

Reflective Judgement: Understanding Entrepreneurship as Ethical Practice

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ABSTRACT. Recently, the ethical rather than just the economic resonance of entrepreneurship has attracted attention with researchers highlighting entrepreneurship and ethics as interwoven processes of value creation and management. Recognising that traditional normative perspectives on ethics are limited in application in entrepreneurial contexts, this stream of research has theorised entrepreneurship and ethics as the pragmatic production of useful effects through the alignment of public–private values. In this article, we critique this view and use Kant’s concept of reflective judgement as discussed in his *Critique of the Power of Judgement* to theorise ethical entrepreneurial practice as the capacity to routinely break free from current conventions through the imaginative creation and use of self-legislating maxims. Through an analysis of the narratives of 12 entrepreneurs, we suggest there are three dimensions to reflective judgement in entrepreneurial contexts: (1) Social Performance; (2) Public Challenge and; (3) Personal Autonomy. Whilst the entrepreneurs were alive to the importance of commercial return, their narratives demonstrated further concern for, and commitment to, standards that they rationally and imaginatively felt as being appropriate. In our discussion, we integrate the findings into existing theoretical categories from entrepreneurship studies to better appreciate ethics within the context of value creation.

KEY WORDS: entrepreneurship, ethics, Kant, reflective judgement

Introduction

Entrepreneurship is often viewed as the pursuit of purely commercial objectives distinct from, and perhaps even in conflict with, ethical behaviour (Freeman, 1994; Harris and Freeman, 2008). Ethics usually figure only implicitly in entrepreneurship research as a willing submission to the law-abiding pursuit of innovative rents (Hannafey, 2003), and

studies primarily focus on the character traits that distinguish entrepreneurs from non-entrepreneurs and allow them to create personal wealth through opportunity identification (Baron, 2004; Ciavarella et al., 2004; McClelland, 1961; Mitchell et al., 2002). The resulting image is of a solitary, almost heroic entrepreneur, ‘the proverbial captain of industry’, whose productive activity is governed by a value-neutral, profit-seeking logic (Smith, 1999, p. 770). In the wake of this image, studies which do attempt to explicitly examine ethics and entrepreneurship largely choose to extend the list of relevant traits to include moral dispositions (Chau and Siu, 2000; Lepoutre and Heene, 2006) or employ de-contextualised vignettes and structured tests to assess entrepreneurs’ attitudes to ethical practice (Humphreys et al., 1993; Longenecker et al., 1989; Morris et al., 2002; Teal and Carroll, 1999).

Given that entrepreneurs demonstrate ‘stronger ethical perceptions about their relationship to the businesses in which they are involved’ (Bucar et al., 2003, p. 279), these studies are problematic not only for their lack of contextualised insight but also because the underlying idea of entrepreneurship as an individualised and isolated activity is increasingly coming under scrutiny (Dodd and Anderson, 2007; Ogbor, 2000). Far from being isolated, private creations, new ventures emerge from collective endeavour. The lack of proven track records, obvious asset value, and immediate profitability finds entrepreneurs reliant on previous working relationships, voluntary connections, kinship and community ties as a means to access appropriate resources to create and sustain their venture (Greve and Salaff, 2003; Hoang and Antonic, 2003; Janjuha-Jivraj, 2003; Karra et al., 2006; Steier and Greenwood, 2000). As such, entrepreneurs need to develop relationships and cooperate with those around them and to do so must be attuned to the

values, perspectives and needs of the various stakeholders in their venture (Downing, 2005; Fuller and Tian, 2006; Martens et al., 2007; Spence et al., 2003; Starr and MacMillan, 1990; Zott and Huy, 2007). Distilling the phenomenon of entrepreneurship to the identification of personal characteristics (even if they incorporate moral sensibilities) cannot possibly do justice to the array of distinct and sometimes conflicting individual, social, economic and institutional interests involved in new venture creation (Nayak et al., 2007; Sarasvathy, 2002). Entrepreneurship is better understood as a social and cultural phenomenon, where through embedded expertise, entrepreneurs judge the potential of things under the impress of a shifting *mélange* of personal and environmental constraints (Hoang and Antonic, 2003; Sarasvathy, 2002, 2008; Ucbasaran et al., 2001).

Acknowledging this embedded condition, Venkataraman (2002, pp. 45–46) argues that entrepreneurial and ethical concerns are interwoven. In both phenomena, advocates ‘seek to describe, explain, predict, and prescribe how value is discovered, created, distributed, and perhaps destroyed’. Entrepreneurship is concerned with understanding, in the absence of markets for future products and services, how the opportunity to create ‘value’ is discovered and acted upon (Venkataraman, 1997). Entrepreneurs not only create personal wealth and value but also create value for others by developing new markets, new industries, new technology, new institutional forms and new jobs (Mitchell, 2002; Velamuri, 2002). Business ethics is concerned with the ‘methods’ used to create this ‘value’ and the ensuing distribution of the value amongst the various stakeholders in the enterprise. Building on Venkataraman’s (2002) ideas, there have been recent attempts by Harmeling et al. (2008) and Sarasvathy (2008) to better theorise this sympathy of creating and managing value using the pragmatist philosopher Richard Rorty’s figure of the ‘strong poet’. Rorty’s ‘strong poet’ is a somewhat idealised character able to privately imagine and demonstrate potentially new forms of value-creating (*viz.* problem-solving) activity, whilst accepting publicly the need to align these forms with others’ values and interests. Private projects only have value to the extent they can be publicly projected. Harmeling et al. (2008) and Sarasvathy (2008) liken entrepreneurs to these poets because to survive and grow, business ventures have

to express the private insights and ideas of entrepreneurs in ways that resonate with the public sufficient to warrant a change in the existing patterns of value production and distribution.

