

PERSONAL MORAL OF ENTREPRENEURS

Marija Zarezankova-Potevska, Ph.D

FON University, Skopje, R.Macedonia mzarpot@hotmail.com

Silvana Jovcheska, Ph.D

FON University, Skopje, R.Macedonia sjovceska@yahoo.com

Abstract: Moral as an important part of science of philosophy is not out of economic life and business activities and market. Moral behavior is considered as a part training processes of entrepreneurs and managers in organizations as a very important for good reputation and consequently for profit of the enterprises. For that reason, business ethics become condition for success and prosperity of the business activities of entrepreneurs. Personality of the entrepreneurs and managers presents example of employees how to behave in the organization and outside on the community and wider. Long time ago, Aristotle made the basis of science of morality and nowadays business ethics has significant role in entrepreneurial learning and practice. Macedonian entrepreneurs should have more knowledge of business ethics and its practice in purpose for better success in the business activities on the global market.

Today's entrepreneurial society signifies a world of entrepreneurs, courageous and decisive people, trained and ready for new challenges and business endeavors towards a new dimension of quality and prosperity. In such conditions, entrepreneurs have to be ready to thrive in the real and brutal world characterized by trends of globalization and the rule of the stronger, the more successful, and the one with better quality. That is why the contemporary entrepreneurial society requires the continuous improvement of entrepreneurs and employees in general and their training in modern management methods with the goal of higher standards of products and services as a visa for success and prosperity both in local and international markets.

Entrepreneurship, as a process of business organization, management and risk-taking, has introduced significant changes in the national and world economy. The entrepreneur has a vision and exercises judgment; the entrepreneur is decisive, motivated, optimistic, courageous, dedicated, willing and skilled to create the optimal combination of production factors in the realization of an idea. Entrepreneurs are small business managers who never rest; they always create and introduce quality, demand and seek changes, innovations and idea realizations. They are competent in finding the market needs and react quickly upon them, ready to take risk. An entrepreneur executes ideas; an entrepreneur is a visionary and a successful people. Entrepreneurs have to be ready with new knowledge for new technology, new entrepreneurial skills and business ethics for better position on the market and in the society.

Keywords: entrepreneur, entrepreneurship, managers, morality, business ethics, personal moral, ethic pillar.

1. INTRODUCTION BUSINESS ETHICS

Ethics is the science of morals, or it is a science that main focus is human behavior (thoughts and actions) which is measured by good and evil/bad. Ethics deals with the spiritual values of the people, how and whether people choose good goals and advocate for those goals throughout his life. Ethics is a philosophy of morals, it is part of philosophical science, which defines good and bad behavior of the person, it classifies and determines. There are several directions in the theory of morality developed and nurtured over the centuries, both in science and in practice."³⁴

The contemporary business activities are characterized by the most modern methods of working and management, in which the particular importance is the creation of a favorable organizational culture, as a first step towards successful business results/performances in the short term, but especially in the long term. The era of globalization of economic flows, and the existence of strong competition in the international markets, needs high level of efficiency, devotion, loyalty, ethical behavior.

Under such conditions, in the processes in running the business, the role of the managers and entrepreneurs is the creation and maintenance of the good and harmonized human relations, stimulation and the motivation for efficient working, favorable business organization` climate and environment.

³⁴ Zarezankova-potevska M.& Taneva-Vesoska A: "Business communication and Ethics""²nd August", Skopje, 2012, p.15

Twelfth International Scientific Conference
KNOWLEDGE WITHOUT BORDERS
31.3-2.4.2017, Vrnjacka Banja, Serbia

All activities is necessary to be subordinated to the basic goals of the organization, including moral attitude, good human relations, the favorable and pleasant business environment and culture of the organization. All these issues have strong influence on the organizational performance. In the organization, each individual has his own particular role and obligation to work professionally, conscientiously, ethically. In these business activities, in the adoption of important decisions for the future work of each organization, the role of the managerial team is the biggest. The managers should have a strong impact on other employees, stakeholders and other business partners with their personality, loyalty and moral. Therefore, the modern science of management includes the business ethics with particular attention.

Ethical behavior is necessary for successful development of each organization. Managers and entrepreneurs as a leaders have to act ethically, to accept the high moral principles, and they have to accept the fact that they have social and public role or function, that they have social responsibility to their organization, but also to the environment in which living and working and society at all.

