely in the face at an early stage in his career. Faced with an ultimatum to either refrain from involvement in a trade union or to resign from management, his main concern was how his township friends and neighbours might interpret his decision. At a later stage he was required to defend his political credibility to the community in order to overcome suspicion regarding his loyalties and motives. In another instance, a fact-finding mission to Zimbabwe left him with the distinct impression that the church there had become ineffective as a result of a lack of credibility. These findings led him to initiate a community venture. In his frequent references to the necessity of maintaining credibility among township residents, he stated that participation, consultation and transparency are essential and he pointed out that business generally lacks these elements. It is clear to him that he would not have achieved his business goals without the support of the community upon which the business was built.

All the participants cited honesty in dealing with customers, such as refusing to criticise competitors' products, not using hard-sell or underhand ways of obtaining business and never trying to cover up mistakes, as being an essential ingredient of the business ethic recipe. One stated, "I think there's a power out there that you can use. But you need to be honest. You need to get your own integrity in line.... Ultimately, if you're not honest, then everybody gets hurt, 'cos then you're just playing games". Although the industry in which she operates is plagued by corruption, one interviewee conceded that there is a great deal of integrity. Another advised unambiguously "You must tell the truth" – even when telling a 'white lie' appears to be tempting."

These entrepreneurs unanimously uphold honesty, truth and integrity in their business dealings, but they do so for different reasons. Some consider *integrity* to be a universal principle that should not be violated; one views *reputation* as being collateral; for another *credibility* is a necessary condition for the acceptance of his projects by his community. This, too, is collateral, because his marketability relies on it. They all perceive definite causal relationships to exist between honest business practices and healthy, thriving businesses. Most of them choose *honesty* for its own sake, regarding honesty in business to be a necessary condition for self-esteem.

Commitment to service

The commitment of these entrepreneurs to service entails striving to offer a perfect product and service while maintaining a sense of urgency about satisfying the customer. One entrepreneur, who runs a funeral service, is a perfectionist who expects everything to be done correctly. Her worst nightmares are about possible slip-ups occurring in respect of customer service – even if they are not

her fault. For the sake of her pride in her company, it is very important to her to provide a better service than her competitors. For another, whose firm specialises in picture-framing, it is important that customers are happy and come back again – and she values this goal even to the point of correcting mistakes that were not hers. A third, who operates a retail pharmacy, puts in a considerable amount of extra effort to ensure that up-to-date records are maintained in order to help customers resolve any medical aid claim disputes. His products are designed and customised with a view to giving the client the best quality and value. A fourth, who is involved in the provision of employee benefits, has an insatiable sense of urgency to meet clients' needs, but finds that it is not always matched by her (corporate) suppliers. All participants agreed that, as entrepreneurs, they have a far greater commitment to service than they ever had before as corporate employees.

Contributing to other peoples' quality of life

It is important for entrepreneurs to strive to improve the quality of life of the people with whom they transact business. According to one entrepreneur, whose business is community oriented, "The true character of an entrepreneur is to know that he's making a valuable contribution to the society in which he lives". He believes that someone who is interested only in improving his own quality of life becomes caught up in the rat race, bitter and twisted, and ultimately crushed. A participating entrepreneur, who is in the health-care business, gains her satisfaction from observing her clients undergo life-changing experiences. To her, that result, rather than material gain, is the real payoff. She believes that entrepreneurs should consider their motives; if they are purely material gain, then, she says, they are actually wasting their time. "What's the point?" she asks. One of the participants started his community school as a result of a conscious decision to empower people through education.

Part 2: Ethical dilemmas

Entrepreneurs experience ethical dilemmas when they feel compelled to do two things simultaneously, but are only able to do one, or when they believe neither to be morally justifiable. The need to make ethical choices arises from the following: An enhanced awareness of what makes a good or bad person; a belief that the needs of others should be considered; reflection on what is a right or a wrong action; and a desire to act in ways that are consistent with one's personal values. The main sources of dilemmas that affect entrepreneurs were found to be conflicting responsibilities; issues of authenticity and credibility; risk and expansion; and cultural diversity.

Conflicting responsibilities

The main concerns were how best to balance work and family commitments. A major source of dilemma arises from an entrepreneur's desire to succeed in business while simultaneously recognising the duty to fulfill his or her obligations

to family and community. This dilemma was experienced by all seven of the participants and, although it was most prevalent in the start-up phase of the business, the ethical choices that resulted from this dilemma continued to plague most of them.