Proceeding from the assumption that entrepreneurship is a ‘context-dependent social process’ (Low and Abrahamson, 1997, p. 435), we acknowledge Venkataraman’s understanding of entrepreneurship and ethics as complicit concerns. However, we question the cogency of Harmeling et al.’s (2008) and Sarasvathy’s (2008) use of Rorty to theorise it. Whilst we accept the benefits of creating and distributing things and services that people find valuable, we argue that, what marks entrepreneurs as being ethical is not their ability to reconcile private and public values but rather their capacity to *resist* this reconciliation as something compelling, and instead rely continually upon their own judgement as to what constitutes a reasonable assumption about wealth creating activity, or a reasonable standard governing such activity. We theorise our view using Immanuel Kant’s concept of reflective judgement as discussed in his *Critique of the Power of Judgement*. Here, ethics is less about (accidental) agreement between private insight and public need than the preservation of the judgemental capacity for critically reflecting on configurations of value, out of which capacity the entrepreneur might be said to always be in a self-legislating mode. It is, we conclude, the manner and quality of open, meaningful and hence appropriate ‘self-legislation’ that defines entrepreneurs as ethical, rather than the production and distribution of value.

In order to investigate this ethical condition, we take a narrative approach focussing on the language 12 entrepreneurs use to make their venture intelligible both to themselves and others (Gartner, 2007; Jennings et al., 2005). We define entrepreneurs as individuals who create new business opportunities by founding a venture and focus on the development of independent new ventures that are not sheltered by sponsoring organisations (e.g. a spin-off). By definition, such ventures are associated with high levels of uncertainty where widely shared frames of understanding and, by extension, agreed standards are often absent because of contextual novelty or dynamism (Lounsbury and Glynn, 2001; Venkataraman, 1997). In such conditions, entrepreneurs have to rely on language both to appeal to

others to gain support for the new venture, and, at the same time, to resist and challenge existing configurations of value by continually constructing and re-constructing their own understanding of what constitutes opportunity (Cohen and Musson, 2000; Fletcher, 2007; Hjorth and Steyaert, 2004; Warren, 2004).

Entrepreneurial ethics and reflective judgment

There is an increasing understanding in the ethics literature that normative prescriptions and decontextualised universal values, set out in the classics of ethical philosophy (e.g. Hartman, 1996; Snoeyenbos and Humber, 2005; Solomon, 1992), are limited to the extent that they can be usefully applied in 'real' world context where values are contingent on the context and continuously emerge and change (Freeman, 1997). The limitations of classical ethical approaches have recently been taken up in entrepreneurship studies by, amongst others, Harmeling et al. (2008), Sarasvathy (2008, pp. 188–191) and Venkataraman (2002) in studies whose significance lies in their attempt to merge less normative ethics with a sustained awareness of the embedded nature of entrepreneurial practice. Specific attention has been paid to the pragmatism of Richard Rorty. From this perspective, ethics is confined within the traditions of our western, liberal democratic lives, suggesting what we call ethical – for example, equality – we do so because we experience the outcomes as working better for the production of viable society. Entrepreneurs are potentially significant players in this society, and with some insight, Harmeling et al. (2008) and Sarasvathy enlist Rorty's figure of the 'strong poet' to theorise them. Strong poets acknowledge and exploit found contingencies to create new orthodoxies out of the old, remaking reality into new meanings (viz. products and services) that redefine ways of living (Sarasvathy, 2008, p. 189). Entrepreneurship becomes the recognition and pursuit of value (private idea and insight) others recognise as valuable (finds public use), and through this, entrepreneurs involve others in potentially fruitful lives. What is distinct about entrepreneurial action in this pragmatic framing is the ability of entrepreneurs to convey the desirability of a previously unacknowledged possible state of affairs in

terms that chime with others' life projects (Sarasvathy, 2008).

We agree with Harmeling et al. (2008) and Sarasvathy (2008) that entrepreneurs are pragmatic in aligning their values to some degree with those around them to gain support and develop new ventures. For example, entrepreneurs have consistently been shown to place value on being honest and trustworthy in their relationships with customers and investors (Mayo, 1991; Spence et al., 2003), recognising that prospective investors develop increased confidence in a venture when entrepreneurs behave in an open and direct manner (Harrison et al., 1997). However, we suggest there is a distinction here between an alignment of values at a basic, cultural level to create conditions in which enterprise remains viable, and a more substantial alignment of private and public values, which produces useful effects. Conflation of these remains problematic, as by their very nature, entrepreneurial opportunities are often at odds with existing values since in creating new ideas, entrepreneurs can break existing patterns of understanding (Schumpeter, 1954). In addition, by making ethics synonymous with producing useful effects, what is ethical becomes subject to prevailing public agreements on the utility, or otherwise, of existing or emerging states of affairs. This leaves little room for argument should the effects be held generally acceptable, but individually troubling; what counts as good is what is found of value. In our view, ethics concerns less the outcome of human activity than the capacity to distance ourselves from, and critically imagine alternatives to, the ways we order ourselves, pragmatically or otherwise. If ethics amounts to what publicly is agreed as being good in effect, then awareness of the manner by which these judgements were arrived at tends to get lost, when it is precisely the conditions in which we judge which help distinguish ethical from unethical behaviour. What troubles us about aligning ethics with Rorty's strong poets is that judgement is confined to publicly validated evaluations of the outcome of action rather than extended to any account of our complicity with these effects, as well as the manner in which any judgement might be made (this action was done willingly, mean spiritedly, recklessly and so on).

