ETHICAL ENTREPRENEURSHIP: IMPLICATIONS FOR INTERNATIONAL AND GLOBAL MARKETING IN SUCCESSFUL BRANDING AND REPUTATION BUILDING

(A Competitive Paper)

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## *1 Introduction*

There is a twelve-letter word that partially defines innovation: the *entrepreneur* behind it. There is another nine-letter word which communicates and perhaps relates the innovated to the potential consumer: *marketing*. However, to make sense of both words, there are three other almost inseparable words: *risk-taking – proactive – opportunity-seeking* (Covin and Slevin, 1984; Miller and Friesen, 1983; Morris and LaForge, 2002). Those words define the entrepreneur, whatever happened to her ethical posture in relation to stakeholders and their environment. That's fine thus far, but yet there is a five-letter word which holds the promise and decides whether consumers will return again to buy a product or service, either in the domestic or international market, given the meaning and value they attach to it: *brand* (Carratu, 1997; Douglas et al, 2001; Keller and Lehmann, 2003; Room, 1987; Townsend et al, 2009). The only difference between an average and a superior brand is the level of product quality or the value it has to offer via a responsible innovation (not just quality and innovation) of the entrepreneur which serves to differentiate her from many other competitors (Room, 1987). Nevertheless, almost 30 years of research has still not been sufficient to produce a generally acceptable definition of ethical entrepreneurship (EE) (let alone integrate the concepts), the pivot around which brand, innovation and the consumer revolve. Scholarship combining ethics (a system of moral principles, with "morals" referring to the entrepreneur's belief in what is right or wrong) and entrepreneurship is scant and has hitherto been mostly kept apart, albeit being conjoined concepts as we construe them (see for e.g. Brown, 2002; Dees and Starr, 1992; DeLeon 1996; Payne and Joyner, 2006).

Beyond this gap in literature lies our theoretical contribution. We argue that EE is extremely important and fundamental to the survival and reputation building of the firm. Such analysis is directly connected with 1) the entrepreneur as the pillar, 2) the firm processes, 3) the customer, and 4) any other stakeholders in the market (Freeman, 1984). All these factors are embedded in institutional environment that serves as the precondition. First, institutions allow the entrepreneur to be accommodated in any network and second, institutional acceptance eventually promotes a better reputation. We define EE as a principle-based economic initiative through the application of rational technologies embodied in effectuation and intuitive anticipation of potentially rewarding opportunities when the level of risk inclination and affordable loss do not impede the purpose of dynamic capabilities to ethically innovate and deliver superior value propositions in order to sustainably create value with and for the stakeholders in dynamic institutional environments. This is our operational definition of EE which will provide the basis for further discussions. We also claim that entrepreneurs do not only discover opportunities but they are also discovered by opportunities. The present paper explores marketing theories (e.g., Grönroos, 1990; Sheth and Parvatiyar, 1995), entrepreneurship theories (e.g., Hills et al, 2008; Morris and LaForge, 2002), and institutional theory (e.g., DiMaggio and Powell, 1983; North, 1991; Williamson, 2000; Scott, 2001). These are the theoretical lenses that will inform entrepreneurship and business ethics. The contribution of this paper is two-fold:

(i) To offer a descriptive framework that depicts the pivotal role played by the ethical entrepreneur in brand reputation building as a catalyst and fundamental cornerstone for domestic and international success.
(ii) To explore the implications of formal and informal institutional structures for the generation of a dynamic theory of long-term success of the ethical entrepreneur in a global and international market context.

Why is any further analysis required in the first place? Is it an attempt at another trivial refinement of a complex concept? Some maintain that entrepreneurial marketing is a dynamic phenomenon which keeps mutating with a firm's growth and age (Hills and LaForge, 1992) and is characterized by various environmental changes such as information technology, internationalization and globalization in all its forms (Gabrielsson and Gabrielsson, 2004), and for our case international entrepreneurship (Nummela, 2004). Others, on the other hand, maintain that cultural differences across the globe may account for the definition deficit (Holden, 2004; Hofstede, 1991). But is not any natural person who registers a legal person (a company which can sue and be sued) at the chamber of commerce or regulatory office to render a service or offer a product by his own initiative, either with endogenous resources or exogenous forms of finance, an entrepreneur? The relevance of responsible entrepreneurial behaviour is much more than a strategic fact; it is not only about the survival (Barnett, 2006a; Winn et al, 2008) and how the entrepreneur can set herself apart in a way that gives her a competitive advantage (Barney, 1991; Barnett, 2006b; Spence et al, 2001) but also how to acquire the required institutional legitimacy. Given the above purpose, the present paper seeks to answer the following central question:

> *To what extent does the role of ethical entrepreneurial marketing influence successful branding and reputation building in a dynamic institutional context?*