Authenticity and credibility

Entrepreneurs attempt to act authentically and are concerned about their credibility in the eyes of others. Their concerns generally arise from one or more events through which they become sensitised to the danger of being considered inauthentic. One example is the threat of being seen to be involved in a fraudulent business transaction. As some entrepreneurs operate within an industry that is characterised by inherent corruption, their ethical choices may be limited by concerns about their credibility in the eyes of others.

Risk and expansion

It is usual for entrepreneurs to pursue expansion. They generally achieve this by constantly seeking ways to overcome obstacles to growth. However, some realise that they have limitations and choose not to grow. Most appear to relish a change of focus and therefore prefer to pursue another new venture in preference to building an existing one beyond the size that they feel comfortable to manage.

Risk to the entrepreneur extends beyond monetary risk and includes matters such as image; credibility; wastage of time and effort; and becoming 'out of balance'. This research indicates that not all entrepreneurs are the risk-takers that they are usually made out to be. On the contrary, before seizing an opportunity, they carefully weigh up the risks associated with it.

Awareness of diversity

There are distinct differences in and among the various cultural groups in South Africa. These differences translate into buying preferences as well as into ways of doing business. Some entrepreneurs regard the differences to be threatening, others find them enriching. These cultural differences affect partner relations, ways of marketing and the duration of projects. They often give rise to frustrations in business. A case in point is the necessity for prolonged consultation when dealing with projects that concern 'previously-disadvantaged' people. Because of the legacy of an unjust political system, many stakeholders are sceptical of projects that purport to be to their benefit. As a result thereof 'transparency' has become the watchword. The Eurocentric approach to projects – plan, implement, reach milestones, meet deadlines – is sometimes inappropriate in a democratic, *post-apartheid* South Africa.

Part 3: Ways of dealing with dilemmas

Each participant related from two to seven dilemmas. In total, twenty-six dilemmas were examined. Entrepreneurs appear to deal with ethical dilemmas in

ways that correspond to their respective world views. These ways range from the blasé, *laissez faire* approach to the purposeful and persistent pursuit of goals. The following approaches were identified:

The virtuous person

The virtuous person deals with a dilemma by recognising the contradictory forces at work and by taking a conscious decision to act in a certain way. That decision is based on a particular virtue, for example honesty, trust or compassion. The virtuous person can follow through the decision, because he or she is acting authentically. When decisions are made without a virtue base, entrepreneurs may be swayed by vices, such as greed or selfishness. Therefore the notion that an entrepreneur is a greedy or selfish person may be true of some entrepreneurs, but it is not true of those entrepreneurs who are essentially ‘good people’, who are doing entrepreneurial business and making ethical choices that are authentic to them.

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 *for you*, you would naturally decline the action. This is entirely natural and cannot be faulted as a way of steering the company away from danger. Entrepreneurs therefore use this method to choose between alternative courses of action. However, it cannot always be assumed, as the egoist does, that a positive outcome *for you* necessarily justifies the action, because, to be ethical, the outcome should also be positive for others. Therefore, while this method may be suitable when avoiding transactions that could be harmful to the business, it is not effective as a way of building goodwill and long-term relationships and may in fact jeopardise future opportunities.

Avoidance of friction

Some entrepreneurs simply withdraw from situations in which the potential for friction exists. It is not a way to solve conflict, but simply a way of avoiding it. Lack of energy or commitment may cause them to cope in that way, but it is often the result of a conscious reluctance to engage in matters that disturb the soul. This situation applied in one case in which the successful entrepreneur was reaching the end of her working life and desired nothing more than a peaceful existence with the opportunity to enjoy the fruits of her labour. Therefore she values relaxation above money and is content to withdraw peacefully from conflict situations. It was also true in a second case in which the entrepreneur had chosen a field of endeavour that involved conflict resolution. Consequently, she became emotional drained and sometimes took avoidance measures when dealing with dilemmas that were internal to the business, such as debt-collection. A third participant used this method when he found himself drawn into an argument between two of his largest customers. It was, we believe, a

tactical way of avoiding a situation of being seen as 'taking sides', but also a reflection of that entrepreneur's personality.

