THREE TRADITIONS OF ENTREPRENEURSHIP: A CRITIQUE AND ANALYSIS

BY

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October 2007
DECLARATIONS

THIS IS MY ORIGINAL WORK AND HAS NOT BEEN PRESENTED FOR ANY DEGREE IN ANY OTHER UNIVERSITY

Signed .................................. Date ........................

This thesis has been submitted with our approval as university supervisors

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Dr. J.A. Odhiambo
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DEDICATION

TO MY LATE MUM AND MY DAD
for your love
ABSTRACT

Statistical indications on entrepreneurial practices that violate individual and social good (Curver, 2004; Velasquez, 2002) are astounding both in terms of the prevalence and brazenness. In a number of studies (Hisrich, 2004; Drucker, 1985; Carr, 1968) entrepreneurial practice and violations have been conceived as though they were the same irrespective of social and cultural circumstances. This study set out to derive and systematically present the virtues of entrepreneurship in specific traditions. Secondly, to subject the normative ethics of entrepreneurial practice to philosophical analysis with the aim of determining their status vis-à-vis social good. And thirdly, to derive models of entrepreneurial ethics from the discourse of each tradition. Two hypotheses were used in this study:

1) The primary virtues of entrepreneurial practice are determined by the social tradition in which they are deployed.

2) The primary virtues of entrepreneurs are in conflict with social good.

This thesis uses the heuristic resources of the concept tradition and the auxiliary concepts of practice and narrative in analyzing narratives and biographical accounts of entrepreneurial practice in the liberal, the libertarian, and the communitarian traditions. The analysis of the narratives and biographical accounts for each tradition is a prolegomena to the presentation of a model of ethical entrepreneurial practice.

The following conclusions were the outcome of the study. The practice of entrepreneurship in the liberal tradition is adversely impacted by the plurality of visions, and lack of consensus on the good. Entrepreneurial violation of social good in this tradition is neither accidental nor incidental, but rather intrinsic. The confusion
engendered by the plurality of visions, coupled with an atomistic persona lead to a fragmented mode of existence that is mirrored in the use of rationality and its auxiliary virtues in destructive entrepreneurial practices. The libertarian tradition prescribes the priority of rational self-interest, the liberty of the moral agent, and the conviction that the market has an inherent mechanism of fostering rationality, industry, honesty, and greed, and harmonizing these with social good. The preeminence of rationality and greed as virtues of entrepreneurial practice is unique to this tradition. Moreover, the use of these virtues results in a tendency towards impartiality, and agent-neutrality, which eventuate in the violation of social good. In the case of the communitarian tradition, categories of stakeholders such as workers, customers, and consumers could be unified or inapplicable to entrepreneurial practice in the communitarian tradition. This tradition prescribes communal good as the primary good of the entrepreneur and devotion as the primary, critical virtue in entrepreneurial practice. Rationality, honesty, and justice are deployed in concord with communal good, which is in tandem with individual good. Nevertheless, violations of social good arise from the fact that communal good is not equivalent to social good.

On the overall, the practice of entrepreneurship in all the three traditions are informed by the three principles, namely the Principle of Sufficiency, the Principle of Rational Relevance and the Principle of Appropriate Motivation. Although these are not moral principles, they reflect the constraints that tradition imposes in the practice of entrepreneurship. There is need for systematic, empirical studies of entrepreneurial practice to test our conclusions. Further, there is need for curricula approaches that take cognizance of the appropriate moral elements and not simply the technical virtues.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND

For decades now, there have been concerted efforts by national governments, multinational organizations such as the IMF and World Bank to liberalize societies that have hitherto been either socialistic or communistic. Liberalizing entails privatization of government organizations that fulfill functions such as transport, production, marketing, banking, and communication. The process of liberalization provides business opportunities to local and international investors and entrepreneurs, and ensures the establishment of capitalistic economic structures and the destruction of structures that are incompatible with capitalism. This is the case in Eastern Europe, Asia, Latin America, as well as Africa.

Whether liberalization is a result of people’s free choice or coercion of some form, the end result of what has happened is that capitalism has almost become a universal economic system. Thus, Sato (2000: 1) argues:

At this moment in history, no responsible nation has a choice. As a result, with varying degrees of enthusiasm, Third world and former communist nations have balanced their budgets, cut subsidies, welcomed foreign investors and dropped their tariff barriers.

The exceptions are Cuba, China, and North Korea, which remain to varying degrees under non-capitalistic economic regimes. In these three countries, the socialist tradition is the overarching framework within which social and economic transactions are initiated and consummated. In Africa, Eastern Europe and United States of America, the extent of government role in society has been varied, depending on the ideology of the political party in power. On society has been varied, depending on the ideology of the political party in power. Basically, liberalization is viewed in positive terms due to its historically argued
capacity to ensure material prosperity. The entrepreneur is one of the critical factors in
the chronicled capacity of liberalism to deliver more and better material values
(Schumpeter, Knight, and Cantillon). The other factors are labor (Marx, 1848), capital
(Smith, 1776), and an appropriate legal mechanism of transforming property into
capital (Sato, 2000).

Whether entrepreneurs are born or made is a question that is pertinent to the
endeavors of human beings who cherish material prosperity. The assumption
underlying entrepreneurial studies in universities is that the propensity to be
entrepreneurial and the requisite skills can be acquired through socialization and
instruction. Notwithstanding the prevalence of institutions offering entrepreneurial
curricula, tales of born entrepreneurs abound.

The other question surrounding the entrepreneur is that of the categories of the
talents that are required for successful entrepreneurship. Straightaway, it can be
asserted that the entrepreneur requires technical, social, and ethical talents for her
success. Technical talents would enable the entrepreneur to handle the financial,
logistic, and strategic aspects of the enterprise. Social talents would enable the
entrepreneur to forge alliances, form mergers, and negotiate contracts that are primal
to the attainment of entrepreneurial goals. Ethical 'talents' would form the basis of the
entrepreneur's resolution of moral problems in dealing with shareholders, partners,
workers, and society.

Minimal government participation in the affairs of societies necessitates a
greater role of individual members of society and particularly of the entrepreneur.
Although the entrepreneur is not a liberal phenomenon, a liberal social space has a
matrix of motivations that are significantly distinct from the matrix of motivations
that characterize a socialist or communist social space. Furthermore, the patterns of
human interaction that characterize a liberal space are distinct from those of the communist social space.

In opting for liberalism, and abandoning communism and other forms of command economic regimes, people are consciously or unconsciously embracing an economic regime in which the entrepreneur's role in the affairs of their societies is immensely unfettered. The technical skills that entrepreneurs require and eventually apply in their practice are taught in universities and are also available in various textbooks. It is assumed in these textbooks that the requisite technical skills are the same all over the world. It is also assumed that the social and ethical talents of entrepreneurial practice are the same all over the world. These assumptions are not explicitly justified, and if the diversity of social and ethical conditions of entrepreneurial practices is taken into account, the assumptions might not be sustainable. The exact nature of the technical, social and ethical talents that the entrepreneur needs to deploy in a liberal social space is bound to be different from the requisite talents in communistic social space.

Moreover, although liberalism entails greater freedom in the realm of production, distribution, and consumption of goods, it has over the years spawned entrepreneurial practices that are distinguished by the vices of dishonesty, injustice, and greed. This latter aspect is the explicit or implicit basis of the riots against capitalism, as witnessed in Seattle in 1999.

More specifically, liberalism is perceived to provide free reign to entrepreneurs, who are essentially motivated by nothing other than self-interest. For this reason, the entrepreneur in liberalism is perceived to operate on the basis of 'virtues' that are profoundly destructive of social good. Sato observes that: "Many
have begun recalling the economic historian Karl Polanyi’s warnings that free market
can collide with society and lead to fascism” (2000: 3).

In spite of such recollections, anger and frustrations of the majority of people
in Latin America, Africa, and Eastern Europe, and general fear and ambivalence of
the entrepreneur in liberalism, concerted efforts are being made to replicate the skills
of entrepreneurship all over the world. The main reason why the fears and
ambivalences have not constrained the efforts to replicate the skills of
entrepreneurship is that “Entrepreneurship is beginning to be recognized as the
greatest source of productivity in both Western and many nonwestern cultures”
(Spinosa et al, 1997: 34). This provokes one to wonder if this is the case of human
beings being compelled to accept evil due to the necessities of existence. In other
words, is the world losing its soul for the devil’s bread?

