

Ethical Entrepreneurship and Fair Trade

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ABSTRACT. Due to several recent scandals, Business Ethics is now firmly embraced. Whereas in the 1980s and early 1990s there were serious doubts expressed about combining ethics and business, the link now seems to have become self-evident. Fundamental questions about the tensions between business and ethics however continue to receive little attention. In this paper, based upon a debate concerning the Fair Trade company, the strains between business and ethics are analyzed. The article shows how several great thinkers have already considered this tension. Three ways to conceptualize the tension between business and ethics have been distinguished, and these are outlined in the paper. In one approach, ethical entrepreneurship, value tensions are perceived as a source for entrepreneurship. However, this approach presupposes pluralistic ethics. Thinking only in terms of black and white is seen as blocking the ability to adequately handle the tension between business and ethics. Opting for “ethical entrepreneurship”, as by Fair Trade, has

fundamental and important consequences for the company’s communication policy.

The subject of ethics and entrepreneurship touches on the very foundations of business ethics. In the past decade, since Brent Spar, the withdrawal of companies from Burma and the cooking of the books by Enron, Ahold and Parmalat among others, it seems almost natural to establish a link between ethics and entrepreneurship. These organisations are criticised for not allowing themselves to be guided by moral standards. The fact that companies should adopt ethical standards is now seen as something that should happen as a matter of course. However, when business ethics was first introduced at the start of the 1980s, this was certainly not something that happened as a matter of course. At that time, the combination of ethics and entrepreneurship was felt to be highly unusual: “you will certainly have your hands full” was a typical response of even the optimists. The cynics on the other hand posed questions about the feasibility of the project before anything had even happened: “entrepreneurship and ethics simply do not go together”. It therefore appears that there have been some incredible developments: ethical entrepreneurship has grown into an accepted phenomenon.

The apparent acceptance of business ethics does, however, come with a certain level of risk. Just because it is politically correct to embrace business ethics, does not automatically mean that moral considerations will now become part of normal business practices within companies, or that managers will actually allow themselves to be guided by moral considerations. I am under the impression that many people, at least subconsciously, have doubts about the combination of ethics and entrepreneurship.

The issue of the relationship between entrepreneurship and ethics presents an opportunity to

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return to one of the most fundamental questions for business ethicists, i.e. “How do the concepts of business and ethics relate to each other?” A question which in my opinion has become somewhat overlooked as a result of all the business ethics rhetoric in recent years.

In reporting a survey conducted by The Economist (2005), the writer criticises the lack of discussion about corporate social responsibility (CSR). Insofar as the latter is of any value, he argues, it simply involves good management. The writer believes that saddling companies with social duties is undesirable, even reprehensible: they are the domain of law and ethics. In this respect, he confines ethics to questions of decency, that is to say avoiding fraud, corruption and supplying misleading information etc. – it is only here that ethics should impose limitations on business. In this sense, the tension between ethics and entrepreneurship is not pursued as a theme.

Criticism regarding the Fair Trade Organisation¹

An example that shows well the tension between morality and economic motives is the criticism regarding the Fair Trade Organisation that resulted from a recent television programme.

The Dutch organisation for fair trade, the Fair Trade Organisation based in Culemborg, can only partly justify its claims – or at least this was the conclusion following an investigation by the television programme *Twee Vandaag*², which was broadcast on Dutch television in June 2004. Fair Trade supplies goods to *Wereldwinkels* (literally world shops: a chain of shops staffed largely by volunteers selling goods produced in developing countries) and to Fair Trade Shops, which are located in a large number of municipalities across the Netherlands. “We buy at source” a Fair Trade spokesperson claimed during the programme. The argument is that manufacturers can build up a better business because they are paid a good price, higher than commercial dealers would pay. Manufacturers who make use of manual labour in Thailand and Kenya, and who spoke out in this television programme, did not agree with the statement. They say Fair Trade

works through middlemen who do not pay more, and sometimes even less, than commercial dealers. The broadcast provided an example citing the “Kissing Couple” sculpture, which a Kenyan manufacturer reported selling to a middleman for € 0.50. This very same statue is on sale in the *Wereldwinkels* for €19.50. Further, a manufacturer from Thailand stated that: “We don’t make any profit. We even suffer some losses. If we were purely dependent on Fair Trade, we wouldn’t have come as far as we have.”