Come what may

Some entrepreneurs simply allow dilemmas to run their course without intervening at all. To take this course, they should be mature enough to accept the outcome, whether it is positive or negative *for them*. This approach stems from the belief that all things work together for the good – a naturalistic stance. One participant argued that, because she had done nothing to attract a negative outcome, there was no reason to believe that there could be one. She then qualified her moral logic by saying that if a negative outcome should ensue, it would have to be for the benefit of others. Whenever positive outcomes resulted for her, she felt vindicated in having allowed or attracted it. If any of her decisions resulted in a negative outcome for others, it would be explained as a lesson that would ultimately prove to be for their good. This coping method represents a strange blend of subjectivism and fatalism, yet it had become an effective way of avoiding responsibility for negative outcomes, while claiming responsibility for positive results.

Considering the expectations of the community

Entrepreneurs who adopt this approach, rely on a good understanding of societal norms and expectations. They lean towards what the community expects of them. They are reluctant to act until they are sure of the support of others. One participant used this strategy effectively in negotiating terms and conditions for projects, by involving the members of the community to the extent that they began to feel as if they owned the project. Their subsequent support was so enthusiastic that the project gathered momentum, which more than compensated for the extra time taken to canvass their opinions.

A factor that contributed to the success of this approach was the fact that the entrepreneur understood the values of the community. He has since adopted the approach as his trademark and promotes it as 'Communication, Participation, and Transparency'. It works for him.

Higher purpose

Pursuing and creating win-win outcomes is an art form sought by many, but seldom realised. The synergy seeker expects nothing less than a solution in which both parties achieve everything they expected, or even more. To accomplish this outcome, there has to be an exact fit between the partners to the transaction. Finding that fit appears to require supernatural guidance. But what is clear from the research findings is that it will be found only if sought. One entrepreneur has built a career around finding synergistic alliances. He now confidently proclaims that this skill has given him an enormous amount of credibility, which he claims as his collateral, because it can be drawn upon when needed.

World views

Because entrepreneurs are personally involved in all important business decisions – the business being essentially an extension of their person – each develops *his own way* of dealing with dilemmas. In summary, the following are the ways that the authors discovered, though there may well be more.

- One participant in this study consciously responds to dilemmas in a pragmatic, yet unselfish, way and while she places the concerns of others above her own, it is never done to the detriment of the business.
- Another participant never acts until he is certain of the support of the community. Although he is not afraid to be contentious, he is concerned for his credibility and therefore chooses to take into account what the community expects of him, rather than the personal gain to be derived.
- Two participants are habitual friction-avoiders who steer away from potential conflict situations. Being hypersensitive to the views of others, they are reluctant to impose their own views.
- One entrepreneur allows dilemmas to simply run their course in the belief that things generally work in her favour. Having no fear of lack herself, she uses adverse situations to learn valuable lessons or to assist and inspire others. It is not by chance that she finds herself in a profession that requires a great deal of empathy.
- Another participant's primary concern is *what's in it for me*. She unashamedly gives priority to business matters and always seeks the most positive outcome *for herself*. Nevertheless, she prefers to work with people who hold values that are similar to her own, even though that may detract from her ability to always be on the winning side.
- Finally, one participant attributes his business success to the fact that he sets his mind firmly on his goal and then persists until he achieves it. The goal, for him, is generally altruistic in nature. This entrepreneur is conscious of the fact that a real win for him must also be a win for the other parties concerned.

Conclusion

The research revealed some apparent contradictions. This finding is not surprising, given that the participants were seven distinct individuals. The nature of their dilemmas and their various ways of dealing with them are greatly dependent upon their individual characters and personalities. Nevertheless, it was found that they share a common business ethic that emphasises honesty, service and quality of life. In addition, the authors came to the following conclusions:

- 1 Entrepreneurs cannot be typecast, either normatively or meta-ethically, because individual beliefs and practices may change over time and in response to the conditions of existence that impact on the *lebenswelt*.

- 2 Business decisions reflect the personal ethic of the entrepreneur, which is a complex mosaic of meta-ethical and normative assumptions that are unique to the individual.
- 3 Beneath the apparent hard-nosed business orientation, which is usually associated with entrepreneurs, there lies a more tentative, anxious, sensitive and searching inner being who is deeply concerned about the surrounding world and how it is affected by the things that he or she does. This inner being is characterised by a complex and individualistic mix of concerns, which include the need to behave authentically (in line with his or her values, *telos*, and/or sense of duty), the desire to be credible and successful in the eyes of others; and a belief that a worthwhile contribution is being made to society.
- 4 Honesty in business is considered to be a necessary condition for self-esteem.
- 5 All business decisions contain an ethical component, although it is not always immediately recognisable. The ethical component should therefore be made explicit.

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