Nevertheless, in Kenya, the government has embarked on education programs
for the purpose of producing entrepreneurs. Universities and middle level colleges are
offering degree programs in entrepreneurship. The Kenya government’s development
plan pegs the creation of employment and the realization of higher GDP on the private
sectors (entrepreneurs). That, notwithstanding the fact that many people fear that
liberalization of the economy opens up the societies to a flood of entrepreneurs who
will initiate entrepreneurial practices that are injurious to the interests of the country
and the citizens. Entrepreneurs are thought to be people who are rarely motivated by
concern for the good of other people. This is not a baseless view, given the discourses
on capitalism that argue that the capitalist is largely motivated by self-good. Indeed,
even some proponents of liberalism assert that one of the primary virtues of a liberal
person is selfishness. Yet, if the latter view is sustained, it would not amount to an
indictment of the entrepreneur, but of the liberal tradition.
Still, the proponents (Rand, Nozick, Popper, and Gilder) argue that the existence of capitalism is necessary for the realization of 'truly' human values of reason, love, freedom, and prosperity. In this argument and in other assertions on this subject, the liberal theorists use the term capitalist in an ambiguous manner to refer to an owner of capital and entrepreneur. Yet, in the most discursive assertions that Rand, Gilder, and Adam Smith make about the capitalist a closer analysis reveals that the particular subject is the entrepreneur-the perceived engine of social transformations.

1.2 THE PROBLEM

In the works of French economists people who undertake the risk of investing their resources in various undertakings are called entrepreneurs (Holt, 1982: 3). Similarly, Richard Cantillon "described the entrepreneur as a person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about obtaining and using resources while consequently assuming the risk of the enterprise" (Holt, 1982: 3).

On the other hand, Adam Smith conceived the entrepreneur as the "individual who undertook the formation of an organization for commercial purposes" (Holt, 1982: 3). Smith attributed to the entrepreneur possession of unusual foresight to recognize potential demand for goods and services. In a similar vein, Jean Baptiste Say attributed to the entrepreneur an exceptional insight into society's needs and ability to fulfill them. Therefore, in the conceptions of Cantillon, Smith, and Say, entrepreneurial practices are of immense value to society (Schultz, 1984).

Yet, although entrepreneurs are positive agents that bring about social transformations, their entrepreneurial spirit has been perceived to be causal to social and moral decadence. In fact, during the Industrial Revolution, their ventures were perceived to have been so rapacious that they were called robber barons. Marx argues
that the spirit of the industrialist in the 17th and 18th centuries was in tandem with the logic of capital. In other words, the enterprising industrialist, banker, merchant, and farmer, had only a vestige of virtue and human values.

Therefore, it is not surprising that unbridled liberalism was replaced with egalitarian liberalism, that was devised to ensure that the spirit of entrepreneurship did not violate social good. This was realized through legislation and closer supervision of enterprises by state watchdogs and recently through various codes that bind enterprises to observe certain terms in the use of resources, employment of human personnel, and transactions with shareholders and customers (Petrick and Quinn, 1997: 104).

These measures and their necessity raise two major questions: First, what is the status of entrepreneurial practice vis-à-vis social good? Second, what exactly is the ethic of entrepreneurship? These two questions presume a distinction between the entrepreneur and the capitalist. They also presume the possibility that all practices that are entrepreneurial share certain primary characteristics.

Krishan and Singh (1980) point out that the concept entrepreneur applies to business people, merchants, manufacturers, and farmers. This is sensible enough since entrepreneurs engage in various specific activities. Nevertheless, the entrepreneurial merchant should be distinguished from other merchants. But a conceptual muddle ensues from Schultz's view that in various ways managers, farmers, robbers, and beggars are entrepreneurs (Schultz, 1984). Obviously, if beggars and robbers are entrepreneurs, then the question of the ethical status of the entrepreneur must be pertinent.3

In any case, the problems of the meaning of 'entrepreneur' are relevant but not directly related to the ethical status of entrepreneurial practices vis-à-vis social good.
and, therefore, neither Schumpeter's conception of the entrepreneur as an agent of
disequilibria nor Schultz's conception of the entrepreneur as an agent of equilibrium
can enable us to determine the ethical status of entrepreneurship. But granted the
diversity of the occupations that Schultz classifies under entrepreneurship, it could be
difficult to assert any principles of ethics obtaining for all the categories of
entrepreneurs. Certainly, the 'ethics' of the entrepreneurial beggar are bound to be
radically different from the ethics of an entrepreneurial manager.

Even when we are dealing with one category of entrepreneurship such as the
entrepreneurial manager, the significance of social, economic, and cultural factors,
makes it probable that the ethical values of entrepreneurs will vary across social-
cultural boundaries. The relevant question in this respect is: Is the ethics of
entrepreneurship in liberalism distinct from the ethics of entrepreneurship in other
traditions?

Ultimately, concern about the ethics of the entrepreneur in various social
conditions or traditions boils down to the status of the entrepreneur's ethics vis-à-vis
social good. Again, this concern is not and cannot be fully and explicitly addressed
through assertions that epistemologically distinguish the entrepreneur and the
capitalist or the bureaucrat. However, from our knowledge that the entrepreneur is
distinct from the capitalist, we can derive ethical virtues and values that underlie
particular entrepreneurial practices and certainly determine the ethical status of
entrepreneurial practices to social good.

Although conflict between entrepreneurship and social good is a widely
documented phenomenon, there is no consensus whether it is incidental or intrinsic to
entrepreneurship. On one hand are theorists (Marx (1844; Fromm. 1971; Marcuse,
1934) who argue that the cruelty and tyranny, which Mantoux argues to be accidental
to entrepreneurs in capitalism, are in fact fundamental to entrepreneurial practice in capitalism.

On the other hand are theorists (Rand, 1964; Gilder, 1984; Holt, 2001) who argue that capitalism is the only regime of economic management that enhances and sustains such values as freedom and prosperity, and virtues such as integrity and reason, and that these values and virtues are particularly characteristic of entrepreneurial practices. By implication the latter position denies these values and virtues to existential activities of entrepreneurs in other traditions. This is a radical assertion because it opens up the possibility that the ethical principles of the entrepreneur in the liberal tradition may be fundamentally different from the ethical principles of the entrepreneur in other traditions.

Due to this divergence, the quest of determining the status of entrepreneurial ethics vis-à-vis social good must take cognizant of the significance of social and cultural realities.

In contending against transcendence, without discounting its value, we also contend against the thrust of existing models of managerial and entrepreneurial ethics (Cavanagh, 1981; Brady and Dunn, 1995; Cavanagh, 1995; Brown, 1990; Petrick and Quinn, 1997). Our study departs from them in a number of respects: First, while appreciating the valuable insights that the models provide in understanding entrepreneurial ethics, we contend that they totally overlook the significance of social, cultural, and religious factors in the conception of moral agency. Second, and arising from our first contention, these models fail to offer definitive principles of moral agency outside the liberal tradition.
1.3 RATIONALE

The entrepreneur is important because economic development is largely predicated on successful entrepreneurship. Whether as agents of equilibrium or disequilibria, the fact is that entrepreneurs provide the spark for industrial revolution and growth. Hence, the justification of inquiries into the social, economic, psychological, and ethical factors that are crucial to successful entrepreneurship.

Krishan and Singh (1980:24) observe that 'theories indicate that entrepreneurship is the result jointly of ethical value systems, need for achievement motivation, socialization process, community character and, industrial and political milieu'. Thus, the importance of the entrepreneurial ethic is not to be understated. It is in this light that this study examines critically the existing literature on the entrepreneur and attempts to provide a systematic account of the ethics of the entrepreneur.

A preparatory examination of literature on entrepreneurship shows a glaring lack of appreciation of the significance of social and cultural factors in the form and substance of the virtues (Petrick and Quinn, 1997; Maclagan, 1998). It is as though the ethical issues that confront entrepreneurs were similar, if not the same. This study addresses this shortcoming by focusing on the significance of tradition in the practice of entrepreneurship.

Moreover, whereas several studies have been done on entreprenurial ethics, none of them focuses on isolating the primary virtues of entrepreneurship and their status vis-à-vis social good. In this respect this study makes a meta-ethical evaluation of the primary virtues of entrepreneurship in specific traditions and their status vis-à-vis social good.
The purpose of including entrepreneurship in college curricula is to produce entrepreneurs and, consequent from that, to spur the economies of human existence. This is a noble and critical matter for all societies, irrespective of their levels of development. However, for underdeveloped societies such Kenya and the sub-Saharan countries, the need for entrepreneurial ability is urgent. This study identifies the specific virtues and values of the entrepreneur with the view of ensuring their successful replication. In this respect, this research provides systematically and critically determined input to the curricula of entrepreneurship.