Each organization has own organizational culture that is characterized with fostering the moral norms in the relation with employees, managers, partners, the consumers, Current problems and barriers, temptations and dilemmas , should not be reason for changing the moral norms. They are eternal throughout the centuries (Zarezankova-Potevska, 2012)³⁵

Therefore, modern societies accept business ethics as a very important issue in the life, in running business in economic, social and political activities. The training courses for business ethics are very often present in the big corporation as well as in the small ones. Ethics is included in the secondary schools, in the universities that have intention to be modern and high rated. So, these modern aspects of the education are present in the most developed countries as well as in the countries that have strong economic politics for grows and economic development.

Cultural differences, religion, tradition differences should not be barriers for economic activities of the different counties, regions and unions.

The education process, formal and informal, especially permanent education, have to accept all modern aspect of learning, new curriculums, including, entrepreneurship learning, principles of ethics, intercultural differences, new technology. All changes of education system should make capable and skilled people to create the entrepreneurial societies, prepared for appearance in the global markets.

For that reason, the governments and authorities in the EU and other countries, that are not high developed, have accepted a lot of documents, laws and regulative to be modern and creative, innovative and competitive in the processes of globalization in crude reality.

In modern conditions of business, business ethics becomes inevitable component of theories of leadership and management and the duty of managers to behave ethically towards all employees and interested persons in an organization.

The social dimension of business activities becomes predominant issue of social justice in practice and in academic debates and theories growing commitment to nurturing and acceptance of non-economic values, as important and inseparable in the business operation through growing social responsibility of organizations and its leaders.

Morality is manifested in the value assessment of values of the behavior and aspirations of the people, with value of positive or negative impact. Object of moral evaluation is always and only the human been and his actions. Therefore the term morality means a system of norms or rules of human behavior in society at large.

Each manager or entrepreneur has interest every person/ stakeholders in the organization to be satisfied like: shareholders, managers of different levels, employees, customers, consumers, suppliers (partners), the local community and citizens.

In such conditions of having such a variety of interests present in any organization, managers is necessary to bring solutions and decisions, which will be acceptable for the largest number of interested individuals and groups in the organization, and least injured.

Managers and entrepreneurs sometimes carry some decisions that mean benefit of some and disadvantage of other interested and then is raised the question of ethics. Ethical norms of behavior guide entrepreneurs and managers how to make right decisions, how to act in different situations, how to respond on the best way to the interests of stakeholders in the organization, but most important is general interests to be on the first place and then personal ones.

³⁵ Zarezankova Potevska M. and Taneva Vesoska A.(2012) "" (2011)Business Ethics and Communication", "2-ri Avgust." Skopje,

What is the interest of ethics behavior of managers and entrepreneurs? The answer lies in getting reputation that means voice for good or bad businessman, organization and person, institution, which is the consequence profit or loses in final performances.

In the literature exists more, but four are considered as basic models for determining the morality of decisions, which are:

- *Utilitarian model* of ethics-according to this model, ethical decision is which brings the most good to the most people.
- *Individual model*- Individualism is rejected and is not very popular in modern and large organizations, and is closer to the area of free choice and entrepreneurship.
- *Model of moral rights*- it is ethical decision which best agrees with the rights of those people who are covered by it. There are six moral rights: the right of free consent, of privacy, of free will, of free speech, the right of legal process and the right to life and security.
- *Model of fairness* means decision what is the equal for all interested stakeholders in organization.

Entrepreneurs and managers should accept all these moral rights for better performances of the organization and better reputation with mean profit on long term.

2. ETHICAL DECISIONS OF MANAGERS

As main sources of contemporary ethical problems in organizations are personal earning, values and attitudes of managers or entrepreneurs, the pressures of competition and cultural diversity of different labor force employed in the organization and outside of it, which is associated with the organizations. So, managers and entrepreneurs are faced with a lot of dilemmas in their work that determine the effectiveness and efficiency of business decision making. The most important ethical dilemmas and hesitations in modern literature is addresses to managing them are false and deliberate misstatement of business results; inaccurate and bad information to employees about the situation in the organization; favoring some over others for personal interests; exploitation of helpless disabled people to achieve the most personal and organizational goals; deciding on products whose application could jeopardize the safety and health of others; violation of fundamental human rights and freedoms (of speech, thought, security); cooperation with insufficient ethical partners etc.

The ethical dilemma occurs when a manager or entrepreneur in the organization should decide to do or not to do some activities, when is not clear what is the best solution.