In order to theorise this struggle to resist the undoubted attractions of a pragmatic view of ethics,

we enlist Immanuel Kant, using his concept of reflective judgement developed later in his study in his *Critique of the Power of Judgement*. Ethically, Kant is more typically understood as an advocate of inviolable and hence unchallengeable categorical imperatives such as ‘always tell the truth’, criticised recently by Harmeling et al. (2008) as limited in accommodating the emergent and relative values involved in complex human activities. Yet, in the *Critique of the Power of Judgement*, Kant expands on his views by speaking of imperatives as regulative rather than constitutive. He begins by recognising that human understanding (ethical or otherwise) is shrouded in conditions of judgement and as such can never be complete (Guyer, 2006, p. 547). Frustrated with this incompleteness, we look to complete our understanding by invoking determining judgements. Determinant judgement uses general concepts (such as ‘causation’ or ‘right’) for thinking about and constituting experience and involves bringing the particular under the aegis of a general understanding (rule or concept). Complex and open-ended experiences of everyday life, such as the entrepreneur’s pursuit of opportunities, often upset this determining effort. Urging us to recognise this, Kant offers the alternate concept of reflective judgement describing the struggle to work from particular givens of experience towards general understanding without presuming that this general condition will ever be experienced (Kant, 1790/1914, pp. 248–250). It is reflective judgement, and particularly the public preservation of its conditions, which Kant equates with ethics. Reflective judgement occurs when we consider whether the reasons we assume something to be the case, or the reasons we invoke a rule arising from these assumptions, are in themselves generalisable and so reasonable, or simply pragmatic responses to immediate, local situations (Kant, 1790/1914, pp. 25, 198). The upshot is a form of self-legislation, a willingness to think and act in accordance with standards that are created by one’s own imaginative effort, rather than the dictates of a specific situation (Schneewind, 2007).

Using Kant’s thought in an entrepreneurial setting, we might consider a prosaic case of an entrepreneur taking judgements concerning the viability of an enterprise, specifically the nature of the market in which such a venture would make sense. This

involves imagining what constitutes a market, how those within markets previously experienced them, and whether alternative understandings are possible and desirable. Emerging markets in car sharing might be one example, where the traditional contractual transference of ownership to buyer from seller becomes a leasing and pooling arrangement in which the dominating idea of possession is subsumed by feelings of convenience, and communal and environmental sensitivity. Adherence to the idea that a ‘market’ involves the transferral of possessed objects is brought into question by the entrepreneur’s judgement, evoking a sense of potential whereby the content and form of what is considered correct, or orthodox, is placed under imaginative pressure. Pragmatically, reason and imagination are used to realise a different and potentially more valued state of affairs. Ethically, what matters is whether this imaginative effort is undertaken with regard for action and thought being self-governed.

For Harmeling et al. (2008) and Sarasvathy (2008) an opportunity succeeds if the entrepreneur’s private insight has been found arresting and useful enough to warrant public uptake. We argue the sympathy between entrepreneurship and ethics can be better appreciated through reflective judgement because we not only get a sense of value creation, but also a sense of what animates and sustains it. In order to be ethical, on Kant’s terms, entrepreneurs must preserve a personal sense of autonomy by publicly and continually subjecting existing configurations of value to their own imaginative and rational judgement. In order to be ethical, judgements have to retain a sense of their own self-sufficiency, a persistent awareness that what is stipulated as being a sufficient reason for acting within the emerging condition of a new market remains a stipulation of the entrepreneur’s own imagination and reason. Any determining conditions are self-legislated. Therefore, what we understand to be particularly ethical about entrepreneurship is the continual struggle in which entrepreneurs resist the pull of external, conventional agreement about values and what is of value, relying instead on their own ability to continually judge business life in spite of prevailing opinion and values. We now turn to exploring this condition of judgement through publicly expressed narratives of entrepreneurial experience.

Method

We employ a narrative approach to explore the reflective judgement of entrepreneurs. In line with the theoretical arguments outlined above, a narrative approach recognises that our understandings are shrouded in conditions of judgement (Kant, 1790/1914). It is not possible to be neutral or objective and merely represent the world rather than interpret it and as such we cannot have direct access to another's experience (Czarniawska-Joerges, 1997). Instead, narrative perspectives see language as the primary means through which meaning is both conveyed to others and created for oneself (Goffman, 1959). As Polkinghorne (1988, pp. 29–30) notes 'our linguistic ability enables us to descend into the realm of our primary perceptual and emotional experience, to find there a reality susceptible to verbal understanding, and to bring forth a meaningful interpretation of this primary level of our existence' (Polkinghorne, 1988, pp. 29–30). Narrative perspectives are also critical of transactional views of entrepreneurship in which entrepreneurs and their cultural contexts are considered as separate entities and, instead, understand entrepreneurship as an embedded condition where entrepreneurs create new understandings through dialogue with others (Baker et al., 2003; Down, 2006). In terms of reflective judgement, entrepreneurs use their linguistic resources to simultaneously make their ideas intelligible to themselves and publicly resist and challenge existing configurations of value (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001).