## *2 Methods*

The methodology follows an introspective and economic–philosophical approach (Earl, 2001) towards theorizing the central role of EE in successful branding in a wider institutional context. How can we possibly comprehend the actions and motivations of others (entrepreneurs) without understanding our own experiences which shed light on new perspectives? They are certainly empirical opportunities that must not go unexploited as we endevour to provide a sound basis for testable theoretical propositions (Earl, 2001). Our theoretical study takes the form of content analysis (an examination of a body of literature aimed at understanding differing views and incongruence of concepts or the lack thereof and systematic analytical critique with the entrepreneur as the unit of analysis (Yurdusev, 1993). This approach may probably qualify as an idiosyncracratic and anomalous since it is not generally recognized in the mainstream by the positivists but the trend towards interpretive or social constructionism will not change. This is also to demonstrate that the direction and scope of the research is a function of the researcher's ontological leanings. We argue that it would be ontologically misleading and epistemologically false to separate the two concepts of ethics and entrepreneurship from a firm's reputation in international marketing. Far removed from being a side issue, the role of the entrepreneur for successful branding is fundamental, to say the least. The focus of the discourse shifts from innovation and profitability to responsible innovation and sustainable success of the entrepreneur, taking into account markets and institutional legitimization (endorsement of morally right actions) and the regulatory framework in which entrepreneurs operate. Here, we introduce ethical entrepreneurial behaviour as an inherent part of entrepreneurial marketing for brand building. This is because the perception of the consumers and the wider society about the business figurehead has a great impact on the firm's marketing performance. A negative or positive perception of a firm's reputation is capable of quickly enhancing or derailing a business' very survival and growth in contemporary times. To state that the times have changed is also to accentuate the fact that accessibility to information by consumers and other constituents gives them so much power to chart the course of business' success or failure. This is our second premise and it is important because it is the basis for a global shift towards responsible and ethical socio-economic behaviour of entrepreneurs that impacts the very root of capitalism and wealth creation.

## *3 Theory*

### 3 .1 Mapping the theoretical landscape of entrepreneurial marketing

Below in Figure 1 is a mapping of the landscape which will help to identify how the present paper extends to a new dimension of research in the area of ethics and entrepreneurship. The central topic is the rectangular shaped box at the top in the middle which is linked to three different streams of scholarship or broader areas of studies that have been conducted in recent years. The figure also gives a better picture of most of the major seminal works or important contributions under three levels of analysis in a snapshot. There appears to be no work entitled responsible entrepreneurship; therefore within that domain we substituted ethics with responsibility. This is because extant literature has mainly associated responsibility with big firms – as if to suggest that they have a higher responsibility than entrepreneurial firms. Perhaps those ethical dilemmas associated with entrepreneurship are just different between sectors. Besides, they may also be less visible in small firms but the enormity of their outcome may have serious implications for domestic, international and global entrepreneurial marketing. Having analyzed all these contributions at various levels, we propose a unified construct of ethical entrepreneurial marketing (EEM). The ethical dimension in fact is missing in all the definitions of entrepreneurship we know of or at best they are imperfectly dealt with.