The significance of the entrepreneur in social and economic transformation has been affirmed through various social researches. What has not been investigated and determined is the ethical status of the entrepreneur. In other words, although researches have affirmed the centrality of entrepreneurs in the socioeconomic development of Europe and America, the moral status of the entrepreneur has not been determined. This study presents the ethics of entrepreneurs in diverse social conditions and evaluates the status of the entrepreneurs' ethics vis-à-vis social good. For this reason, this study should re-orient people's attitudes towards the entrepreneur. Moreover, with international financial institutions (International Monetary Fund, World Bank, and International Development Bank) and governments committing human and financial resources to realizing a liberalized environment, it is important that the ethical traits of the entrepreneur in the liberal tradition are determined, so as to ensure inculcation of appropriate virtues and values. It is also important to determine the status of ethics of the entrepreneur vis-à-vis social good in the liberal tradition, because that makes it possible for societies and individuals to rationally organize social and policy structures that enable appropriate virtues and disable vices.
Apart from the significance of this research to societies and governments, this research has direct value to potential and existing entrepreneurs. To the former, it provides a precise and distinct definition of the virtues that are appropriate to the practice of entrepreneurship in specific social conditions. While to the latter, this research serves as a basis for re-evaluation of their practices. In other words, the study illuminates the ethical dimension of a practice that is crucial to our existence as viable societies.

Ultimately, this study contributes to the understanding of an aspect of human reality that is prevalent in the present day. It provides an examined basis of a specific kind of life.

1.4 OBJECTIVES

1) To derive and systematically present the virtues of entrepreneurship in specific traditions.

2) To subject the normative ethics of entrepreneurial practice to philosophical analysis with the aim of determining their status vis-à-vis social good.

3) To derive models of entrepreneurial ethics from the discourse of each tradition.

1.5 HYPOTHESES

1) The primary virtues of entrepreneurial practice are determined by the social tradition in which they are deployed.

2) The primary virtues of entrepreneurs are in conflict with social good.

1.6 METHODOLOGY

Trevino and Weaver (1994a: 113) delineate two approaches to business ethics namely, the normative and empirical. Further, Trevino and Weaver (1994b: 129) outline three conceptions of the relationship between normative and empirical business ethics namely: parallel, symbiotic and integrative.
Since this is philosophic thesis, the normative approach is the most apt. However, we appreciate the value of empirical approaches in the study of the entrepreneurial ethics and hence our choice of the symbiotic approach. According to Trevino and Weaver (1994b: 129) a symbiotic relationship between these two approaches entails:

...[S]urface-level practical relationship in which normative and/or empirical business ethics rely on each other for guidance in setting agenda or applying the results of their conceptually and methodologically distinct forms of inquiry. ...For example, symbiosis would occur if empiricists were to focus their theoretical frameworks and investigative lenses on organizational inducements to insider trading or leveraged buyouts in response to moralists’ condemnation of such behavior. However, in a symbiotic relationship, the substantive theory, meta-theoretical assumptions, and methodology of each approach remain unaltered.

True to the symbiotic approach, this thesis utilized diverse texts from that employ the empirical approach, but is essentially normative study of entrepreneurial ethics. All the instruments of philosophical inquiry, namely, critical analysis, logical analysis, and critical construction were deployed.

Critical and logical analyses were useful in studying narratives and accounts of entrepreneurs, evaluating entrepreneurial practice vis-à-vis social good, and formulating descriptive models of each tradition’s entrepreneurial practice. In this respect, the critique and analyzes of entrepreneurial narratives and practices is “a prolegomena to the actual formulation of prescriptive moral judgment” (Trevino and Weaver, 1994: 120).

Further justification of our methodology and the conceptual tools arises from the fact that an entrepreneurial act must of necessity be defined by specific attributes that set it apart from other acts such as teaching, managing, inventing, and directing. Differences have been asserted between the entrepreneur and other categories on the basis of functions within economies and contributions to countries’ GDPs. This study
delineated entrepreneurial practices for the purpose of characterizing them in normative terms and evaluating them at the meta-ethical level.

Towards this end concepts of practice and narrative were employed. The relationship between tradition on one hand and practice and narrative on the other is dialectical. Practice and narrative determine the substance of tradition. Nevertheless, once a tradition is formed, it henceforth determines the moral agents' practices and the subsequent narratives. Thus, although the relationship is dialectical, in *ordo essendi*, practice is prior to the narrative, and both are prior to tradition. This exposition proceeds from particular practices and narratives to the traditions. Thus, we begin with the familiar to the unfamiliar in order to ensure a concrete basis for the discourse.

Two types of narratives were employed in this research: biographic accounts of entrepreneurs and fictional narratives. From both kinds of narratives, the study derived valuable information for the purpose of defining the entrepreneurs' intentions, virtues, and values. In other words, the use of narratives enabled us to surmount the handicap of approaches in the study of entrepreneurship that focus on their functions within economies. In any case, it is our contention that knowledge of entrepreneurial acts can only be realized through situating the acts in definite contexts of past, present, and future.

The use of narratives in ethics is not new in philosophical discourse. Rosenstand (2000) uses various narratives to explore moral situations and the applicability of various theories of ethics. Almost similarly, but for the purpose of exploring diverse aspects of 'entrepreneurial vocations', Krieger (1986) employs a sample of narratives drawn from the Bible and literary texts.
1.6.1 THE CHOICE OF NARRATIVES

How do we justify our choice of the narratives that were used in this discourse? Granted the structure and thrust of this study, the first criterion that we used was to ensure that the selected narratives have significant relevance to the normative aspects of entrepreneurial practice. In this respect, this study departed from the general ethical discourses of Rosenstand (2000) and Krieger (1986).

The selection of the narratives was also constrained by the centrality of the concept of tradition in the study as mirrored in the hypothesis. Since the thrust of this thesis is characterize entrepreneurial practice in normative terms and the significance of tradition in determining the virtues that inform entrepreneurial practice, it was necessary that we select narratives from diverse traditions. This consideration accounts for the use of fictional narratives in the discourse on the libertarian tradition and the absence of an African narrative of entrepreneurial practice. It is our considered opinion that though Africa is generally conceived to be communitarian-orientation, it is actually a marginal social space and hence our decision to exclude African narratives. Until the status of the African social space is fully determined, the use of African narratives of entrepreneurial practice will be open to this objection.

1.7 CONCEPTUAL FRAMEWORK

Judging from the chronicles of human civilization, we can assert without doubt that entrepreneurs have been part of human society over ages. They existed in Europe long before capitalism, and exist today in the post-capitalistic world. Similarly, entrepreneurs existed in pre-colonial Africa and exist today in post-colonial Africa. There are entrepreneurs in China and there were entrepreneurs in the former USSR. It is, therefore, obvious that we are dealing with a phenomenon that is not limited to a specific age, society, or tradition. But since each historical moment, society, and
tradition has its own factors that might affect entrepreneurship in diverse ways, there is need for a theoretical or conceptual framework that is sensitive to social conditions. Indeed the major shortcoming of existing discourse on entrepreneurial ethics is their general nature.

The challenge of this study is to examine the hypothesis that social, cultural, and intellectual conditions surrounding entrepreneurship are significant determiners of the ethics of entrepreneurial practice. To ensure this, the study applied McIntyre's concept of tradition (1988), and its allied concepts of practice and narrative.

In *After Virtue*, MacIntyre begins with a hypothetical situation in which all the institutions and memories of human existence have been wiped out. In that situation, we have no concept of right and wrong, justice and injustice, and it is totally impossible for us to have consensus on all matters. This hypothetical situation illustrates the significance of tradition in human existence. Through the concept of tradition we can appreciate differences in the norms and values that inform diverse human practices that appear to be similar. MacIntyre uses the concept of tradition to explore the shifts that have occurred over the years in the European understanding of morality. MacIntyre's thesis is that each and every moral action and assertion is a reflection of a specific tradition.