2.1. Ethical organizational pillars

Managers, especially in the most responsible organization, take action steps towards ethical management and ethical business activities, which is outcome of the interaction of individual and organizational values, norms, policies and practices.

High standards, values and norms are helping individuals to refrain from activities that bring only personal interest and benefit and learn to be part of something much bigger, more humane and more exalted.

The literature³⁶ listed the three main pillars that support ethical organization: ethical individuals (the first pillar), ethical leadership (second chair) and organizational structures and systems (third pillar).

Managers or entrepreneurs should be ethical individuals, who present the *first pillar* in the ethical organization. They should have self integrity and honesty, which is reflected in their behavior and decisions. They should be with higher ethics behavior and with personal moral norms to be good example for others in the organization and out from it. So, the personal moral of the main person in the organization is the best example for all included in the organization.

The second ethics pillar of each organization represent ethical leadership who means: shaping (modeling) of ethical personalities, facilitating ethical values, rewarding ethical behavior, fast disciplining unethical behavior.

The third pillar of ethical organization means a set of tools used by managers and entrepreneurs in setting values and promotes ethical behavior in the organization. Among the most important measures are: Code of Ethics, institutionalization of ethics in the organization an especially training for ethics for all employees, managers and other interested in organization.

2.1.1. Ethical codex

Codex is a systematic set of relatively defined moral norms whiten by organizational leadership and prepared by the relevant persons. It mean, norms and values of individuals and groups in the organization that should be fulfilling from everyone for better performs of organization.

³⁶ Richard L.Daft, Management, Vanderbilt University, Sixth Edition, 2003

The main sources of formal ethics standards and rules based on notions of good and evil, and that managers use when they act properly in protecting the interests of all interested and involved parties in the process of running business. The main sources are;

Social ethics comes from social laws, customs, practices

Professional ethics represents the standards, which indicate how the members of one profession should work and how to behave. For example, the main task of doctors is medical care for the sick people.

Individual ethics represents personal standards and values used by individuals in communion and mutual action. Sources of individual ethics include the influences of family, colleagues, various institutions in society such as school and upbringing, the influence of the church and religious views and beliefs.

2.1.2. Personal Morality of Managers, Entrepreneurs and Employees

High morality of the personality of the manager expressed through right actions and moral principles and motivates employees to appropriate moral behavior, raises the positive climate, good interpersonal relationships and positive motivation for them.

The personality of the entrepreneurs and managers consists of features, values and virtues such as honesty, expressing respect, dignity, integrity, diligence, love, strive for progress, discipline and order. The personal example of the leaders in the organization is an example that follows the others employees. It is the same in the society, the political leaders usually are good or bad example for the population and may lead them on wrong or good way.

2.1.3. Personal moral of entrepreneurs

In everyday running business, it is obviously that the entrepreneurs should be guided by the 10 commandments of the Bible³⁷. With other words it means it should be respected all honorable and hardworking people in order to appreciate mutual. To be an ethical person, for entrepreneurs it means to develop business ethics in their organization. Being ethical is very important field of life, running business included. Although at first sight it may be seen as if "in running business everything is possible", that's a false perception and can only lead to short term results. No one wants to do business with someone who is not person for trust. In that case, there are no negotiations, no progress. Therefore, business ethics has to be nurtured and respected. It is an important part of the complete ethical image of any person, especially for entrepreneurs. They should be good example for customers, for all employees, for everyone involved in organization. So is important for further activities, entrepreneur not to be admired and fooled by a seemingly successful businessman, full of himself.

Every person, including entrepreneurs, managers and others, needs to have his own personal code of ethics, personal ethics and then professional and social ethics that very significant for good reputation of the organization and sustainable on the market.

In highly developed countries, although it may seem hypocritical, top managers stick to the rules of ethically correct behavior and nurture the values of ethical management. The same is with entrepreneurs, who start the business or who have some business experience. All deviations from the moral behavior and ethics code of the organization, lead to disapproval and rejection. The Japanese society, for example, is particularly known for the high ethical standard of employees and devotion to the organization like own one.

The erosion of the ethics in general in countries in transition including Macedonia has spread to all pores of socio-economic life. Only a strong will and faith in ethical codes and their importance to the overall prosperity of society can be the way out of these negative conditions. The imposed belief that business is a playground where everything is fair is very destructive and is the result of the lack of respect of legal and ethical norms by various manipulative businessmen with no intentions of long-term operations in the country. There are "rules of game" in every sphere of life!