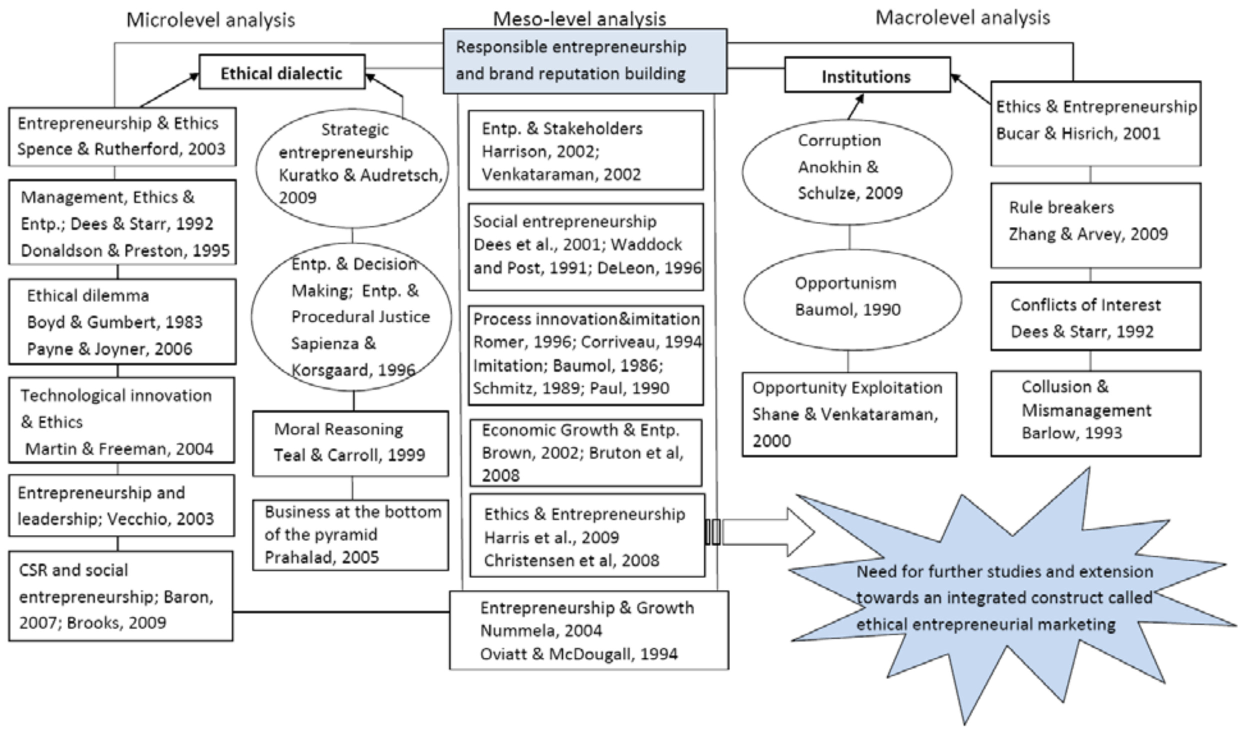


**Figure 1.** Mapping the landscape of the construct of entrepreneurship.

### 3.2 Entrepreneurship and ethics

Garriga and Melé (2004) maintain that "businesses (small or big) depend on society for their growth, continuity and even for (their very) existence". While some authors mainly attribute questions of corporate responsibility and ethical leadership to big businesses, some entrepreneurship academics such as Bucar and Hisrich (2001) have underscored the significance of entrepreneurial ethics in their work. On the other hand, there are some ethical philosophy researchers such as Spence and Rutherford (2003) who propose the redirection of ethical research attention from big organizations to smaller firms. Do big enterprises have bigger social responsibilities than the smaller ones as many have also argued? An affirmative answer is only partially true and in most cases a completely false or misleading statement. This view of entrepreneurship as having minor ethical obligations simply does not hold water since a higher level of abstraction will certainly refute this supposition. Nevertheless, it is partly true because the conduct of big business is more visible, highly regulated, and hence lends itself to easy scrutiny by diverse constituents. On the other hand it is false because moral responsibility is measured in terms of what harm it can cause when not pursued as well as the probable positive outcome. The deontological view of ethics which asks whether the end justifies the means and the consequentialists' view which is concerned with the impact of the end results are not separable here. For example, a contract research organization (CRO) conducting clinical trials may even consist of a small group of, say 5-6 experts but their drug trial activity is a determinant factor and crucial in the chain of responsibilities to determine whether there are going to be evidence-based drugs produced. Their negligence and unethical actions can burn billions in cash while causing a great harm to many people's health. Again, it takes years and a huge capital outlay to create an atomic bomb, a space shuttle, or an aircraft but it will take one monkey to press the button and bring about a disaster. With that said a defective part of an aircraft contracted to and constructed by a small entrepreneurial firm can intentionally or unintentionally cause socio-economic disaster of unimaginable magnitude. Our argument is that researchers have much to say about everything else but inherent ethical responsibility of the entrepreneur. This, however, is fundamental. Whether it is a tiny or small business entity, unethical behaviour on the part of the entrepreneur could have systemic effects on a whole industry, society and the environment at large. This is why institutions also matter in such an analysis.