The concept of tradition has the primary meaning of an established and visible mode of operation that is employed by human beings in their practical, juridical, managerial, intellectual, and social realms. Institutions that have been in existence for an extended period of time tend to develop unique approaches in fulfilling their functions that can be expressed in a principle or principles, procedures, and pursuits. Extensive studies of the leading enterprises identify Boeing, MacDonald, Hewlett Packard, Delta, Procter &Gamble and, International Business Machine, as enterprises
that boast of established and visible modes of operation. (Peters and Waterman, 1982) However, institutional traditions are not unique to business enterprises. Education institutions such as schools and universities, churches, and families too boast of traditions.

However, the most outstanding and apt use of the concept tradition in the relation to intellectual thoughts is that of Robert Herbert and Albert Link. The two scholars assert the existence of three intellectual traditions of entrepreneurship, namely the German tradition, Chicago tradition, and the Austrian tradition. On the other hand, MacIntyre uses the concept of tradition with respect to social modes of existence. He defines a tradition as:

[A]n historically extended, socially embodied argument, and an argument precisely in part about goods which constitute that tradition... Within a tradition the pursuit of goods extends through generations, sometimes through many generations. Hence the individuals' search for his or her good is generally and characteristically conducted within a context defined by those traditions of which the individual's life is a part.... (1988, 222-223)

While an intellectual tradition could be largely entrenched in the thinking of the elite, a social tradition is key to the operational modes of members of specific social environments. Thus, the key distinction between an intellectual tradition and a social tradition is that whereas the former is reflected in the manner in which scholars conceive a particular object, the latter permeates the members' thoughts, beliefs, and patterns of action. Since the two, intellectual and social tradition, deal with different aspects of existence, they are not mutually exclusive. In fact, intellectual traditions are always located in specific social traditions. The pertinent question here is: what exactly is the nature of the relationship between intellectual and social tradition?

Where an intellectual tradition exists within a social tradition, it could be purely restricted to the intellectual adherents or it could be integrated in the practice of
the members of a specific tradition. If the latter is realized then an intellectual tradition becomes the ideological basis of a society. This is what happened when the liberal tradition of thought gave birth to the social tradition that we know today as liberalism. It is also what happened when Marxism gave birth to the social tradition called socialism.

Granted the foregoing observations on intellectual and social traditions, how does this study account for the three traditions of entrepreneurship? It is our considered opinion that while the distinctions that Herbert and Link make in identifying the three traditions, namely the German, Chicago, and Austrian traditions, is informative it does not arise from fundamental differences. Nevertheless, the three intellectual traditions form a definite basis of micro and empirical accounts for the variations in the practice of entrepreneurship within the liberal tradition. In effect, this is to assert that within social traditions and with particular respect to specific practices, such as entrepreneurship, there are bound to be diversities in certain respects. For this reason, this study utilizes intellectual traditions that are relevant to the practice of entrepreneurship in specific social traditions, but also draws from the foundational intellectual tradition.

Our observations on the possibility of diversity of intellectual tradition within social traditions is borne out of MacIntyre's (1984: 181) view that:

Homer, Sophocles, Aristotle, the New Testament and medieval thinkers differ from each other in too many ways. They offer us different and incompatible lists of the virtues; they give different rank order of importance to the different virtues; and they have different and incompatible theories of virtues. If we were to consider later Western writers on the virtues, the list of differences and incompatibles would be enlarged further; and if we extended our inquiry to Japanese, say, or American Indian cultures, the differences would be greater still. It would be all too easy to conclude that there are a number of rival and alternative conceptions of virtues, but even within the tradition which I have been delineating, no single core conception.
Quite clearly, socio-historical factors are crucial to determining the ethical tenets of a tradition and the relationship between those tenets. Although differences of intellectual traditions can be accounted for in terms of the eminent scholars, their thoughts are also influenced and in some cases determined by the socio-historical conditions. Thus, the divergence between Aristotle and Hume is partly to be accounted for in terms of the social conditions of ancient Greece and liberal Western Europe respectively. The distance between the Japanese and the European in their conception of virtues can be accounted for in terms of culture, intellectual, and religious tradition. Time is another critical factor in determining the conception of the order of virtues, but only insofar as it encapsulates developments in form of social formations, wars, rise and fall of dynasties and great men. It is for this reason that MacIntyre (1984:182) asserts that:

> For Homer the paradigm of human excellence is the warrior; for Aristotle it is the Athenian gentleman. Indeed according to Aristotle certain virtues are only available to those of great riches and high social status; there are virtues which are unavailable to the poor man, even if he is a free man. And those virtues are on Aristotle's view ones that are central to human life; magnanimity, megalopsuchia, and munificence...

Thus, in Homer's ancient Greece, and in all primordial societies, the warrior is the model of human action. This is because the conditions of founding a society entails conflicts, and the entire social fabric of a primordial society is rooted and oriented towards defense and conquest of neighboring people. However, in city-states where other values become established, the model or paradigm of human action shifts from the warrior to the gentleman.

For this reason, 'good' has different meanings for people in different traditions. This means that even if we are to adopt the view that good is that which is distinctly beneficial to us (Spinoza, 1949:30), our conception of beneficial will depend on the
tradition in which we are located. So, even though benefits can be measured through utility value, the conception of what is beneficial is partially a social construct, especially granted that the individual’s fundamental outlook is the product of social milieu. Even more revealing of the importance of tradition is MacIntyre’s observation that the New Testament tradition in Western Europe lists faith and humility as virtues, whereas the tradition of Aristotle's ancient Greece did not recognize them at all (1981: 182ff).

The concept of tradition enables us to determine the paradigm of entrepreneurial excellence in the liberal, libertarian, and communitarian traditions and the respective set and order of virtues.

1.8 SCOPE AND LIMITATION OF THE STUDY

This study deals with normative and meta-ethical issues of entrepreneurial practice, which are essentially concerned with moral prescriptions and the justification of the prescriptions. To a good extent this delineation affirms the view of Trevino and Weaver (1994:112-114) that:

> Academic business ethics is usually divided into normative (i.e., prescriptive) and empirical (i.e., explanatory, descriptive, and/or predictive) approaches. ...The normative approach... draws from philosophy, theology, political and social theory, and other self-consciously critical inquiries.

This thesis goes beyond prescriptions, insofar as it seeks to analyze the prescriptions of traditions with the view of determining their status vis-à-vis social good. The analysis forms the basis of generating a critique of entrepreneurial practice in specific traditions.

This study is limited to the ethical investigation of practices of entrepreneurs in the liberal, libertarian and communitarian traditions. The choice of the three traditions has largely been made on the basis of four considerations:
1) The liberal tradition is prevalent in this first quarter of the 21st century. Therefore, a study of entrepreneurship within its framework ensures that the findings are relevant to our understanding of entrepreneurial practices in this prevalent tradition.

2) The libertarian tradition is a sub-tradition of liberalism. By focusing on it, the study seeks to demonstrate the diversity of entrepreneurial virtues in liberalism.

3) The communitarian tradition, though argued to predate the liberal tradition, is a re-emerging sub-tradition in the liberal tradition.

END NOTES

1 Marxist and humanist literature evaluate entrepreneurial practices in liberalism to be immoral and inhuman. On the other hand Marx (1978) conceives the capitalist is a person who has no morals, since his soul is the soul of capital.

2 The view that the entrepreneur is the engine of social transformation is the central thesis of Schumpeter, T. Schultz, and Ayn Rand.

3 What virtues can be attributed to beggars and robbers?

4 The use of the concept ordo essendi is derived from Rene Descartes' usage that distinguishes between the order of essence and the order of cognition (ordo cognisendi).

5 This is the panoramic project that MacIntyre undertakes in After Virtue, 1984 and Whose Justice? Which Rationality? 1988

6 The two authors assert that the German tradition arose out of the intellectual activities of J.H von Thunen and Peter Schumpeter, The Chicago tradition from Frank Knight, T.W Schultz and G.L Shackle, and the Austrian tradition from Ludwig von Mises and Israel Kirzner. The three traditions are distinct in terms of the aspect of entrepreneurship that they emphasis. The German tradition emphasizes innovation, the Chicago tradition on risk, while Austrian tradition emphasizes on opportunity.
CHAPTER TWO
ENTREPRENEURIAL PRACTICE IN THE LIBERAL TRADITION

2.1 INTRODUCTION

The liberal tradition is founded on the ideal individual sovereignty, which consists in prioritizing individual liberty, on the ground that human beings are rational beings (Reiman, 1996: 4, 11). Thus, at its inception the tradition's theorists railed against "the unnatural interference of nomos in the form of arbitrary, conventional laws, privileges, and economic intervention". The tradition is directly linked to Locke, Kant, Hume, Rousseau, and Voltaire, among others, whose views on liberty, rights, and state informed the French Declaration of the Rights of Man and Citizen in 1789 and the United States' Declaration of Independence.