Sample and data collection

The sample was based on 12 entrepreneurs (11 male and 1 female) from firms classified according to six sector categories: manufacturing, arts and craft producers, retail, software development, training organisations, professional services. All of the firms involved in the study had less than 50 employees with the majority having less than 10, were less than 5 years old, had a turnover of less than £250,000 and were based in the north-west of England. We selected firms that were similar in terms of size, age and geographical position to minimise sample

variation beyond the mentioned variance in terms of industry. The firms would be classified as conventional 'profit-driven' firms rather than social enterprises.

Unstructured, in-depth interviews were conducted by one of the authors with the entrepreneurs which lasted between 50 and 90 min. The entrepreneurs were encouraged to reflect on 'significant moments' in their business experience and to construct a story about their experiences (Gabriel, 2000). Follow-up questions (more depth) and probes (clarifications) were used flexibly so as to allow us to follow emerging themes and to trigger a further elaboration (Rubin and Rubin, 2005, pp. 146–151). The unstructured nature of the questions elicited what was experienced by the interviewees as worthy of sustained comment as they reflected on, and recounted, those on-going moments that shaped how they acted as entrepreneurs and developed as a person. The interviews were recorded, transcribed, and loaded into NVivo software to isolate instances where the narratives related to the entrepreneurs' reflective judgement.

Data analysis

In the application of a narrative approach, the aim of our research was 'not to produce knowledge that leads to the prediction and control' of entrepreneurial activity but instead produce 'knowledge that deepens and enlarges our understanding' of entrepreneurship, entrepreneurial judgement and the consideration of others and otherness as an expression of ethical sensibility (Polkinghorne, 1988, p. 159). This involved interpreting entrepreneurs' narratives using an inductive approach (Silverman, 2001). At the same time, however, in order to develop an understanding into the extent to which entrepreneurial goals may be associated with reflective judgement, we adopted a design and method where pure induction was balanced against early structure (Langley, 1999) to allow for meaningful comparisons of the entrepreneurs involved in the study. We, therefore, began the analysis with our goal being to examine the data for text which linked to the concept of reflective judgement; however, we also remained open to the possibility of new meanings emerging. Through this, we aimed to move from 'shapeless data spaghetti toward some kind

of theoretical understanding that does not betray the richness, dynamism, and complexity of the data but that is understandable and potentially useful to others' (Langley, 1999, p. 694). The approaches suggested by Glaser and Strauss (1967), Miles and Huberman (1994) and Strauss and Corbin (1990) were followed by analysing data in two interrelated phases.

Phase 1: Open coding. The initial part of the analysis required us to repeatedly read the transcripts to become familiar with the data. Initial concepts which related to reflective judgement were identified in the data and grouped into categories (Strauss and Corbin, 1990). In order to ensure that our coding did not fix meaning too early in the analysis, early coding acted as signposts or indexes to interesting pieces of data, whilst codes were applied when we believed that the theme had regularity or stability in the way in which it occurred throughout the data.

Phase 2: Axial coding. This process involved searching for relationships between and amongst these categories, which facilitated assembling them into higher-order codes. Our final analysis suggests that there are three entwined threads to the weave of reflective judgement in entrepreneurial contexts: (1) Social Performance; (2) Public Challenge; and (3) Personal Autonomy.

These phases outlined above were not linear but, instead, formed a 'recursive, process-oriented, analytic procedure' (Locke, 1996, p. 240) that continued until we had a grasp of emerging theoretical relationships. As proposed by Lincoln and Guba (1985), we took several steps to ensure the trustworthiness of the data. First, all of the data were carefully managed and recorded to ensure that no data were lost or interesting insights went unnoticed. Second, we also engaged an experienced qualitative researcher familiar with the grounded procedure to go through random samples of interview data to assess whether the conclusions reached were plausible.

Findings

The findings suggest entrepreneurial reflective judgement comprises: an appreciation of the importance of managing interpersonal relationships through

appropriate 'Social Performance'; the creation of value through discussion and 'Public Challenge' of existing orthodoxies; and maintaining 'Personal Autonomy' to judge the value of an idea against the entrepreneurs' own standards and principles irrespective of whether these ideas realise a publicly warranted sense of good.

Social Performance

Throughout the narratives, there was evidence of the important role others played in bringing opportunities to successful fruition. The entrepreneurs spoke of performing in ways that encouraged others' interest and possible investment in the venture. We term this 'Social Performance' using the term 'social' to convey the embedded condition of the entrepreneurs. We noticed that some of this activity concerned the bringing together of private insights with public interests insofar as the entrepreneurs had a sense of the benefits their work might bring to others (Harmeling et al., 2008; Sarasvathy, 2008). So, for example:

Trying to influence the requirements on dentists and doctors to use our equipment is very, very difficult but if we're going to do it anywhere it will be in this country and we constantly try and impact on that. Not just purely for our own benefit but once you get into something like cross-infection and sterilisation as a process there's almost a moral element to what you're trying to do and as I said before we're striving to create something that we can guarantee does sterilise what does go into it. (Martin, manufacturing)

Here, Martin connects his private endeavour with a wider sense of public interest. Yet, interestingly this awareness of others and others' interests was not spoken of as a public coming together of privately held interests, but as a concern to create a positive standing or ethos amongst stakeholders which allowed him to challenge others' values whilst still retaining his stakeholders' confidence in his abilities to create profitable opportunities. Here, the entrepreneurial performance is less a question of aligning interests than a more basic concern with sustaining a trustworthy sense of self. Below, for example, two entrepreneurs expressed the importance they placed on preserving their good reputation amongst others:

With my reputation within the industry people knew that I was straight and honest and if I promise something, I will deliver the goods. (John, arts and crafts)

I don't employ sales people, I do it myself but it's my reputation that's getting it for me and that's rewarding ... [it's] down to performance and anything that's on performance, we'll do well. (Rod, manufacturing)

Another discusses how it is less the content of the service and expertise than the ability to be of service:

Our credentials as a business are changing all the time because we are doing new work all the time and we are gaining clients and gaining experience and those may not always be obvious to us because I mean if a bread maker wants our credentials you immediately think of 'What food clients do we have?', but, then if you think about it from a different perspective, they may not be interested in your knowledge of the baking industry, they may want help with planning permission to build a new bakery in which case it is: 'What do we know about property?', 'What do we know about buying law?', 'What do we know about community relations?', for example, so there are any number of ways of approaching your credentials. (Mike, professional services)

What matters is not just the content of what is being done, but the resonance of 'credentials', the capacity to be credible in the first place.

In addition to reputation, the entrepreneurs appreciated the importance of developing friendship and liking in stakeholder relationships (Starr and MacMillan, 1990), recognising how this constituted an important source of capital:

Somebody faced with choices, and let's face it we've nearly always got choices in a modern company, will end up evaluating the 'ifs' and 'buts' of those choices and at the end of the day they'll come down and work with people they like because it's a human trait...they want to be successful in what they're doing and they'll feel happier working with people they feel they can work with...I think it's as simple as that. (Simon, software development)

Here was a sense of standards that others expected him to adhere to in managing his business venture. Once these were acknowledged, he worked at conformance as he believed this would help sustain his business.

More generally, what was going on was a kind of scene setting. Since their ideas or opportunities were often novel and unconventional, the entrepreneurs sought to balance this by creating a conceptual ordering of their business that existing and potential stakeholders would find meaningful, even alluring. They sensed and articulated the importance of making associations and evoking cultural frames that tap into collective consciousness on ventures and relevant industries (Aldrich and Fiol, 1994). For example, the excerpts below show how one entrepreneur used a 'family-owned' business structure whilst another framed the business as 'modern' 'effective' and 'professional' to ensure that others felt comfortable with the venture:

The history of the German economy is again traditional, family-owned businesses, so they look at us and they think, 'Ah we see ourselves'. So they see something that they recognise and hopefully they feel comfortable with that. (Martin, manufacturing)

I think if we're seen to be reasonably professional and we have a positive approach to what we're doing, and the products are good and the guys feel comfortable that the company is running in a modern and effective way, then they'll go home and think: 'There's not a lot at risk with me dealing with these people'. (James, manufacturing)

Through the creation of company structures and procedures that aligned with stakeholder expectations and values, the entrepreneurs managed to alleviate others' reservations and fears about the risks involved with their venture. This allowed them to create entrepreneurial opportunities that were often different and unexpected whilst still maintaining stakeholder involvement.

There is an instrumentality here, but it is not an overt correspondence of articulated interest. Indeed, in many instances, it dissolved in a lack of articulated ends, the narrative simply leaving off with statements concerning personal commitments:

As long as you're not hurting anyone, you're serving people and you're doing the best you can and you're charging the beaten price, there's no reason why your business or any business should fail, as long as you're not screwing people over, you're genuinely trying to make ends meet and do good, I think it will work and I firmly believe that what I'm doing now is the right

thing, I'm helping people so if I didn't really help people and...I was hurting someone then I wouldn't be doing it. (Simon, software development)

This conformity is open ended, there is no awareness of a specific effect, but rather an emerging sense that through adhering to such standards – or what we might hazard are personal maxims – the viability of the enterprise is sustained. Therefore, even in the face of immediate strife and possible negative effects, they carry weight:

People have to develop some sort of rapport with you and obviously you need to back that up by being totally honest with people even if things are going wrong, keeping them in touch and I think the most important thing in maintaining any relationship is that if things do go bad don't run and hide. The number of stories that we've heard of people that have sort of tried to hide from problems and it's just made them worse, it's been quite amazing, it's one thing that we've never done, we've always put our hands up and kept people in the loop and let them know what's going on, we've faced up to difficult situations at times. (Ben, training organisation)

This willingness to maintain open relationships with stakeholders even when this resulted in potential risks for their business, suggests a more subtle sense of alignment than simply the accidental coincidence of private insights and public interests. The entrepreneurs are talking of open-ended standards of behaviour to which they, as individuals, subscribe because these standards have emerged from their own reflections on the experience of being in business. The consequences and business conditions are apparent, but often remain secondary to the sense of rectitude:

The philosophy of the business [which] was to be personable and tell the truth...whatever they [my competitors] did didn't stop me doing that because I knew that I was right and they were wrong. And that I had more feeling for clients and what I was doing...I am better than they are, I am more involved than they are, and I am more personable than they are. And if I tell the truth, and by the truth I mean give my honest opinion, things will work. Still today I get it wrong sometimes, but I still tell people what I genuinely believe their property is worth. I won't tell them what they want to hear to get the instruction and I do loose business because of that especially in this rising market. (Joe, professional services)