### 3.3 Concept analysis of entrepreneurial marketing

Venkataraman (1997) refers to entrepreneurship as "a scholarly field that seeks to understand how opportunities to bring into existence 'future' goods and services are discovered, created, and exploited, by whom, and with what consequences." Extant definitions of marketing *per se* have little to offer entrepreneurship especially when marketing was considered a functional aspect of highly administrative organizations and that not all principles of marketing were applicable in entrepreneurial marketing (EM) context. EM was deemed to possess different marketing competencies which big firms may lack (Hills and LaForge, 2002). Morris and La Forge (2002), and Hills and LaForge (2002) propose an integration of marketing and entrepreneurship for conceptualizing EM. Both terms are fraught with ambiguities and a high level of inconsistencies and keep redefining themselves as the firm moves from one stage of maturity to another. This construction is an amalgamation of certain aspects of contemporary marketing definitions and practices of entrepreneurship into a comprehensive whole. Morris et al (2002) define EM "as the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation. Morris et al further see EM as "an integrative construct for conceptualizing marketing in an era of change, complexity, chaos, contradiction, and diminishing resources, and one that will manifest itself differently as companies change and grow". In essence, EM is seen as opportunity driven and an innovation factory for seeking novel trajectories of creating value for consumers in a fundamentally uncertain institutional and environmentally dynamic era. The whole firm is in the process of marketing using unique relationships, technologies and recognition of opportunities for value co-creation (Grönroos, 1990; Gummesson, 1991). For Hills et al (2008) EM is a means for the customer but a tool for the firm to acquire and utilize its superior knowledge of customers, markets and dynamic capabilities to exploit market opportunities. The three important dimensions of risk-taking, innovativeness and proactiveness (mainly in the seminal works of Covin and Slevin, 1984; Miller and Friesen, 1983) have received so much attention. But little is said about the reactive nature of entrepreneurs towards the environment in the course of time. One contrasting perspective argues that imitative entrepreneurship has more powerful effects on economic growth in developing economies than innovative entrepreneurship, though that may also hinge on the existing institutional environment (Baumol, 1986; Powell, 1990; Schmitz, 1989). Another generally accepted concept associated with entrepreneurship is risk inclination. There are some counter arguments to these trait theories in terms of entrepreneurs' optimism bias in risk evaluation. Optimistic bias refers to the individuals' tendency to overestimate and expect favourable outcome. The basis for this higher level of optimism is the tendency for individuals to underestimate the risks involved in their new venture initiative. In comparison with other persons, there is considerable evidence that "entrepreneurs do not have the greater overall tendency to tolerate risks" as claimed by entrepreneurship researchers (e.g., Lovallo, 1993; Baron, 2002).

## *4 Discussion*

### 4.1 The ethical entrepreneur and the ethical brand

What is an ethical brand? What is the link between the entrepreneur and the ethical brand reputation? These are crucial questions to help streamline the present analysis. Our argument is that an ethical brand is part of the ethical entrepreneur and *vice versa*. This stance may fit perfectly with a smaller firm but may not always be the case in franchising, for example, where advertising slogans, property rights, and management contracts etc are transferred with minimal adaptation of products and services. That notwithstanding, the underlying assumption of such contractual basis is that everything happens within the boundaries of ethical principles of the original firm they represent and whose reputation is being appropriated. An ethical brand is not simply a socially responsible name, it is a being. For this reason, the process of branding therefore cannot be outsourced (Keller and Lehmann, 2003). This makes a clear distinction between a highly entrepreneurial firm and a highly administrative firm. In the latter, even a high turnover of managers will not seriously alter the brand image because they are not intertwined. The brand can be considered as "a name, a term, a symbol, design, or a combination thereof which identifies a seller's product and differentiates it from those of competitors" (Kotler and Armstrong, 2004).

### 4.2 Entrepreneurial reputation

We begin the theoretical framework by subscribing to Fombrun and Van Riel's (1997) definition of reputation as "a collective representation of a firm's past actions and results that describe the firm's ability to deliver valued outcomes to multiple stakeholders". It gauges the firm's relative standing both internally with employees and externally with stakeholders in both its competitive and institutional environments. For the purpose of this study we analyze the definition of reputation in terms of its parsimony, limits, ambiguity and consistency at the micro level (the entrepreneur), meso-level (interaction with other stakeholders and industry players), and the structural or macro level which in this case is at the collective society at large. To start with, the principal characteristic of the above definition is the central role of the founder *vis-à-vis* stakeholders. We see the entrepreneur as the firm since in her absence the firm does not exist in practice. It is made amply clear that the entrepreneur's image (resulting from values, character and world view) represents the sum total of the firm's historical background which in turn informs his decisions to particular courses of action towards stakeholders. These stakeholders are those who in essence influentially shape the institutional direction of the firm and its outward image as they perceive it. While stakeholders seem to be a big word, amongst them are the consumers who are the ultimate reason and the mirror through which the firm sees itself and its *valued outcomes* compared to other competitors.

The second point in this definition is that representations of past and present actions become the yardstick by which external stakeholders will judge the entrepreneur's reputation (Clark and Montgomery, 1998). The third level of analysis is the firm's *relative standing* in the larger society. Thus, what a bad name is and what it is not is known only when the society contrasts one firm with others in terms of actions and performance outcomes or the positive or negative externalities they produce. Following DiMaggio and Powell (1983), organizational field comprises of business entities with similar characteristics or objectives with their accompanying stakeholders who influence the institutional legitimacy of the firm (North, 1991) by affecting norms and values as they are routinized with time (Goins and Gruca, 2008).

A distinction however should be made between collective reputation brand building and competitive reputation building. In the latter, the individual firm undertakes all reputation enhancement strategies such as advertisements and public relations aimed at differentiating itself, while the former includes a group of industry players calculatingly combining resources to improve their collective image (Astley and Fombrun, 1983; Barnett, 2006a). While Winn et al (2008) claim that the two approaches may conflict with each other, the situation may be different with an entrepreneurial firm which probably has a niche or a trusted target market. On the other hand, in terms of value co-creation (Prahalad and Venkataraman, 2004) and/or destruction it has a systemic effect on a whole industry. Conscious of the importance of brand reputation, how then is the entrepreneur defined? This judgment rests with the stakeholders who are defined as "any group who can affect or is affected by the achievement of the firm's objective" (Freeman, 1984). For the consumer, brand is about risk reduction, positive perception in terms of ethical considerations, price/quality comparison and it is ultimately about the value that is co-created via the value propositions.