The ethical component in business is very important and every entrepreneur with an objective of success must take care of the ethical codes and business traditions as unwritten rules of conduct.

3. MISTAKES CONCERNING ENTREPRENEURSHIP

There are many mistakes surrounding meaning of entrepreneurship term, as business activities, which negatively influence entrepreneurs themselves as well as their social status and reputation. This is a direct result of the insufficient knowledge of terminology, of the entrepreneurs' strong influence on the economy's growth and as a dynamic factor in society. In some communities still exists the prejudice that entrepreneur is a synonym of criminal, corruption and dirty business.

³⁷ Zarezankova-Potevska M.: "10 Basic Steps for a Successful Entrepreneurial Start" Agency for promotion of Entrepreneurship of the Republic of Macedonia, 2009 p.27

Twelfth International Scientific Conference
KNOWLEDGE WITHOUT BORDERS
31.3-2.4.2017, Vrnjacka Banja, Serbia

1. There is a huge mistake that in entrepreneurs cannot be trusted that has destructive consequences. A lot of other social officials (politicians, corporative managers) have far greater chances for abuse of their professional position than entrepreneurs do. Unfortunately, entrepreneurs are often identified as manipulative and speculative persons, that reduces the value of honorable entrepreneurs.

2. The lack of trust in the institutions of the system, in the entrepreneurs and among them, in conditions of incomplete reforms and unsuccessful economic development is a serious attack on the development of entrepreneurship.

3. It is good if every entrepreneur have his one successful model/example to following. In order to make large profit in a short amount of time, very often yang entrepreneurs could be wrong guided. Every person is guided by his own capacities and skills, on way of working and prosperity and should not be impressed by criminals, manipulators on the market if it obviously.

4. Very often, there is a mistake that once when the regular education cycle is over, learning process should be stopped. This mistake hinders, sometimes, entrepreneurial development, due to the fact that modern economies require modern entrepreneurs who can keep up with developments. These modern entrepreneurs need to be able to respond to the conditions and the challenges of the new, knowledge based contemporary economy.

5. Frequently, entrepreneurs are discouraged from commencing activities with the excuse of saturated markets. During the planning stage of the idea, some competition analysis must be carried out, keeping in mind the following:

The modern economy is a fertile ground for the development of entrepreneurship, mostly due to the increased need for services. The globalizing economic processes increase competition, favor the companies which react quickly and are more flexible. New technologies create many new professions and new businesses (eg. E-businesses). Today's entrepreneurs use the advantages of the fast changes of the needs of the market and the newly created niche markets. These markets signal a need for specific products or services (maybe not too many, but the need is still there). These arguments surely encourage entrepreneurs to undertake business activities, so often, when a new product fulfils the demand of a certain niche market, entrepreneurs can quickly widen that niche. So, these niche markets must be studied and taken its advantage.

Slowly the image for entrepreneurs, especially in developing countries is changed and they are accepted as a key factor in economic development.

CONCLUSION

Entrepreneurship as a dynamic factor in modern society should be supported and developed on long term, by institutions, networking, through the association with permanent education and training courses for different scope of working operations, including business ethics. Ethics behavior of entrepreneurs is significant topic of good entrepreneurs' business performances and reputation.

Training for moral norms and ethical standards in the organization and on the market are necessary nowadays in world with a lot of challenges and changes. In set of supported programs for entrepreneurs and SMEs topics of business ethics have very significant place and role in purpose to create a modern image of entrepreneur as a decent and honest person in globalized world full of manipulation on the market and society.

BIBLIOGRAPHY

- [1] Zarezankova-Potevska M.& Taneva-Vesoska A: "Business communication and Ethics""2nd August", Skopje, 2012
- [2] Richard L.Daft, Management, Vanderbilt University, Sixth Edition, 2003
- [3] Марковић М., Деловна комуникација, Народна библиотека Србије, Београд, 2003
- [4] Темков К., Етика, Просветно дело, Скопје, 2004
- [5] Zarezankova-Potevska M& Solymossy E.: "Entrepreneurship", 2nd August, Skopje 2013
- [6] Zarezankova-Potevska M: 'Education component in Creation of Entrepreneurship Society', Educational Sciences Interdisciplinary Studies. University of Lodz, Number 2016/2(3)