However, in the course of time, diverse and incompatible philosophical ideas led to several disparate sub-traditions. Thus, while the initial adumbration of liberalism asserted the priority of the right of every person, Stuart Mills' utilitarianism elevated "the rights of society to take precedence over individual rights". Moreover, whereas Sieyes, Dunoyer, and Jean-Jacques Rousseau asserted the significance of reason in human action, the influence of Hobbesian and Humean emphasis of subjective passions created a counter-balance.

In any case, the diverse moral problems, predicaments, and dilemmas, that the modern moral agent is bound to face arose from the diverse foundational ideas. Thus, MacIntyre (1984: 62) argues:

The problems of modern moral theory emerge clearly as the product of the Enlightenment project. On the one hand the individual moral agent, freed from hierarchy and teleology, conceives of himself and is conceived by moral philosophers as
sovereign in his moral authority. On the other hand the inherited, if partially transformed rules of morality have to be found some new status, deprived as they have been of their older teleological character and their even more ancient categorical character as expressions of an ultimately divine law.

2.2 THE CHARACTER OF THE LIBERAL TRADITION

In liberalism, the transformed rules of morality are ascribed diverse foundations. Among the significant foundations for liberal morality are utility, sentiment, rationality, and individual right. Notwithstanding the diversity, the liberal tradition is nearly unanimous that the liberty of the individual is something which society ought to defend. Moreover, at the meta-theoretical level, the diverse foundations fall into two categories, namely: teleological liberalism and deontological liberalism.

Rand (1961) and Nozick (1974) assert the significance of reason in their theories of human action. Rand is emphatic that human beings can only be rational in their actions if and when they perceive their values hierarchically. This means that the moral agent should conceive her values in order of priority and precedence. Also notable in Rand's conception is that the individual is free to rationally determine his ends. But Rand (1961) rejects emotivist theories that explain human action and morality in terms of passions or intuitions.

The difference between objectivism and emotivism reflects a characteristic of the liberal tradition, namely the divergent views on human action in general and the nature of evaluative statements and norms and values in particular. The liberal tradition aspires and boasts of pluralism, and this means that "the individual is free to construct his or her own personal identity independent of or in loose affiliation with a combination of various groups (...) formed by mutual consent" (Petrick and Quinn, 1997: 11). The ancestry and consequence of the liberal tradition is evident from the lack of consensus on basic issues of human action and the nature of moral statements that emanate from this tradition.
Hume's (1978) emphasis on passion in human action contrasts with J. S. Mills' view that the motivation for human action should be the greatest good for the greatest number. In the latter conception, especially in Utilitarianism, Mill does not even define in definite terms the status of the moral agent \textit{vis-à-vis} the benefits that accrue from his action. However, Hume and Mill share the view that there are no \textit{a priori} universal moral principles on which all human beings should act. This follows from the fact that in this intellectual tradition, practical rationality is conceived to be subject to the constraints of the passions and the good, which is contingent. It is due to the contingency of passions that this sub-tradition argues that there are no universal grounds for human beings to appeal to (MacIntyre, 1988: 321).

The following distinctions are, therefore, pertinent:

1) The libertarian sub-tradition asserts the significance of reason in human action, where emotivism, propounded by Hume, asserts sentiments to be crucial to human action.

2) Utilitarianism defines the weighted interests or good of the greatest number as critical in determining the ethical status of an action. In the realm of values, utilitarianism asserts that right and wrong should be determined by the market according to the expression of individual preferences (Cameron, 2003: 4). On the other hand, libertarianism asserts the primacy of the moral agent in determining good and wrong, and only conceives the market to be the arena for the exchange of various individually constituted goods.

1) While the libertarian sub-tradition asserts the irrelevance of conventions in determining human action, utilitarianism endorse the worth of conventions that either serve interests of the majority or are consistent with our sentiments.
of the good. J. S. Mill endorses conventions that ensure the realization of good to the greatest number.

2) The assertion that the individual is the primary source, purpose, and determinant of social processes is one of the most distinguishing features of the libertarian sub-tradition. Whereas in Mills' complex utilitarianism, the primary principle is the greatest good to the greatest number, here the primary principle is rational self-interest (Cameron, 2003:7). Thus, while in Rawls' conception, justice is fairness (1971: 97), in the libertarian tradition justice is entitlement. The Rawlsian conception of justice (1974: 4; Sandel, 1984: 9) argues for the necessity of mechanisms that would secure certain minimum rights for all individuals and ensure that each person has the liberty to realize her particular good. However, in the libertarian tradition the principles of justice are overtly entrenched in the historical facts surrounding the acquisition or transfer of goods. Cameron (2003: 4) contents that the parting point between Rawls and Nozick is that whereas the first advances a concept of justice in which fairness is catered for through 'the original position', that would translate into a welfare state or social liberalism, the second advances a conception in which fairness is addressed through the principle of rectification.

3) In effect this means that in the libertarian sub-tradition, the enforcement of justice in transactions should not violate rational self-interest. It also means that it is possible to envisage a situation in which rational self-interest is in conflict with the interests of 'other human beings'. If the interests of 'other human beings' too claim a rational justification, then the libertarian moral agent must of necessity subject her claim to the adjudication of an independent
authority. The libertarian sub-tradition and the egalitarian sub-tradition concur on the significance of individual liberty and justice in human action. However, egalitarian's distinctive position is that all human beings are equal and they should enjoy certain basic rights, notwithstanding their contingent dissimilarities. The libertarian sub-tradition, in Wolff's (2005:1)view asserts that:

We have each absolute rights to life and liberty, in the sense that no one may justifiably interfere with another's life or liberty, except in cases of self-defense or legitimate punishment. These are negative rights of non-interference, not positive rights to aid or assistance from others or the state. Furthermore, by going through certain procedures we can come to acquire rights to property.

Thus, justice is “the locus where egoism and contractual rationality coincide” (Bodei, 1986: 139). And in this sense, the libertarian tradition represents a considerable movement away from its ancestry, particularly Adam Smith. 2

Quite clearly, the liberal tradition has plural sub-traditions and, consequent upon that fact, it boasts plural conceptions of the good, justice and rationality. Moreover, the virtues and their relationship differ from one sub-tradition to the other.

Due to this heterogeneity, entrepreneurs in the liberal tradition have diverse business ideologies. Business ideologies are systems of "beliefs about how one conducts an enterprise. These beliefs include a commitment to providing customers with value, the ability to take risks, the determination to grow and to control the fate of the business, the propensity to elicit cooperation among team members, and the perspective of creating wealth realistically" (Holt, 1992: 56).

This definition assumes that entrepreneurs are necessarily committed to one or other of these beliefs. If our first hypothesis that the virtues of entrepreneurial practice are determined by the social tradition in which they are deployed is true, then Holt's assertion with respect to liberal entrepreneurship is false.
Let us now examine a number of narratives of entrepreneurship in liberalism.

2.3 NARRATIVES OF ENTREPRENEURIAL PRACTICE IN LIBERALISM

2.3.1 TED TURNER

The profile of Ted Turner (Hisrich et al, 2002), an American businessman is the first narrative of an entrepreneur in the liberal tradition. Turner's formative years were turbulent. His father committed suicide when he was 24 years. And "he was expelled from school after getting caught with a female companion in his private quarters. He engaged in such eccentrics as growing grass in his dorm and keen interest in taxidermy. That earned him the nickname 'terrible Ted'. At college he set 'fire to his fraternity's homecoming float' (Hisrich et al, 2002: 3).

However, Turner also participated in various activities that earned him such nicknames as "captain Outrageous" and "the Mouth of the South". He was the skipper of the boat called Courageous and he was able to win America's Cup in 1977.

He took charge of his father's $1 million billboard business, when it was disintegrating. In fact, the state of the enterprise was the reason behind his father's suicide. Turner 'convinced the buyers that by shifting lease sites to another company he inherited, he would be able to sabotage the company'. The threat caused the buyers to back down and enabled Turner to retain ownership of the business.