The programme enraged the Fair Trade Organisation. Fair Trade claims that they pay manufacturers more than the international market price for all products that have such a market price. This applies to half of all Fair Trade’s operations. For most food products, excluding those with the Max Havelaar label, a raise of at least 5% is paid. To the manual labour industry, the increased payments amount to 25% of turnover. Fair Trade bases its approach, wherever possible, on the liveable wage principle. A craft worker and partner who produce goods for Fair Trade, on a fulltime basis, will receive a price which will guarantee them a basic income. The income should be sufficient to cover accommodation, food, medicine and education for four children.

According to the programme, there have been instances where commercial companies pay more to the actual manufacturer than Fair Trade does. Fair Trade argues that it strives to maintain long-lasting relationships whereby orders are placed year after year and that the price for a one-off order from a commercial dealer may well be higher. Fair Trade’s approach is focussed on long-term employment. Fair Trade also helps the manufacturers to organise themselves since an organisation of manufacturers will be more powerful than individual manufacturers. This will help to ensure a higher quality, a higher level of production, as well as continuity. Further, such an organisation is the only way for small manufacturers to reach the export market. When Fair Trade purchases through trade organisations, this usually involves organisations with the same mission as Fair Trade’s: exporting manufacturers’ products with the minimum costs possible. Fair Trade feels that getting paid for this should be a matter of course.³

The role of the market

The central idea behind Fair Trade is to use the market system to assist the development of Third World countries. The concept is very clear that it is not about philanthropy. Giving money or goods to developing countries usually has an adverse effect: gifts make people dependent, they put a brake on self-initiative and they also undermine people's self respect. The Fair Trade concept is attractive to manufacturers: it has resulted in manufacturers being paid a good price for their products, as well as enabling them to strengthen their economic position. However, the market is still very powerful. The fair trade market determines what can be manufactured and at what cost a manufacturer can sell its products:

- Fair Trade will only purchase products which are in demand;
- The price paid to a manufacturer should not disturb any market relationships. Prices should not lead to unfair competition or a situation where manufacturers whose products are not being sold to Fair Trade are actually worse off. This could, for example, arise in a situation of over-production. An artificially high price will create a desire to manufacture more. A correction in the marketplace, in the form of an adjustment in production quantities, will consequently be delayed which could have additional negative effects on those manufacturers who do not do business with Fair Trade.
- The price paid should not be allowed to lead to inefficient production. Particularly in situations where prices are under pressure, manufacturers will look for innovative opportunities to achieve efficiency, for example, by working together or by using machines.⁴

The price paid to a manufacturer should be at a level such that he is not swindled, but also not be too far above the market price.

The Fair Trade concept is also attractive to potential consumers. Consumers will be offered products that they want; and they will also have confidence in the products, as well as the production and trading

methods. Consumers mainly buy the products because they need them and so again it is not a question of philanthropy (Hoijtink, 2004). The moral rationale is an additional bonus, for which consumers are willing to pay a little extra. Their buying patterns will automatically contribute to improving the manufacturers' economic position. The market is again quite powerful in this respect but only presents a limited opportunity. In addition, it even works in two directions. The product cannot be too expensive, but it must not be too cheap either. Based on economic theories, you would expect to be able to sell a great many more products if they were significantly cheaper and that, as a consequence, more manufacturers would enjoy higher sales levels albeit at lower prices, thereby creating further opportunities for manufacturers in developing countries to sell their products. This applies to some products. However, for manually-produced goods such as the Kenyan statue, demand is limited. Further, a product that is sold too cheaply will also produce uncertainty in the minds of potential customers as to whether the manufacturer is receiving a fair price. Any specific price will result in a certain level of sales, and somewhere along the line there will be talk of a maximum level of profit. If the Fair Trade Organisation is properly organised, it will definitely generate a profit. A crucial question is what is done with this profit.

