

Chapter 40

Dangerous Liaisons? Ethical Challenges on Entrepreneurship in Family Business

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ABSTRACT

Entrepreneurship is an essential engine for economic growth and innovation. During the last two decades, there has been a lot of academic interest in this kind of activity but only recently has research attention been devoted to the ethical problems encountered by entrepreneurs and intrapreneurs. In this chapter, the authors highlight the ethical issues inherent to family firms. Intrapreneurs in a family business face uniquely moral problems related to fundamental fairness, succession process, copyright and brand use, and other challenges. For example, younger generations in family firms face a tricky balancing act between their loyalty to their families and finding new ventures or spin-offs based on the current business. This theoretical work aims to present some contemporary research in entrepreneurial ethics, examines the kinds of ethical dilemmas entrepreneurs and intrapreneurs face, identifies significant research topics and methodological approaches, and discusses possible directions for future research.

INTRODUCTION

Today, many entrepreneurs are admired, but some of these business leaders are also often perceived as people who would do almost anything to succeed. Entrepreneurs today encounter uniquely challenging ethical problems. They typically operate in stressful business environments, and they often struggle to find time and perspective to focus on ethical reflections. Entrepreneurs make choices and take actions that affect many people, as suppliers and employees usually without the moral guidance available in established organizations. Their decisions can strengthen or severely weaken a firm's future.

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Dangerous Liaisons?

Working long hours and sometimes isolated from others, entrepreneurs may not adequately consider the ethical consequences of their own decisions and their firm's activities. Entrepreneurs face complex moral problems related to fundamental fairness, personnel and customer relationships, honesty in communications, distribution dilemmas, and other challenges. However, what about intrapreneurship? Are intrapreneurs facing the same ethical issues? If that is the case, how might they efficiently be understood and addressed?

Because of the nature of intrapreneurship startups, many of these ethical problems are often new to the young organization. During the past twenty years, there has been an explosion of new interest in entrepreneurs and their activities. Scholars and business professionals currently study the entrepreneurial process from many different perspectives. Only recently, has serious research attention been devoted to the ethical problems faced by both entrepreneurs and intrapreneurs (Freeman & Venkataraman, 2002).

Entrepreneurs have begun to voice their own need for practical moral guidance. In recent years, authors have examined whether or not the ethical problems faced by entrepreneurs are notably different from those encountered by other businesspersons. Some researchers had acknowledged substantial uniqueness in entrepreneurial morality. Entrepreneurs can face new ethical dilemmas because of the introduction of new technologies (Hannafey, 2003). In addition, the demands of innovation and competition may complicate moral thinking and behavior in intrapreneurial environments.

There is significant diversity among entrepreneurs and the kinds of businesses they start, and it is often difficult to distinguish between entrepreneurs and small business owner-managers.

Researchers must also deal with the general hesitancy of businesspersons to participate in ethics studies. Nevertheless, since entrepreneurship is vitally important to the world's economy and human welfare, carefully designed and well-executed ethics research is needed to assist economic policymakers and individual entrepreneurs.

This chapter aims to examine contemporary research in entrepreneurial ethics. The objective is to identify and prioritize critical ethical issues and essential patterns in the present investigation and discuss new directions for future study, specifically in the intrapreneurship field. This work focuses more directly on the right situations encountered by entrepreneurs and organizations. First, the authors review the literature that considers the importance of entrepreneurship and family firms. Then, they present a conceptual framework in describing a startup or new venture creation inside a family business. Afterward, this work reviews leading issues and essential research approaches in entrepreneurial ethics. Finally, authors discuss possible directions for future research.

LITERATURE REVIEW

The Importance of Entrepreneurship

Entrepreneurs play an essential role in our world (Bajjal, 2016). They carry out economic tasks that increase employment, create new organizations, uncover new production processes and perform other business activities that improve material well-being. Entrepreneurship is a creative and dynamic activity that brings together labor, capital, and businesses know-how (Brenkert, 2002).

Over the last three decades, there has been an increasing interest in entrepreneurship and new business creation because they are seen as determinants of innovation, economic growth and prosperity (Rueda et al., 2014; Joensuu-Salo et al., 2015; Hallam et al., 2016; McNally et al., 2016). During the 1980s and

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