### 4.3 Determinants of EM success: An institutional perspective

The entrepreneur's domestic and international success depends not on his innovation and resources but the sum total of his values-based leadership bundled with his responsible innovation to offer superior value propositions to his consumers (Ahen and Zettinig, 2010). Entrepreneurs are leaders given their traits such as personal values, charisma and vision (Vecchio, 2003). They are also managers, initiators, innovators and mostly marketers of products and services (Hills et al, 2008) for profits or not for profit (social entrepreneurs) (Mair and Marti, 2006; Martin and Osberg, 2007). These attributes are potent marketing communication tools in their interaction with the customers and stakeholders at large. They are not the children of a minor god, especially when whole economies are built on organized specialist (not generalized knowledge), economic and social initiatives (enterprise) (Brown, 2002; Bruton et al, 2008) of individuals in small, medium-sized or big companies depending in part on the availability of resources and the vision of the entrepreneur to expand by taking advantage of the positive effects of "*growbalization*" as the main enabler. Still the above does not explain why some firms are successful and others are failures. What then is required to succeed since that appears to be the bottom line of all business establishments? Is it the reputation for innovation or efficiency or probably both? This also raises several questions in terms of decisions to be made which should not end up compromising the entrepreneurial character, which for better or worse affects the perception of consumers. The key question remains, what are the main factors in the entrepreneur's arsenal which will determine his success or failure regionally, internationally or globally? This is a tall order given the diversity of sectors and their characteristics. The point of departure is the entrepreneur herself and what consumers associate her with which then helps them to form their perceptions about her. Consumers may probably not pay a premium for the responsible company (Vogel, 2005) but they may punish or may not accept such an entrepreneur who is a rule breaker, morally corrupt and inconsistent with the image of integrity (Spence, 2004), or does not follow the norms and rules they expect her to abide by. This is the institutional dimension of markets home or abroad.

## 4.4 Of values, ideologies and institutions

Institutions have neither colour nor smell. They have neither shape nor form. They are constructs created by the human mind and they are pivotal in guiding human behavior and to structure markets; North (1991) and Williamson (2000) attest to this. Institutions do matter and for our purpose they are very fundamental if the entrepreneur wants to see success in contemporary economic ventures. Does the role of technology and consumers' access to information about the firm matter more than their judgment of the entrepreneur? What about the norms, cultural differences and the global outcry for ethical responsibility towards society and the environment? Thus, do ethics matter at all? Institutions arise because information access is costly and asymmetrically held by parties in a transaction. Contrary to the orthodox economics instrumental rationality, actors do not have access to information sufficient to evaluate choices in order to make the best decisions. With that said, institutions are not passive but they constrain choices because actors lack necessary information. This leads them to form subjective models to serve as standards and yardsticks for choices which are only defectively corrected with feedback. Hence, actors create institutions to structure their interactions which consequently bring about a certain level of market imperfections (North, 1991). In effect, institutions create the environments congenial for actors to freely pursue their intentions by doing what is either morally acceptable or ethically vile and despicable (e.g. rule bending – Baumol, 1990; and corruption – Zhang and Arvey, 2009) which negatively affects consumers and their environment. Humans' innate characteristics are extremely complex and the result is a high degree of market imperfections during transactional interactions and relations.

## 4.5 Organizational culture

If organizations (big or small) behave unethically, it is because the institutional setting has created the incentive structure for such illicit and unethical acts (North, 1991). Ideas and ideologies (a set of beliefs, values, and opinions that shape the manner in which entrepreneur and his cohorts think, act, and understand the world) lead to institutions and they in turn shape the very psychoanalytical constructs that individuals use to view the world and make judgments about a brand. This leads us to organizational culture – "the pattern of shared values and beliefs which help individuals understand organizational functioning and thus provide them with norms for behaviour in the organisation" (Desphande et al, 1989). EE leads to the creation of an organizational culture befitting of acceptance and credibility that legitimizes the firm institutionally (Linnenluecke and Griffiths, 2009). Therefore, questions of integrity really matter (North, 1991). Consumers do not only require superior value propositions, but the means by which these are created are also going to be scrutinized by the near ubiquitous consumers around the world. How environmentally friendly, socially responsible and non-exploitative the firm can claim to be in the face of scarce resources and ethical dilemmas will determine the destiny of success or failure. There are several exogenous factors which may play a role in determining the success of the entrepreneur. They include the state of the economy and capital markets at the start of the business, the reactive strategies of incumbent competitors and suppliers, regulatory constraints, government policies, and technological factors (Scott, 2001). That notwithstanding, there are endogenous factors that are directly dependant on the entrepreneur (Baron, 2002): accurate risk gauging, limited cognitive errors and optimistic biases, specific social competencies etc. However, what accounts for her moral decisions that affect her ethical actions in building and positioning her brand are still not very well dealt with in literature (Baron, 2002).