The tension between the moral and economic rationales

The above discussion on the Fair Trade Organisation makes it very clear that any attempt at "fair trade" within the market system is subject to all manner of restrictions. Only a small part of the consumer price ends up with the manufacturer. Apples for sale in shops for €1.50 per kilo will perhaps earn a market gardener €0.20. Out of this he still has to pay the auction costs, his pickers, maintenance of the orchard and other associated costs. The difference in price is made up of advertising and distribution costs, and taxes. This is how the market works. Because Fair Trade is commercially active in the market, it has to contend with the economic laws at play in it. Fair Trade is also confronted with the dilemmas and enticements that "ordinary" businesses have to face.

The fact that there is a debate about whether the Fair Trade Organisation puts a fair margin on its individual products provides evidence that it is failing somewhat in its communications regarding the dilemmas of “fair trade”. One might expect the organisation to provide insights into the division of the eventual product yield among the various parties in the chain. Currently this is not adequately explained.

Further, this provides an insight into an even more fundamental problem. It appears to be very difficult to communicate effectively regarding the dilemmas with which “fair trading” is faced. The general public feel that moral and economic trading cannot go hand-in-hand: by definition, making a profit, or entrepreneurship, is morally questionable. This becomes especially significant with a company that is trying to differentiate itself in the marketplace by applying a moral rationale and also appealing to its customers’ morals in its marketing strategy. Every moral question mark presented by the management team challenges the organisation’s legitimacy. The employees of the *Wereldwinkels* and Fair Trade shops, including a large number of volunteers, will begin to doubt the “good cause” to which they are contributing. Customers, who partly base their purchasing decisions on moral grounds, will begin to feel cheated.

A deeply rooted problem

In the above-mentioned survey conducted by *The Economist*, a distinction was drawn between corporate social responsibility and business ethics. According to the writer, ethics places limitations (together with legislation and the law) on business. Companies are required to comply with the law and allow themselves to be guided by moral values in that they should not yield to fraud, corruption or issue misleading information etc. By claiming this, the writer is actually denying the existence of any tension between entrepreneurship and ethics: sound entrepreneurship is morally neutral – moral values represent the perimeter of the playing field within which business is conducted. However, there is a hierarchy, and ethics establishes a framework for entrepreneurship.

The development of economic theories has long schematised this problem. Mandeville already described it in his *Fable of the Bees* (1714). He con-

fronted his contemporaries with their double standards: they call themselves followers of Christ while they choose wealth as the highest fulfilment of life. According to Mandeville, a precondition for prosperity in any society is for people to be dissatisfied with what they have. To generate wealth, they must desire more and ignore (Christian) morality since this is based on soberness and virtuousness. To Mandeville, a society that upholds high moral standards cannot be prosperous as, to achieve prosperity, one must compromise one’s moral standards.

To Adam Smith, the founder of classical economics, the free market offers the solution to this dilemma since a “natural harmony” develops through the collective pursuit of self-interest. An “invisible hand” coordinates all actions motivated by egoism, resulting in the optimal realisation of the common interest (Smith, 1910). At the individual level, the tension between morality and prosperity however remains, while at the macro-level egoism seems to be effective.

Moral values tend to be reserved for the personal arena, which is the sanctuary of morality and religion. The central concern for the entrepreneur is the objective relationship between resources and targets. Targets are a given: they are not up for discussion. The entrepreneur and the manager, on behalf of the owners of the company, must keep the corporation going and return a profit on the capital invested in it. In order to live up to this responsibility, an entrepreneur must anticipate consumer demand and use resources as efficiently and effectively as possible, so as to meet the targets set by stockholders and consumers. There is no room for moral considerations in what is a functional and almost technical approach.