At the helm of the company, Turner began to expand, buying up billboard companies and radio stations. Since these constant acquisitions required huge outlays of cash and incurred debt, he learned to maintain a sufficient cash flow to cover payments. ...In less than three decades, Turner leveraged a $1million billboard company into a multi-billion-dollar entertainment conglomerate. (Hisrich et al, 2002: 3-4, 6)

This citation raises the question of how Turner managed to achieve the successful expansion of his enterprise. Expansion of an enterprise requires first and foremost a vision and strategies for realizing the vision. There is hardly Turner's vision in the
profile. However, the following strategies are evident in his entrepreneurial practices:

The first strategy was to ensure access to financial resources through listing on the stock exchange for the purpose of expanding the business. The second strategy was to ensure greater sales through 'a network by beaming the company's signal to cable system via satellite' and a 24-hour network (CNN). The third strategy was to ensure performance by personally supervising the enterprise's tasks and decisions.

The fourth strategy was to align his enterprise in tune with international concerns such as nuclear weapons, environmental abuse, and overpopulation. The fifth strategy was to utilize the existing structures for the advancement of his entrepreneurial goals, evidenced in the purchase of Metro-Goldwyn-Mayer (MGM), which in the long term ensured lower operating costs and higher profits.

Turner is characterized as 'a vigilant and relentless manager' and a 'high-risk taker'. Moreover, he 'is obsessed with both owning US television network and being the dominant figure in the international cable TV market' (Hisrich et al, 2002: 4, 5).

However, the profile also reveals the gladiatorial behavior in his bid to take-over CBS in 1985. Hisrich and Peter (2002: 5) observe that:

Turner's attempt to take over CBS...cost him $23million in lawyers and investment banker fees. But Turner...viewed this attempted hostile take-over defeat as a triumph, since CBS had to borrow heavily to acquire stocks to stop the takeover. At the time, Turner felt that this set CBS back 10 years, while the event left him in a position to pursue his aggressive growth strategy.

Thus, the motivating factor in Turner's pursuit of expansion was achievement-need. It is not clear what other factors were contributory to his aggressive expansion. It is worth noting that this entrepreneur's attention to issues beyond his enterprise, such as environment did not arise at the formative stage.
The next pertinent question is: What exactly did Turner's entrepreneurial activities consist in? In a world where successful management is interpreted in terms of the accounts, the line between the manager and the entrepreneur is blurred. However, the distinctive feature of the entrepreneur is the ability to tap from an existing pool of talents for the realization of greater growth. While the manager tends to remain within the confines of the tradition of corporation, the entrepreneur is able to perceive new opportunities and device instruments for tapping those opportunities. Turner tapped into the existing pool of talents, but also identified the emergent global opportunities that arose from satellite technology.

Apart from CNN, Turner partnered with restaurateur George McKerrow Jr. to establish a chain of restaurants in Ohio, Columbus, Atlanta, Nashville, and Denver. The chain of restaurants is known as Ted's Montana Grill. He also owns Turner Network television, The Atlanta Braves and Hawks, and 2 million acres of land.

Turner has been on the forefront of championing the spirit of charity. Thus, he donated $1 billion to the United Nations and founded the Turner Foundation to support environmental causes. His motivation is captured in the statement that: "All the money is in the hands of these few rich people and none of them give any money away. It's dangerous for them and the country" (Hisrich et al 2002: 6).

At the end of the profile on Turner, Hisrich et al (2002: 6) observe that his saga 'reflects the story of many entrepreneurs in a variety of industries and various-sized companies'. This observation is affirmed by the following remarks of another entrepreneur:

When people ask me if I like being in business, I usually respond: On days when there are more sales than problems, I love it; on days when there are more problems than sales, I wonder why I do it. Basically I am in business because it gives me a good feeling about myself. (Hisrich et al 2002: 6)
How does Turner handle his entrepreneurial engagements? Biographical accounts indicate that he is a consummate go-getter, risk-taker, and aggressive strategist. The accounts also reveal a person who is passionately involved in his entrepreneurship. In the aftermath of signing the AOL time Warner merger, at a press conference, he said: "Shortly before 9.00 last nigh, I had the honor and privilege of signing a piece of paper that irrevocably cast a vote taken, a vote of my 100 million shares, for this merger. I did it with as much or more excitement as I did that night when I first made love some 42 years ago."

2.3.2 LILLIAN VERNON KATZ

This entrepreneur started her business in US, and expanded it to cover the entire globe. Unlike Turner whose childhood profile is devoid of spiritual or moral molding, Lillian Katz was taught the virtues of hard work and honesty. She undertook successful undergraduate studies, majoring in psychology. Thereafter, she married and got a baby.

Katz ventured into business in order to supplement her husband's meager earnings of $75 a week. Her aim was to make at least some extra $50 a week. With a start-up capital of $2000 she launched Vernon Specialties Company in 1949 (Hisrich et al, 2002: 63).

How did she build her business empire from that staring point? First, she perceived a niche in the leather industry for personalized leather articles. The leather articles were to be sourced from her father's outlet. Thus, she had a start-up capital, a market for personalized leather items, and a source-point.

Second, Katz ensured that the personalized service in the provision of the leather handbags and belts was more efficient than the existing custom orders.
Third, she reached out to her potential market through aggressive advertisements. In addition, she published her first 16-page black and white catalog in 1956 and mailed it to 125,000 customers who had responded to her advertisements (Hisrich et al., 2002: 63).

Fourth, she ensured that the profit she made out of the sales was plowed back into the business. This enabled her to expand the product lines 'to include personalized combs, blazer buttons, collar pins, and cuff links'. (Hisrich et al., 2002: 63) However, the contingencies of business growth exceeded her resources and she had to use her AT&T stock as collateral to borrow from the banks. The sales of Vernon reached $287.1 million in 2000.

Fifth, she hired professional managers to provide the necessary skills for the fast growing enterprise. About this decision, Hisrich et al. (2002: 64) quote her assertion that:

If I've learned anything over the past 35 years, it is the importance of drawing from the best qualities of the entrepreneur and the professional manager. These are truly the left and right sides of the business brain, and they must harmonize in a healthy corporation.

Moreover, Vernon utilizes 'some form of technology to deal with the large volume of orders, complex offerings, and demographic modeling to track and predict customer behavior and buying patterns'. (Hisrich, 2002: 65)

Katz asserts that:

Hard work, long hours, and personal sacrifice are just some of the disciplines necessary to achieve that (success), but the end results are worth it! It also requires a pioneering instinct. In addition to introducing personalized mail order in 1951, Lillian has indelibly influenced direct marketing by pioneering deferred billing and credit purchasing as well as being one of the first to offer online purchasing through Internet. (Hisrich et al., 2002: 65)
In conclusion, Katz's entrepreneurial practices arose from specific values and were realized in a liberal world. Yet, it was a liberal world still shackled by non-liberal attitudes towards women. With respect to this study, the constraints that affected Lillian Katz's access to financial resources in banks mean that some of the visions that form the liberal tradition can undermine entrepreneurial progress.

2.3.3 MALACHI MIXON III

Mal Mixon was nurtured by a father who instilled in him confidence, a strong sense of purpose, and determination. Mixon was intellectually curious and a voracious reader. This led him to dream of possibilities in life, to question everything, to take intelligent risks, to be persistent, and to become a fierce competitor. According to Hisrich and Peters, these "qualities were reinforced and supplemented with leadership skills acquired through four years of service in the Marine Corps, where he also learned how to deal with adversity. About the training in the Marine Corps, Mixon observes that: "You are taught to reach your objective no matter what...you are almost brainwashed to never have an excuse for failure" (Hisrich et al, 2002: 87)

Mixon graduated from Harvard with MBA, with a distinction. He worked as a salesman, director of marketing, and as vice-president of Johnson & Johnson's CT scanner products. He was 39 years old when Johnson & Johnson divested from Ivancare. Then, 1979, the company's sales were $19 million with 350 employees. Ivancare's competitor, Everest and Jennings controlled 80% of the market share.

At that point, Mixon did a number of things.

First, he assembled a group of Cleveland area investors and initiated a leveraged acquisition by $ 1.5 million of equity and $6.5 million in debt.

Second, out of equity finances, he invested $10,000 from his own funds and borrowed the rest from his friends.
Third, he restructured and overhauled Ivancare. This involved replacing 16 of the 18 direct staff and working with the company's engineers to produce new products.

He initiated 'one-stop-shopping by expanding the home health care line and cajoling, pleading, and offering volume discounts to skeptical customers in order to increase business. These activities enabled the ailing enterprise that he acquired to gradually capture the wheelchair market from Everest and Jennings. The latter's market share dropped from 80% to 18%.