### 4.6 Relational assets (Social capital)

We do not see the resource based view (RBV) (Barney, 1991; Wernerfelt, 1984) as a fully useful theory in this case for explaining reputational and ethical questions given its limited scope in explaining firm-society interface. However, dynamic capabilities theory (Augier and Teece, 2009) goes beyond effective resources to address the rate of change of ordinary resources and role of entrepreneurs in changing institutional environment. Besides, despite the lack of some resources by certain entrepreneurs, networks and cooperative activities provide possibilities to access particular resources. It follows that, relational assets (Grönroos, 1990) – 'show me your friend and I will show you your character' still rings true. An entrepreneur's values and vision, background, position in the industry and what others expect her to offer (the product of her mind and values) will determine which actors she cooperates with. This leads us to social capital, which though not exclusively owned will complement the usually limited initial financial and human capital. These assets are characteristically valuable, scarce, unique and imperfectly tradable. Social capital refers to the value that is created as a result of interactions between the entrepreneur and members of the society and institutions (Bordieu, 1980; Coleman, 1990) (typically friends and family) in a sustained relationship such as networks (Granovetter, 1985). The intangible and immeasurable elements in a network are the bonds, ties, trust and the mutuality of interests (Håkansson and Snehota, 1995) which are catalysts for success (Uzzi, 1997). Besides the actors and resources and activities that may complement each other, protection of interests by other actors is indispensable for innovations by the entrepreneur, since unprotected innovations become a competitive disadvantage.

### 4.7 Heuristics, cognition and emotions in entrepreneurial moral decision making

Contrary to what orthodox economics can explain, some entrepreneurial behaviour is a far cry from the so-called stable and well-defined choices consistent with the preferences in markets (Kahneman et al, 1991). Perhaps, economic psychology, otherwise called behavioural economics, may help demonstrate how entrepreneurial decisions under real life conditions affect success or failure specifically in the branding and reputation building process. Heuristics may play a role but under unstructured business intelligence and uncertainty, even misguided notions and limited cognition, the central role of emotions in the process of decision making is significant. Business economists, sociologists and psychologists will acknowledge the fact that emotions affect the actions and the motivations behind moral decision making (Tversky and Kahneman, 1982). Heuristics sometimes dominates normal operating procedures of the entrepreneur (unlike in a highly administrative firm). Of course, human innate biological dispositions, aversions, inclinations etc (Kahneman et al, 2001) have an influence on the formation of heuristics. Heuristics inevitably leads to systematic errors (biases, anomalies) and these, in turn, are sometimes the deciding factors of failure or success. Success for an economic entity is a combination of its past and present state which makes stated future goals achievable. What is success in EE? Can thriving domestic firms be described as successful or they are successful only when they internationalize? When we consider failure as the direct opposite of success, then failure of the entrepreneur will denote being successful at issues that do not matter at any given stage of the firm's existence. This certainly has temporal dimensions of prelaunch, launch and the post-launch stages (Baron, 2002). At each stage success may certainly mean different things for an entrepreneur and there are various explanations that may help understand why others fail while others succeed.