The Dutch businessman, Rudolf Mees, was already describing the tension between morality and entrepreneurship in 1919. He saw it as a tragedy that an entrepreneur needed to dirty his hands: “A businessman who cares nothing for material possessions, who is immediately ready to hand his business over to a competitor, cannot remain a good businessman. Business on that basis is impossible. That a Christian-feeling businessman must accept this, is the moral tragedy of the character of his work.” (Mees, 1919, p. 15)

Rudolf Mees established that it was possible to draw a distinction between two domains: that of doing business and the personal domain, each with

their own norms (see also Walzer, 2004). The personal domain includes matters such as respect, honesty and care. The business domain is about performance and survival. According to this view, the norms prevailing in the business sector will not be derived from those governing private individuals.

According to Mees, responsible business conduct requires one to seek harmony between the two different functional levels. He sees this in a significantly different manner to Smith's understanding of the concept. For Smith, harmony will arise spontaneously when people are allowed to pursue their own interests without hindrance. For Mees, harmony must be consciously and constantly pursued: "Both the individual and the community have their value, and that is why the development of the individual and serving the community are both our duty.... Repeatedly, the businessman will face conflicts in which he cannot find unity. Repeatedly, his personal interest will come into conflict with that of the community without being able to see a resolution of that conflict. But the moral strength of the businessman must lie precisely at this point. He does not have fixed values to which he can turn, and he will repeatedly have to decide afresh. (Mees, 1919, p. 47)"

By differentiating between the two levels of morality, it is easier to reach a better understanding of the problem. The manufacturers, the customers and, in this example, the *Wereldwinkel* volunteers all reason within an atmosphere where personal standards are important. The manufacturers expect a certain benevolence and advantage, the customers buy Fair Trade products partly as a result of personal motives – they want to feel as though they are doing some good by purchasing the products. This also applies to the volunteers giving their time. However, Fair Trade is also a company which operates in the marketplace, with the expressed aim of supporting manufacturers in developing countries through the market. Any "laws" that govern the market therefore apply to the Fair Trade Organisation as a company.

Three ways of analysing

Simply differentiating between the two levels of morality does not help to find a solution to the

tension caused by this difference. I see three ways of analysing this tension between ethics and entrepreneurship, and I would argue in favour of the third approach, which I have designated ethical entrepreneurship.

1. First of all, there is the view that ethics (together with the law) limits entrepreneurship. Ethics (and laws) formulates standards that give entrepreneurship some space. Ethics and entrepreneurship are seen as two entirely separate areas. Entrepreneurship is viewed as amoral, or perhaps even as immoral. Entrepreneurs need to exploit opportunities and consider all options. This should occur within the boundaries set by the law, and complemented by ethics. Legislation and ethics limit the scope within which an entrepreneur can move. It is thanks to such free enterprise that welfare and prosperity are served in the best possible way. Legislation and moral precepts are there to ensure that this does not occur at the expense of the weak within the market. This is the view lauded in the above-mentioned article in *The Economist*.
2. Secondly, there is the view that values and standards are equally in force in both the personal and business domains, and that a balance can be found between values taken from both domains. Values can enter into conflict with others within the same domain, and likewise tensions can occur between values in the two domains. Rudolf Mees is an exponent of this view. It is possible to consider the different values in any situation, and it may be possible to formulate general principles for this purpose. These may differ in various sectors or in different roles. For instance, real estate agents have developed a code to deal with conflicts of interest: one cannot simultaneously serve the interests of both the vendor and the purchaser. Buyers have also developed codes, but how can you as a buyer maintain your independence and simultaneously develop a healthy relationship with a potential supplier that affords the latter a closer insight into their ability to meet your requirements? As a seller, how can you get

an edge over your competitors and still play fair? Those who are involved in such issues need to be aware of the tensions affecting their value judgements and search for solutions. A solution to the tension between ethics and entrepreneurship is sought in the values of the people concerned, and the demands and opportunities of the concrete situations in question. Those concerned erect their own boundaries based on their own values and norms.