However in 1984, the enterprise went public to raise funds and also incurred penalties due to poor quality in one of its products. Another problem arose from a change in US government rules on Medicare reimbursement. Mixon was compelled to reorganize the divisions of the enterprise and develop new, enhanced products. 'By 1985, Ivancare had returned to profitability. ...' (Hisrich et al , 2002: 88).

When 'a Taiwanese competitor entered the US market selling its products at 20% lower than Ivancare, Mixon consolidated the facilities of his enterprise and relocated some of its manufacturing to Mexico.

Back in the US market, Mixon responded to the competition by offering higher quality products and developing an extensive distribution and service network.

Over the years of overhauling, consolidating, and enhancing production, the return on the original share has been an impressive 3500%.

From a tenuous and ambitious beginning (with $19 million in sales and a 10% market share), Ivancare achieved $1 billion in sales in 2000 and is now the market share leader for home health care mobility products and medical equipment for people with disabilities. (89)
According to a friend and business acquaintance of Mixon. "He's able to develop a vision faster than most people can pick up the telephone" (2002:89). Hisrich et al (2002: 89) observe that Mixon believes that: "The ability to develop and articulate a sound vision, plan and execute an appropriate strategy for the enterprise, and maintain sound values are three important elements of leadership..."

2.4 ANALYSIS OF THE NARRATIVES

2.4.1 INDUSTRY AND COMMITMENT IN ENTREPRENEURSHIP

The narrative of Ted Turner reveals a number of virtues and values. The virtue of industry is reflected in this entrepreneur's constant presence at the company's precincts. It is also the underlying virtue in the ability of the entrepreneur to expand the enterprise into a global concern. Katz affirms the vitality of this virtue in entrepreneurship by her observation on the necessity of self-sacrifice.

Since industry is a virtue that is manifest in other productive endeavors, it is vital to examine closely the relationship between it and sacrifice. Is self-sacrifice a core characteristic of entrepreneurial practice? To appreciate this aspect in entrepreneurship, it is instructive to view an enterprise as a creation of the entrepreneur. Of course, in the liberal tradition, particularly in the era of corporate entrepreneurship, entrepreneurs are managers rather than creators of the ventures that they oversee. Yet, even in this form of ventures, they create material values through their ideas or organizational virtues. Thus, managerial entrepreneurs such as Carl-Henric Svanberg (Ericsson), Jean-Marie (Vivendi Universal), and Bob Iger (Disney), create values in their respective ventures through strategic acquisition and use of their resources, which depends on their ability to organize the professionals in their corporations.
For each of these entrepreneurs, like founder entrepreneurs such as Katz Vernon, Guggenheim, and Kodak Eastman, their level of industrial commitment to the enterprise is so high that other aspects of their lives are reduced to a subordinate status. However, there is a marked difference between founder entrepreneurs and managerial entrepreneurs. Generally, founder entrepreneurs manifest higher commitment than managerial entrepreneurs (Holt, 2001: 77). The reason for this behavioral difference is simple: there is usually a very thin line separating founder entrepreneurs and the enterprise. Consequently, the failure of the enterprise for a founder entrepreneur is essentially and invariably her failure. On the other hand, the managerial entrepreneur is in charge of ventures in which ownership and management are separate. In this arrangement, there is "a legal limitation of owners' liability to the amount of their investment" (Hicks, 2005, 2).

This distinction is the foundation of the prevalent self-sacrifice of founder entrepreneurs and the profligacy of managerial entrepreneurs. Indeed, in the case of founder entrepreneurs, the limited distance between them as persons and their enterprises, the prioritization of the enterprise over and above other concerns is essentially an affirmation of the self. This is not the case for the managerial entrepreneur, who is hired on contract and whose entrepreneurial future is not, in any strong sense, tied to the existence of the enterprise. This does not mean that the founder entrepreneur is irrevocably bound to the enterprise. In fact, in the neo-liberal framework, there emerge a caliber of entrepreneurs who generate profit from establishing viable enterprises and selling them off to interested parties. Such entrepreneurs must ensure that their ventures are viable in order to attract competitive bidding or engage in deception and fraud.
However, whereas the entrepreneur who is the owner of the enterprise and who does not intend to sell the venture is insulated against the temptation to posture and lie about the balance sheet by the minimal distance between her and the venture, the managerial entrepreneur and founder entrepreneurs who intend to sell off their ventures are vulnerable to the temptation to posture and lie, all under the guise of ‘normal negotiations’. This partly explains the limited manifestation of bluffing, posturing, and outright lies in the classical liberal practice of entrepreneurship.4

This conclusion refutes Krieger’s thesis that entrepreneurs are deeply committed to the positive and progressive interests of the enterprise in a manner analogous to the mother’s commitment to the well being of her child (1996). The managerial entrepreneur’s commitment to the enterprise is superficial, temporary, and fraught with betrayal. Thus, Jeffrey Skilling betrayed the core and long-term interests of Enron as he pursued his hedonistic objects in clubhouses: Ebbers falsified the accounts of WorldCom to secure his immediate interests in form of hefty options and shareholders’ approval; and “Hank Greenberg...personally promoted nontraditional insurance or "income statement smoothing" products to head of other companies (Fortune, 2005, March). In each of these cases, the interests of the shareholders, investors, and pensioners were violated, due to the entrepreneurs’ inadequacy with respect to the virtue of commitment.

Therefore, while we agree with Krieger that entrepreneurial endeavors are almost always characterized by errancy, and that errancy is the source of Schumpter’s destructive creation, the tenuous link of the managerial entrepreneur to the enterprise conduces to forms of errancy that are intrinsically antagonistic to the interests of the enterprise. In other words, errancy as a source of creative destruction must be distinguished from the errancy of Ebbers, Skilling, and Greenberg, because the latter
is tout court destructive. Thus, while Eastman Kodak, Guggenheim, and Carnegie manifest commitment, devotion and passion in their entrepreneurial pursuits that is qualitatively similar to Augustine's entrepreneurship in establishing the dominion of the Catholic Church in Algeria, the latter group of managerial entrepreneurs manifests passion, devotion and commitment to other objects other than the enterprises.

Another way of understanding this vital distinction is by adopting a reified view of the enterprise. This view entails that we deal and theorize about the enterprise as an entity that has a vision, needs, goals, and procedures. These elements are integral to the enterprise insofar as they are positively aligned towards the future of the enterprise. In this respect, entrepreneurial practices that are in conflict with the vision, needs, goals, and procedures of the venture reflect lack of commitment to the vision and destiny of the enterprise. Viewed in this manner, founder entrepreneurs should manifest a high propensity to positive errancy, than managerial entrepreneurs.

In order, to appreciate the form and manifestation of the virtue of commitment, we must distinguish it from rigidity. This distinction is important because in the liberal tradition, realities that are foundational and crucial to the operation of the enterprise are so fluid that the entrepreneur must relentlessly seek to review the venture's integral vision, needs, goals, and procedures. Thus: Mixon had to quickly resolve to invest outside the US market, when Ivancev was confronted with the Taiwanese competitor; and Turner had to invest in the acquisition of MGM studio, and establish a basis of a new modus operandi. Yet, the fluidity of the neoliberal realities does not justify all sorts of activities. Thus, Skilling's expansive activities at Enron were totally in discord with the integrity of the enterprise.

At the micro-ethical level of analysis, it is important to inquire into the primary motivations of the specific acts of investment, industry, marketing, and
financial analysis. What we deduce from Katz and Mixon is that their commitment and relentless pursuit of entrepreneurship was shaped by their socialization. The importance of socialization values, whether through culture, religion, or training such as Mixon's in the Marine Corps, is underscored.