Public Challenge

On Kant's terms of reflective judgement, the findings above are a necessary, but not sufficient condition, for ethical practice. In order to be considered ethical on Kant's terms, there must also be evidence of ongoing struggle and challenge insofar as what exists is found wanting, or frustrating, or limiting in some way. Aligning with this sense of continuous challenge, we found evidence throughout the entrepreneurs' narratives that they used their interactions with stakeholders to publicly question existing and accepted understandings and potentially develop new insights. The entrepreneurs appeared to relish debate and argument with internal and external stakeholders. These need not be confrontational; indeed, for most, it was almost routine, for example:

There are one or two people here at all levels of the business that I can confide in and I find the process of confiding in them quite beneficial in terms of being able to unravel the issues as you go along and they might not contribute anymore than a sounding board or sometimes they might say 'Oh I don't think you should do that James' ...I find that very valuable. (James, manufacturing)

As is clear from James's account above, the process of publicly expressing themselves to others allowed the entrepreneurs to develop a reflective sense of their own beliefs and understandings. The entrepreneurs also realised that engagement with others brings about the possibility of experiment and conjecture and it is out of this dialogue that prospects for future material wealth creation might emerge:

It helps you to be outward looking – it helps you to spot opportunities...discuss opportunities with the people who work for you and say, I think we should do this, listen to other people because sometimes they may have a different view point...not directly opposed to what you're going to say but something at an edge and people may give you another gem of an idea... A little small idea here, we took a guy out on Tuesday for lunch and he has just started on the Atkins diet which means he's not having any carbohydrates at all, so we went into this restaurant and he said, 'Can we have a steak but I don't want any potatoes or chips', we were going out and I was talking to the person who owned the restaurant and I said 'Have you thought of doing this, have you thought of just saying, we are doing the

Atkins diet and really advertising this now?’ and he said ‘no I hadn’t thought of that but what a good idea’. (John, arts and crafts)

This narration of an everyday engagement crucially conveys an almost inveterate curiosity and sense of being exposed to possibility brought about by introducing the opportunity for discussion and dialogue without any pressure to conform:

You need two, you need a sounding board, you need to get a response, you need somebody to say ‘Ah no that’s crap’ or you need ‘Oh no you can’t do that but how about doing it in that way’. (Clive, arts and crafts)

Despite a recognition of and involvement with the voice of others, the entrepreneurs found that having so many different perspectives at work on a venture was often a challenge in itself. This was particularly problematic when there was an expectation amongst stakeholders that their values on how the novel opportunity should be managed or put into practice should be met:

An interesting thing in business which I have not really appreciated until now is the fact that clearly when you do have a number of different stakeholders and they don’t all have the same priority, that can be a challenge and one of the advantages clearly in taking external funding into the business is that you get funding, one of the disadvantages is you get some shackles round you which is you have got other people, other stakeholders and other opinions that are important. (Joe, professional service firm)

There was no evidence suggesting this dialogue eventually resulted in agreement between the entrepreneurs and stakeholders. Indeed, from the evidence presented here, it appears that there are so many different senses of interest and value amongst stakeholders that they might touch without at all coinciding. This is not to suggest that the entrepreneurs were not interested in whether their opportunities resulted in beneficial outcomes for others. On the contrary, as the entrepreneur below outlined, he gained great satisfaction from creating something which many others could benefit from:

[Using open source technologies] essentially everyone can gain some benefit from the software and it moves away from the dominance of Microsoft...I’d much

prefer to create something like this then go around installing Microsoft Office onto peoples’ computers...It’s a community you know...everything I create gets used by others, I’m not keeping my knowledge and using it for my profit alone...I like that idea. (Simon, software development)

Yet, this remains an open-ended coincidence of use, and what we find is ethical is less the utility of any possible outcome of the knowledge being used than the commitment to the self-legislated idea that sharing creative knowledge is something that is worthwhile in itself.

Personal Autonomy

As outlined above, the experiential process of expressing and discussing afforded the entrepreneurs a sense of their own, unfolding complicity with stakeholders and wider business circumstances. The final dimension of reflective judgement in entrepreneurial contexts, which we term ‘Personal Autonomy’, reflected the entrepreneurs’ sense of personal conviction that it was they themselves who judged the sense and rectitude of possible decisions. This sense of autonomy was most obviously felt early on in the venture, when other stakeholders were nascent or absent:

What would I want in terms of services? What would I want in terms of information? What would I want in terms of a programme? The only woman I could ever ask was myself. Now it’s a bit different, because I have other guides, but when I first set off in that first year, and the shape hasn’t changed much I was the only person I could ask. I didn’t have the time to do any market research let alone money, and literally it was what would I want and then assume that other women would want it. (Diana, training organisation)

In particular, commonly noticed throughout many of the narratives was a sense of frustration at having had to work within determining environments such as a large organisation, because of the sense of restriction and frustration:

I’m not sure I could handle a job where I just sat there and I did exactly what I was told and it was the same thing every day and nothing ever changed....there’s nothing better in a way than essentially navigating your

own destiny as such, you actually get to decide what happens you don't have things imposed upon you, you know I did the whole working in a big, giant company thing for a while and that becomes pretty soul-destroying pretty fast you wonder why the building is full of depressive pessimists and you spend a couple of months working with them and you realise why because the organisation is shaped to take every good idea they've got and kill it. (Simon, software development)