The tension between ethics and entrepreneurship is not really solved in either of the above analyses. The first actually sees ethics as limiting entrepreneurship. The second approach involves a personal judgement and making a choice in relation to the various dilemmas.

3. However, I see another possible way of resolving this tension, which I refer to as *ethical entrepreneurship*. In my view, questions of business ethics always involve various values that cannot be traced back to a single universal source, and neither are these values static. They develop as a result of circumstances. It is possible for them to clash with each other, and different values may apply simultaneously (Van Oosterhout et al., 2004). Sometimes it is possible to prioritise values, but it is often impossible to determine what *the* correct answer is. It is precisely in new situations, involving social or other changes, where conflicting values occur. When values conflict, new ones will emerge. A failure to choose from among the different values is considered to be a shortcoming of ethics, but the tensions between values can also act as a source for the creation of new ones, thereby yielding added value. As a consequence, entrepreneurship entails adopting a creative approach to resolving tensions between values and, in the process, developing new ones. A conflict of values, which generally reflects the opposing expectations of relevant stakeholders, therefore constitutes a challenge for entrepreneurs to search for new values and consequently better solu-

tions. Ethical entrepreneurship involves an entrepreneur exploiting conflicting values to create new ones that yield greater value to the community.

Value pluralism

In order to clarify the concept of ethical entrepreneurship I would first like to refer to two problems which arise in contemporary ethical analysis:

- In general, values are considered to be absolute and immutable. Where there is a conflict between values, it is assumed that it is possible to find an appropriate solution through proper analysis. Ethics is subconsciously premised on a monistic approach. All values can be incorporated into a single hierarchy and, in principle, conflicting values can be resolved: all one need do is consider the matter properly. I strongly reject this monistic assumption: in my opinion, a pluralism of values is a much more appropriate premise. Only with a pluralism of values is it possible to view conflicts of values as an area of tension able to serve as a source for new values.
- Ethical analyses usually focus on localising responsibilities: who can be held accountable for what? As a consequence, ethics highlights the past and is negative by nature. My view is that ethics should be seen as positive and oriented towards the future, thereby contributing to the development of fresh outlooks.

Ethics generally assumes that values are a given, that they are formed independently of reality and that they cannot be changed by the latter. Perhaps this applies to truly fundamental values, such as respect for people and honesty. However, once these fundamental values are translated into concrete situations, we have to contend with values that direct behaviour. These concrete values may conflict with each other while simultaneously possessing the force of validity. It is in situations of change that businesses and their managers are faced with dilemmas, that is to say with the conflicting values of the various stakeholders. Behavioural values thus develop as a result of changing circumstances.

Similar tensions occur at all levels within and around organisations. People fill multiple roles that sometimes involve different, conflicting expectations. This is part of life. Working for a company, as an employee, makes such conflicting roles more complex and charged. An employee is required to satisfy a customer, may well be a member of the works council, wishes to be loyal to his colleagues while remaining the father or mother of a family, has relatives and friends, and is a member of an array of associations. This leads to conflicts among interests and roles. This I refer to as the “entangled hands dilemma” (Kaptein and Wempe, 2002, p. 170).

Various people hold a range of positions within an organisation. A product marketer in a pharmaceutical company would like to utilise every opportunity to push the business’ products and services. A medical practitioner will try to impose restraint in relation to the marketing techniques that are employed, and the promises made in advertising. The personnel manager will predominantly consider the company’s appeal to new employees and consider the opportunities for staff to exploit their full potential. A security official will be concerned about information being leaked and the theft of computers. He will seek to achieve his objectives by installing gates, appointing gatekeepers and enforcing a clean desk policy. Thus, various officials make different demands on an organisation. These entail different values and result in what is referred to as the “many hands dilemma” (idem, p. 168).