### 4.8 Ethical Entrepreneurial Marketing – right time, right place, and right connections

The key catalysts for success or failure of EM have been discussed above. Nevertheless, none of them would thrive at the wrong time in the wrong institutional environment and without strategic relationships. Time and context matter because at every point in history and business life-cycle, different things are optimized. Today the ethical actions of an entrepreneur open new avenues for the markets at the bottom of the pyramid (as in Prahalad, 2005) to create new business opportunities. It is conjectured here that the cultural, regulatory and normative elements of institutions (Scott, 2001) will always favour an ethical entrepreneur. A firm's brand reputation in terms of its superior product and service is a starting point but the context is equally important. The prerequisites here are sustainable and superior value propositions (Grönroos, 2008), good product adaptation, after sales service and emphasizing on this via brand ambassadorship by first the entrepreneur and then by multiplying herself (i.e., self-multiplication) in many other highly committed people who make it their idol-like mission to evangelically sell the products with the same vigour and principled-passion. This is an introspective account of one of the authors' acquaintance with an entrepreneur who started his own firm by building credibility among stakeholders. By inculcating his ethical beliefs into his primary stakeholders, he created a culture of ethical responsibility. With his doctorate in Medicinal Chemistry and several decades of experience in a leading pharmaceutical company as the director of research for tropical diseases, he created several patents. His name spread because he had a great story line in terms of the personality embedded in his ethical products. He was seen as "one of their own", a good man who commanded a lot of respect among many professionals in the industry and among government officials. Venture capitalists were ready to support him while the government recognized him and hence created the institutional environment, as the enabler of his advancement. He became a national pride for innovation with a human face of economic efficiency at a time when too many profit-seekers neglected social issues. In essence, 'the ethical man' was the trusted brand with the institutional legitimacy to exist and prosper. His transaction costs diminished drastically and the word of mouth enabled his internationalization within the region. I pause here for a reflection on this story and Sarasvathy's (2001; Sarasvathy et al, 2010) effectuation logic which posits the entrepreneur as the main unit of analysis with the emphasis on the socio-cognitive and situational dimensions of her economic activity. The entrepreneur can be construed as: "who am I?" – With reference to his moral principles. "What do I know?" – Expertise. "Whom do I know?" – Relational assets. And "what can I do?" – Innovativeness. Wiltbank et al (2006) extend this framework by adding who the entrepreneur can call to and depend on as stakeholders who in turn will redefine his goals with their new means. Further, the entrepreneur's effectuation prowess and intuition, i.e., the extent to which she can control (instead of spending time on predicting) the future as to what can be expected by modeling it in advance in the face of uncertainty is the mysterious key to success (Sarasvathy, 2001).

## *5 Results*

### 5.1 Characterization of Ethical Entrepreneurship Marketing and conceptual framework

EE can be characterized as a proactive initiative or a preparedness to respond to opportunities, to ethically innovate or creatively imitate under certain institutional conditions in order to offer superior value propositions aimed at co-creating value. It is correct risk gauging, socially embedded and economically proactive, organized specialist knowledge and an innovative initiative based on ethical principles. This process aims at co-creating wealth sustainably and increasing welfare via personal or exogenous resources. This long and wordy characterization actually captures the ethical entrepreneur as a brand. The success of this depends on the framework below in Figure 2.

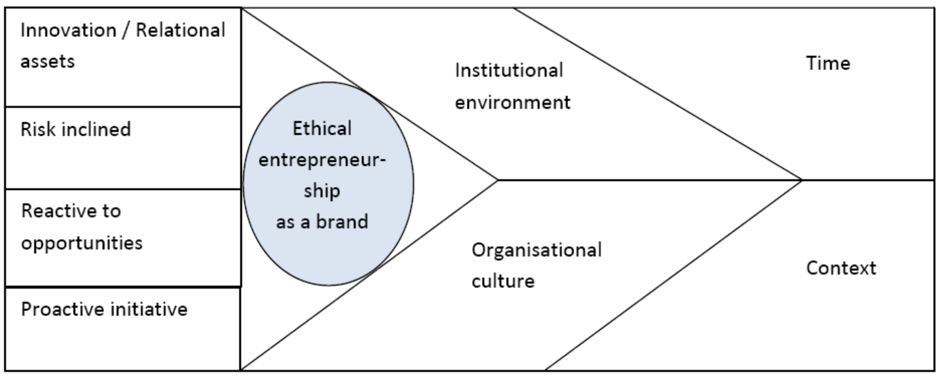


**Figure 2.** Conceptual framework of ethical entrepreneur as a brand.

### 5 .2 Ethical entrepreneurship: implications for international and global business

Where is the international and global business dimension in all the above discussions? That there is value associated with a brand is a no brainer as most discussions and scholarly works have analyzed it extensively (e.g., Aaker, 1996) either in terms of global marketing of brands (e.g., Aaker and Joachimsthaler, 1999), or the general perception and evaluation of consumers about brand extension (Aaker and Keller, 1990). While there is extensive literature about brand loyalty, brand value, equity etc., the significance of brand reputation building is to establish the identity of the firm. That in turn aims at establishing its position in the global market arena among customers, retailers, and suppliers (Douglas et al, 2001) and of course to be able to acquire institutional recognition across borders. These call for brand parsimony, consistency and the central role of the ethical entrepreneur to ensure consistency of her moral principles without giving ambiguous messages. Throughout the foregoing analysis, we have stressed that the ethical aspect of EM is woefully under-explored area of research. The question as to what factors determine the international success or failure in EM within the dialectics of business ethics and institutional theory has given insights into the role of responsible leadership and ethical foundation as a first step in gaining legitimacy and acceptance in the minds of stakeholders. This whole process of theorizing ethical entrepreneurship boils down to both implicit and explicit, past, present and future actions of the entrepreneurial figure that either mar or make her reputation. How does the role of responsible leadership influence successful branding and reputation building in international EM? It is abundantly clear that the entrepreneur is central to branding process. This is why EE as the integrative construct for the branding and reputation building is the key to success since it informs the perception of the stakeholders. Consequently, it is the ethical attitude of the entrepreneur which will ultimately decide the altitude of her success on the domestic, international or global markets.