The entrepreneurs were of the belief that radically new ideas and ways of doing things could only be created when one was removed from such a confined environment. As stakeholders often attempt to impose their own values onto entrepreneurs, the entrepreneurs believed that owning and managing their own business offered them the greatest opportunity to retain a form of self-legislative control over how new ideas are developed and brought to fruition:

By doing something like [setting up a business venture]...you can make your own decisions and be very creative in the sense that you can totally plan and execute a particular direction or a particular idea...one where you can let your own particular idea take hold...you're not held back by targets or expectations of others. (James, manufacturing company)

Here, it is important to emphasise that in contrast to Harmeling et al. (2008) and Sarasvathy (2008) what we propose is ethical is not the recovery of good ideas, but the entrepreneurs' desire to decide things for themselves and to resist having things imposed. Just as they could not work within large organisations, they were also critical of the accepted logics at work within large businesses. In particular, the entrepreneurs sought to do things on their own terms without being informed by the pragmatic logic of reciprocity commonly accepted in larger organisations. The extract below portrays a sense of frustration with existing business solutions and the established ways that things are done, and how, through self-legislated endeavour, more reasonable patterns of activity can be envisaged.

Big business managers just go down with their entourage to look at a piece of land...it's up for two hundred, they'll screw it down to 100 grand because they've got a 100 grand cash so they'll pay cash for it.

So they'll throw that wagon off that's parked there they'll throw that café off there...they're not bothered about their livelihood and they'll make a quick buck and sell it to Tesco's for six, seven hundred thousand...we're a whole big family here so this is our life and this is our livelihood...I look after them I don't expect nothing in return. (Clive, arts and crafts business)

The sense of autonomy did not equate to acting in a manner which fulfilled private interests at the expense of others. Entrepreneurs sought to challenge the ideas others had come to accept, but often without expectation of a specific objective.

Discussion

The aim of this study was to enhance our understanding of entrepreneurship by considering its ethical condition as the capacity for self-legislation using reflective judgement in creating value. We argue that previous attempts to theorise about the interwoven nature of entrepreneurship and ethics as the production of useful effects through the alignment of public-private values (Harmeling et al., 2008; Sarasvathy, 2008) offer a provocative riposte to more traditional, normative views of ethics. Yet, in our view, these attempts can denude ethics by equating the ethical condition with one of pragmatic problem solving. In our study of entrepreneurs, we use Kant's concept of reflective judgement to theorise ethical practice as publicly expressed, critical reflection on current configurations of value. The findings from our narrative study of 12 entrepreneurs suggest there are three related threads to such reflective judgement in entrepreneurial contexts: Social Performance; Public Challenge and; Personal Autonomy. Together, they suggest how entrepreneurs experience reflective judgement and the preservation of the conditions for such judgement. Whilst of course the entrepreneurs were alive to potential for the economic benefits, their narratives demonstrate they were also concerned with upholding certain standards which they felt appropriate. We now integrate the findings into existing theoretical categories from entrepreneurship studies to better appreciate ethics within the context of value creation.

Legitimacy and cultural support

As our findings echo, entrepreneurship is inherently social where entrepreneurs are embedded in a network of stakeholders with whom they must cooperate and also motivate to make a success of any opportunity (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001). However, the entrepreneurs often persisted with novel ideas that did not chime with wider stakeholder values, relying instead on certain cultural standards in their business practice to sustain others' involvement and interest. This could be understood as an attempt to develop venture legitimacy outside of any consideration of its pragmatic utility, where legitimacy is a 'generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, beliefs and definitions' (Suchman, 1995, p. 574). Entrepreneurs who are seen as legitimate benefit from this cultural support through having a higher probability of securing vital resources whilst those who lack legitimacy are more vulnerable to their entrepreneurial ideas being viewed as 'negligent, irrational or unnecessary' (Meyer and Rowan, 1991, p. 50). The development of legitimacy through upholding certain norms and values allowed them to push the boundaries of understanding in their contexts whilst still maintaining cultural support.

One cultural standard evoked by the entrepreneurs was the alignment of their new venture with traditional understandings of organisational forms (Tornikoski and Newbert, 2007). The entrepreneurs sought to create business structures which others find familiar and hence would be more likely to invest in the business venture. Another important cultural standard was the importance of acting in an 'appropriate' manner in relationships with stakeholders. The entrepreneurs emphasised the development of openness and trust in relationships with stakeholders to create social assets such as friendship, liking, trust and obligation to secure resources (Starr and MacMillan, 1990). Under the framing of reflective judgement, this emphasis remains an open and personal one, not only because entrepreneurs were emphasising long-term aspects such as reputation, quality and service rather than simply the short-term, bottom-line, but also, and more ethically, because these standards are judged reflectively as being ones that they, as rational

and imaginative beings, should invoke without relying on any empirical calculation as to why they should. These results may better explain the findings of previous research on entrepreneurship and ethics which have similarly highlighted the importance of new ventures being open, honest and trustworthy in their relationships with customers and investors (Harrison et al., 1997; Mayo, 1991; Spence et al., 2003). Rather than creating ideas which conformed to existing pragmatic evaluations, the entrepreneurs obtained resources through upholding more basic, established norms and beliefs about business structure and practices, whose sense is accepted on the grounds of open-ended, personal judgement. They were investing in the relational conditions of enterprise rather than likely outcomes. This supplements conventional understandings of entrepreneurial innovation where the emphasis is typically on studying the aetiology of a single discovery sustained through individual endeavour (e.g. Busenitz and Barney, 1997; Korunka et al., 2003; Mitchell et al., 2002). From our findings, it is not simply the case that entrepreneurial opportunities were recognised in a wider social context, but that without this wider context the opportunity would not exist nor persist. It is through being in context, through dialogue and the engagement of others in their ideas rather than set against the world as an isolate subject, that entrepreneurs create and recreate things of value.