A business has to contend with a multiplicity of stakeholders such as its employees, customers, shareholders, suppliers and the relevant public authorities. All have their own expectations and make assessments, and they are all legitimate. A bank which considers the career opportunities of its staff to be of paramount importance will offer an account manager a better position, even if this means that the customers he serves will be required to develop a relationship from scratch with the company’s new representative. All sorts of people are at loggerheads with each other in society. Environmentalists conduct campaigns against the development of industrial estates and new residential neighbourhoods at the expense of the environment. Businesses need space for expansion. Local authorities need to consider tourism, the

development of the local economy, homes for their own people and naturally also the conservation of the environment. This is referred to as the “dirty hands dilemma” (idem, p. 166).

Thus the differing forms of tension may be referred to as the dilemmas of entangled, many and dirty hands. Here we are concerned with forms of tension that occur in everyday practice as dilemmas for managers. Together, these three types of dilemmas constitute the corporate condition, the condition that makes enterprise possible (see also Wempe, 1998). They will arise as soon people start working together as part of a business and introduce products and services into the marketplace. They are genuine dilemmas in the sense that these forms of tension involve fundamental conflicts of values. At the same time, there is usually a necessity to act, and so to resolve the conflict.

With regard to the dilemmas that face managers in everyday practice, it is possible in many instances to search for an optimum situation in which the various values that are at stake are considered, as far as possible, together. It is precisely this creative process that makes it possible to develop new, transcending values. This simultaneous consideration of similar or conflicting values and the development of new, transcending ones becomes possible by breaking through systemic frontiers, which are subconsciously and implicitly maintained, and by ensuring that one does not only consider the here and now.

The search for added value predominantly demands changes in the attitudes of the people involved. They need to be willing to make themselves vulnerable, to acknowledge dilemmas and to be open to better ideas. The search for added value is more than a question of horse-trading and pressure, and therefore falls within the moral category.

The pluralism of values requires managers to acknowledge conflicts of values and to work towards establishing new ones that transcend these conflicting values. Put another way, they are required to engage in ethical entrepreneurship.

From threats to opportunities

I believe that there is a need for a further move within business ethics. It is simply not enough to

acknowledge tensions between values and to develop compromises. It is also important to look towards the future, to see opportunities and to examine how you yourself can contribute to the resolution of social issues. In the course of discussions in response to questions about business ethics, I have noticed that people (including interlocutors who have been schooled in ethics) are strongly inclined to inquire about responsibility (who can be held accountable). It is remarkable to note that everyone seems always able to point the finger at someone else. Solutions are also preferably sought in the realms of drafting legislation and regulations, or in technology. Such a negative approach to moral issues makes it difficult to examine them with a view to finding a solution.

The current problem of obesity is a good example of this (see also Wempe and Donaldson, 2004). It is seen as a social problem of paramount importance in both Western and developing countries. The food manufacturers and fast food restaurants point to the consumer (consumers choose what to eat; we are only selling), to the automotive industry and the software and computer manufacturers (people are moving too little) and to the government (which is cutting down on physical exercise classes). Solutions are being sought in legislative provisions: in some countries people are proposing an additional tax on calories. People also expect solutions from technology: producing low-calorie food could solve the problem. However, such a technological solution could have an adverse effect: people might accept that they can eat ad nauseam without becoming fat and then start eating products that are not of the specially developed low-calorie variety. Companies experience the problem of obesity as one with which they would rather not be associated. A genuine solution to this problem requires a complete shift in the way people think about nutrition. The problem of obesity demands an adjustment in lifestyle and, as such, a change of values. Many different parties will need to make a contribution. Government, the education sector and community organisations can make a contribution in terms of providing information and incentives. Businesses will need to provide information about, and in relation to, their products. They will have to capitalise on healthy, balanced

nutrition in their marketing endeavours. It is here that there will be opportunities for companies to distinguish themselves, for example by expressing their concern for consumer health. Through special menus and campaigns aimed at healthy nutrition, the issue of obesity is one that presents opportunities for businesses to make a positive contribution to solving social issues. In doing so, the business sector would be contributing to the search for new societal values.