### 5.3 Scholarly and entrepreneurial relevance

The first step towards entrepreneurship is free, but the need to be ethical is obligatory. On the latter, every entrepreneur has the resources although some lack the will. Establishing an institutionally symbolic and authentic position and an evocative reputation that resonates among consumers is an imperative for entrepreneurial survival. Ethical leadership as evidenced here in literature is a core strategic issue just as it is a fundamental cornerstone for the firm's survival and growth domestically and internationally. First, it calls for the integration and much research directed at the role of ethical leadership in entrepreneurship to enable a better adaptation to the world of well informed stakeholders. Second, entrepreneurs do not need education first. They need revelation of these facts called institutions, reputation, relational assets, and ethics which are not always measurable but are determinants of success in their quest to create wealth. Ethics is not only for social entrepreneurs but for whoever initiates an enterprise using society's resources to accomplish some defined aims sustainably.

## *6 Conclusions and future research agenda*

We will avoid the temptation of trapping ourselves into naïve generalizations. But this is where matters stand: that ethics cannot be separated from entrepreneurship is no longer a subject matter that should create controversy. Then again introspectively it is worth reiterating an idea we pointed out earlier on. If legal proceedings can be instituted against a physician who has caused a bodily or psychological harm to a patient in his pretence to discharge professional duties of operating her in his private clinic, then how will the market respond to an unethical entrepreneur (e.g. a chemist) for offering well-painted, fake, adulterated or toxic products in his pretence to innovate new drugs for the international market? Entrepreneurship is also being filled with quite many delinquent money-seekers across borders that will do anything to exploit the market imperfections. It is even worse on the internet and that is the reason why authentic brand name matters. Perhaps, it is fitting at this juncture to paraphrase Pitelis and Teece (2009) that ontologically, providing answers for why the firm exists cannot be divorced from the ethical entrepreneur/s who established the firm. Our claim is unambiguous; that given the current trend on the global market towards sustainability, it is neither constructive nor intellectually sound to distinguish the firm from the ethical entrepreneur or his reputation. The bad news is that economic agents are led by the inherent self-interest (North, 1991) which may not necessarily be financial but something profound that satisfies their bottom line. The good news is that this bottom line might not be money but the quest for reputation and institutional acceptance. Consumers' near ubiquitous presence is no longer escapable. Ultimately, it is the consumer/customer who decides the value of the brand (Keller and Lehmann, 2003; Grönroos, 2008). The raison d'être of the firm is to produce and offer optimal value propositions (which sounds pretty operational) but it is also about creating markets and designing the business ethically in the long term (Pitelis and Teece, 2009). Going forward, there is a vast amount of important extensions to be made to this body of knowledge given the opportunities for research that are certainly not just incremental but draw attention to a new perspective well under-researched –ethical entrepreneurship; not ethics plus entrepreneurship but entrepreneurship that is inherently ethical. In search of efficiency by big firms, several parts of the value chain are outsourced to different parts of the world to mostly small specialist firms. While maximum control and monitoring could be difficult, the question arises as to the extent to which these small firms operating in different institutional environments respond to ethical dilemmas. Here we propose a study at the interface of EE and sourcing. Social entrepreneurship is a big boom in recent years. The aim is mostly to empower those at the bottom of the pyramid (Prahalad, 2005) by using business as an opportunity to solve social problems. In this caring, but not necessarily philanthropic social business, feminist ethics and entrepreneurship could be an area that will require more profundity in research. Further, a comparative study of institutional enablers and inhibitors of entrepreneurial success in developing and less developed countries aimed at suggesting policy recommendations in areas of priority could be an interesting area of research. There is more to be studied about imitation instead of innovation in an entrepreneurial setting in developing and emerging economies. Then again questions of intellectual property rights resurface. Much is known about the role of rationality and emotions in consumer decisions but little is known about those of the entrepreneur. Sapienza and Korsgaard (1996) for example have studied entrepreneurial decision making and procedural justice or fairness. It remains to be studied how cognition and emotions compete against each other in economic decision making of the entrepreneur. This makes the research more interesting as it incorporates knowledge from management, economic psychology, ethical philosophy and international business in our quest towards building a sustainable global economy. Ethics and rational technologies alone do not guarantee long term sustainable competitive advantage. The institutional elements of regulatory and normative standards serve as checks and balances to create order in society and to constrain entrepreneurial decisions and adherence to established rules by offering incentives for fair-play. The limitations of this paper are many. Some clear structure needs to emerge in terms of focus given the multiple constructs that have been considered. Then again the questions it raises and the ambiguity that accompanies it provides opportunity for further probe into the institutional environment and EE where there are no “markets for virtues” (to borrow the words of Vogel 2005).

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