Challenge as the source of opportunity

While, as detailed above, the entrepreneurs recognised their complicity with, and dependence on, their wider environment they also reflected on, challenged and posed alternatives to orthodoxies emerging from this embedded condition. This public restlessness was not predicated upon the prospect of agreement but because the sense of exposure from open dialogue remained important to their sense of being an entrepreneur. In Sarasvathy's (2008) and Harmeling et al.'s (2008) studies, entrepreneurship and ethics are equated with more, or less, successful public performances. The risk is that this theorisation confines entrepreneurship to the search for more convenient way of doing effective business and places ethics on a derivative footing where what is of value is decided by an empirical assessment of effects. Which effects are

worthy of note will always remain contingent, as will the ascription ethical. The pragmatist argument too readily equates 'doing business differently' with 'being alive to difference'. In Kant's terms, actions such as 'doing business differently' can be unethical, even if the effects of such insight chime with wider public sympathies and pragmatically felt utility, because these effects can result in constituting conditions where one set of determinate judgments is subsumed under a newly emerging set. The result might be more efficient business processes, but not necessarily a more ethical condition, even though pragmatically value was being created. The value of Kant's reflective judgement is that it offers a different framing whereby in addition to determining things to be rational and imaginative, human beings consider why they should be so from the perspective of their own sense of what is appropriate and reasonable. In agreement with Kant, our findings suggest what is ethical about entrepreneurs is less in their reaching acceptable solutions than exposing themselves continually to the possibility of challenge. It is, then, by recognising what exists as being of value and posing alternatives to delivering that value, or finding new sources through dialogue with others, or resisting what others determine should be the case, that entrepreneurs are potentially ethical.

Personal innovation whilst maintaining concern for others

The entrepreneurs ultimately decided for themselves whether or not an opportunity should be pursued regardless of others' perspectives on their idea. They were found to have a strong sense of personal autonomy and were particularly frustrated by the inadequacies of large scale organisations. This finding echoes research studies ranging from Carland et al.'s (1984) seminal article outlining frustration as a precondition for entrepreneurial behaviour to more recent work uncovering the career reasons of nascent entrepreneurs (e.g. Carter et al., 2003). Yet, although the entrepreneurs developed opportunities without recourse to others' opinions, they were far from being isolated 'characters' pursuing their venture for entirely instrumental gain. Rather, the entrepreneurs in this study were motivated by larger, public concerns and maintained a sense of responsibility for those they were in business with. There was evidence

of entrepreneurs seeking to temper monetary gains with a wider sense of what was right or good. This chimes with Crockett's (2005, p. 194) assertion that 'whilst most agree that it is necessary to earn financial and other outcomes, it is no longer deemed sufficient as a justification for meaningful and sustainable work'. This also supports Venkataraman's (2002) conclusion that entrepreneurs consider stakeholders of intrinsic worth rather than simply as means to private ends as firms which are not built to ensure benefit to all stakeholders will eventually be 'selected out' of the business landscape. Yet, our theorisation of this avers from making claims about the evolutionary value of any outcomes. It also unpacks what might be meant by 'intrinsic worth'. The emphasis remains personal, namely the imaginative and rational activity of the entrepreneurs in judging situations according to a sense of what is good that is wrapped up in an awareness of personal standards or maxims. Their concern for others is less a patrician concern with their material welfare, than a commitment to conditions in which all stakeholders are capable of exercising reflective judgement. Business ventures, similar to many other organisations, are institutions that are governed by a pragmatic logic of doing more with less. Good business organisations, however, are ones in which it is always possible to envisage this being done otherwise.

Conclusion and future research

In this article, we have argued, what is ethical in entrepreneurship is not the compatibility of private and public values, but preserving the capacity for self-legislation (and so for challenge to orthodox or determining ways of doing things), rather than reaching agreement with others. It is only where individuals do not defer their judgement to experts and expertise, and where they have the confidence and judgemental skill to work at the edges of, and even in spite of, the conditions of community sanction, that they are ethical. Therefore, whilst we agree entrepreneurs might be notable in their exhibiting and encouraging ethical sensibilities, it is not because they are strong poets. Rather, it is because they, perhaps, more than most in a business context, are concerned with, and skilled in, the continual exercise of reflective judgement which

requires the adoption of subjective principles for which the self alone is responsible as a publicly constituted agent. By means of Kant's concept of reflective judgement, we identify an ethical condition being imagining and abiding by self-willed assumptions and rules concerning one's experience. In theorising this as preserving the conditions and hence possibility of reflective judgement, we suggest that ethics is intimate to the entrepreneurial creation of value not because of the utility of any outcome, but because it is the entrepreneur, rather than a determining institution, who remains responsible for creating and sustaining the conditions by which such sources of value can be imagined and pursued. Future research might widen what is admittedly a limited sample, both numerically and demographically. Controlling for attributes such as gender, age and ethnicity might also prove interesting given ethics are often understood as being sensitive to such demographics. Conducting comparative studies with managers or other organisational employees, and across different industrial and organisational forms, would further enrich our understanding, especially as Kant considered reflective judgement a human capacity rather than a capability appended to a specific institutional identity.

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