Such a change requires a shift from pointing to other people to a sober assessment of one's own conduct and potential to make a contribution. Threats are simultaneously opportunities, enabling one to move from viewing a glass as half empty, to seeing it as one that is half full.

Conclusion

Ethics and entrepreneurship are often seen and experienced as two domains that are separated by an unbridgeable gap. An important cause of this is the monistic and negative character of ethics. Ethical entrepreneurship aims to gain some advantage from the tension between the existing values. Ethical entrepreneurship demands a dual conceptual shift: from monism to a pluralism of values (since there are multiple values which are valid and it is the tension between them that yields new outlooks), and from a defensive to a proactive approach (search for opportunities instead of culprits). My plea in respect of ethical entrepreneurship is aimed at ensuring that business ethics becomes part of a company's core business. To this end, business ethics must not merely focus on delineating boundaries for entrepreneurship but also play a constructive role. Businesses should be asking themselves how their entrepreneurship can contribute to the resolution of social issues.

Back to the Fair Trade case

An important cause of the problem confronting the Fair Trade Organisation is concerned with the lack of communication. To Fair Trade's various target

groups it is unclear whether it is a philanthropic institution or a normal business that also serves a social purpose. The different parties (customers, volunteers) are asked to invoke their moral awareness. Simultaneously, Fair Trade needs to respect the laws of the marketplace. As an entrepreneur, Fair Trade simply has to achieve a sales margin. It is precisely in such a situation that the strength of ethical entrepreneurship lies. Both the manufacturers of Fair Trade products and the Western consumers should be addressed as mature business partners. The manufacturers do not receive charity but supply good products at a keen price. Consumers are not philanthropists: they simply obtain good value for their money. So how does ethical entrepreneurship differ from doing business as usual? If Fair Trade were to opt for ethical entrepreneurship as set out above, it would put more effort into offering small businesses in developing countries access to international markets. In particular, this would mean supporting manufacturers in their attempts to provide the quality that is required in order to operate in these international markets.

Moreover, it would involve the creation of access routes to the markets of the West. Perhaps the argument advanced by the manufacturers in the television programme, to the effect that “true” commercial customers pay a better price, is evidence that they are capable of capitalising on Western tastes, of providing the requisite quality, and that they have found the appropriate route to international markets. Perhaps this is an argument for Fair Trade to look for new manufacturers. Consumers are not asked to provide charity, but they are asked to decide on their purchases in such a way that they afford opportunities to craftsmen and entrepreneurs who have not yet gained conventional access to Western markets.

To Fair Trade, the challenge lies mainly in the development and presentation of a new approach to combating poverty. This entails entering into a debate with both manufacturers and consumers as to how best they can contribute to economic development. In such a debate, ethical entrepreneurship requires that, within the boundaries imposed by a market economy, attention is devoted to improving terms of employment, to offering those entrepreneurs who do not yet find it possible

to produce goods for the international market an opportunity to do so, and enabling Western consumers to make a contribution towards poverty alleviation through their spending patterns. Ethical entrepreneurship, in a nutshell, amounts to the achievement of ethical goals through entrepreneurship.

Notes

¹ This example featured in a panel discussion during the EBEN conference in Enschede, the Netherlands, on 24th June 2004.

² A current affairs programme produced by The Evangelical Broadcasting Company, broadcast on 7th June 2004.

³ Based on Fair Trade’s reaction to the “Twee Vandaag” television broadcast.

⁴ A good example is the coffee market. As a result of quotas, coffee prices stayed relatively high for many years. When this market regulation was stopped at the end of the 1980s, this resulted in an incredible stimulus to innovate which is one of the causes of the current overproduction within the coffee market.

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