Culture and religion fuse in the norms and values that form the basis of individual perceptions and actions, but only insofar as the individual’s tradition permits (Petrick and Quinn, 1997: 106). According to Weber (1920: 36), the Calvinistic notion of a religious calling on human beings to be committed to commercial endeavor, to accumulate wealth, and to use their time and capacities meaningfully contributed enormously to the flourishing of the capitalistic spirit. In contrast with the Calvinistic notion, and quite contrary to conventional wisdom, Mintzberg (2004) argues that MBA training programs, through which such names as MacNamara (Ford) and Skilling (Enron) passed, does not offer the elements necessary to entrepreneurship. Mintzberg's thesis is highly contestable. The fact that some MBA graduates have gone on to run down enterprises does not provide a sound basis for concluding that the MBA programs fail to produce entrepreneurs. The failure of MBAs and other managerial entrepreneurs must be understood in terms of the structural context of the neo-liberal firm and socialization processes. Skilling's failure arose out of a lack of any tangible values, other than the pursuit of power, money, and hedonistic lifestyle. Therefore, the failure of the MBAs to go beyond utility analysis, to synthesize information and to consistently adhere to morally and juridical procedures represents the failure, not only of the MBA programs, but of the entire liberal tradition. In other words, it is symptomatic of the poverty of the tradition, rather than the deficit of the MBA programs.
The overly analytic regimen that is offered to the MBA, which Mintzberg identifies to be a malaise, is a consequence of the tradition's triumphant elimination of 'ambiguous' and 'meaningless' aspects of existence such as loyalty, devotion, and compassion. It is not true that loyalty, devotion, and compassion, are essential to all entrepreneurial endeavors. Mercenary-oriented, non-moral, and short-term entrepreneurial practices are bound to eschew loyalty, compassion, and commitment (Cramton and Dees, 1993; MacIntyre, 1988).

Nevertheless, in cases where the entrepreneur's commitment to the enterprise or to the fruits of entrepreneurship is integral, there are bound to be sacrifices of various kinds. Often the object of the entrepreneur's sacrifice is the family, and more specifically marriage. Although Katz's narrative does not reveal the circumstances surrounding her divorce, we can rationally speculate that her partner could not cope with her commitment to the enterprise. The fictional narrative of Hank (Rand, 1958) lends credence to this speculation, because he has to choose between his commitment to the enterprise and his family. Unless the entrepreneur's values are hierarchically structured, there will arise conflict between the family and the enterprise.

2.4.2 SHAREHOLDERS, CREDITORS, AND STAKEHOLDERS IN LIBERAL ENTREPRENEURSHIP

The real measure of virtue is the manner in which the entrepreneur handles creditors, shareholders, workers, and customers, and this in turn determines the success or failure of an enterprise (Holt, 2001: 78). Hisrich and Peters' (2002) profiles on Ted Turner, Katz Vernon, and Mixon Malachi scarcely provide information on liberal entrepreneurial practice vis-à-vis these necessary categories of participants in the economic exchange of the liberal tradition. The exception is the indication on how
Turner negotiated the agreement with his estate's creditors at the beginning of his career. The negotiation was fraught with manipulation and threat of destruction of the enterprise if the creditors went ahead with the take-over. The episode, arising at that specific point in Turner's entrepreneurial narrative, is characteristic of many entrepreneurs at the beginning of the enterprises. According to Seglin (1998: 4) entrepreneurs at the formative stages of their career engage in various kinds of activities, which amount to posturing and not lying. The entrepreneurs' justification for posturing is that it is necessary to the process of bargaining. Seglin (1998: 8) presents research findings indicative of the fact that this is an established practice among entrepreneurs in the liberal tradition and samples some of the entrepreneurs of Inc.500 companies' founders who were interviewed in 1995 and 1996 as representing some of 'the classic Tactics ...and freely admitted to' using them: Jim Zona, CEO of Pittsburgh Plastics (1995), Steven Burkhart, co-founder of Advanced Micro-Electronics (1995), Israel Fintz, co-founder of Magic Box (1995) and Robert Luster, founder of Luster Construction Management (1996) and so forth.

In terms of our thesis entrepreneurial posturing the pertinent question is: where exactly do we draw the line between posturing and lying? In strict terms, there is hardly a distinction between the two acts. The entrepreneur who claims to have financial or technical resources that she does not have commits a lie. In Young's (1986:1) view this is a violation of "[t]he Libertarian Principle (which) requires that we shall never initiate force, or be guilty of fraud, theft, the violation of contracts, or other infringements on private property rights".

Nevertheless, in order for us to comprehend entrepreneurship in the liberal tradition, it is important to take into account their situation at the time of lying. A significant number of entrepreneurs in the liberal tradition lie in order to become
established in their markets, to access extra financial resources, and to gain and retain the confidence of their shareholders. Thus, Nick Molina (Seglin, 1996: 3) argues that: "Sometimes when you are backed up against the wall, your instincts take over, and you do what you have to do to survive." In specific terms, Molina engaged in lies, manipulated the financial accounts of his company, and readily admitted to "falling shy of truth was practically the standard practice" (Seglin, 1996:4).

Lying to customers and suppliers, and manipulation of the enterprise accounts in order to impress potential shareholders are just some of the awful things that entrepreneurs do in the liberal tradition. The entrepreneur's acceptance of deception does not reflect moral sensitivity, because Molina perceives his practices as normal. And this sustains Hobsbwam's attribution of cruelty and dishonesty to upstarts, rather than established entrepreneurs. The behavior of Turner at the beginning of his entrepreneurial career also conforms to this characterization.

Yet, there is evidence that expediency is a salient feature of the practice of entrepreneurship in the liberal tradition. How else are we to account for Turner's attempt to take over CBS? The take-over bid cost him enormous finances in fees and failed, but he was triumphant because he had inflicted damage on CBS. Turner's take-over bid raises a number of moral questions on the intentions of the entrepreneur with respect to this prevalent phenomenon. Is a take-over bid that is motivated by the intention to destroy a competitor immoral? If yes, then when is a take-over bid morally justified within the liberal tradition? What are the intentional elements that ought to inform a moral take-over bid?

Discourses on entrepreneurial practices in the liberal tradition assert the prevalence of non-moral considerations in take-over bids. (Holt 2002; Dixon, 2005; Hisrich, 2005; Seglin, 1995) While it is arguable whether all take-over-bids are
immoral, when the entrepreneur's motive is the destruction rather than the ownership of a competitor's enterprise, it is certainly a vicious act that cannot but deserve the Hobbesian characterization of life as nasty, brutal, and short — only in this case with reference to enterprises. Solomon (1993; 456) interprets Werhane as arguing that take-over bids that are motivated by pleonoxia or greed belong "properly to the realm of pathology". Therefore, take-over bids that are motivated by intention to take control of an enterprise in order to maximize utility for social good are justified in Smithian, Benthamite, and Rawlsian terms.

However, beyond the social utility of take-over bids, there are ethical issues underlying the processes. Lucas (2003: 12) focuses on the process of making the deal and argues for a distinction between "hard bargain" and "fair bargain" in the following terms:

[A]" hard bargain" [is] one that is seen by each party only from his or her point of view...[while] a "fair bargain" [is] one both parties can approve of, having taken into account their own interests and that of the other. A fair bargain accommodates both commutative and distributive perspectives and takes into account human dispositions to be not only self-interested but also cooperative, forbearing, and respectful of other' worth.

Is this distinction sustainable and pertinent to entrepreneurship in the liberal tradition?

Or is it, as Krieger (1996: 12) asserts, a Cinderella-syndrome to envisage an entrepreneurship that is imbued with virtues, irrespective of the tradition? Are there cases of thoroughgoing soft-bargain in entrepreneurship in the liberal tradition, or is this just another discursive simulation of "useless sermons, endless and pointless quarrels...idle talk (that) falls silent when faced with hard rebuttals of history" (Bodei, 1986: 124)?

Lucas' distinction between soft bargaining and hard bargaining is prescriptive rather than descriptive. Scheming, baiting, and lies predominantly characterize liberal
entrepreneurial practices. In the narrative of Turner, the process of engagement between the entrepreneur and his creditors and competitors is essentially a case of "hard bargain". His satisfaction that his take-over bid had inflicted damage on CBS and set it back many years reflects abject absence of commutative and distributive justice, and this is a moral attitude that underlies most documented take-over bids in the liberal tradition. Most takeovers are made with no other intention other than to disable the competitor. In other words, although the situation of Turner was that of an established enterprise, moral judgment did not play any part in his decision to attempt a takeover of the rival concern. Rather, the determining consideration was the future of his enterprise, which was strengthened through activities that weakened the competitor.

Simultaneous with the moral callousness that characterizes entrepreneurial practices, is discourse in which moral concerns are relegated to the periphery. This is true in all respects of liberal entrepreneurial practice and entrepreneurs mirror it in the destruction and acquisition of ventures. The quintessential liberal entrepreneur executes the takeover of a rival enterprise through aggressive marketing, distribution, and under-pricing. The process is dealt with as statistics of market share, profit, and share-value returns.

In a similar manner, the neo-liberal entrepreneur lobbies aggressively for pro-enterprise policies and legislations. Although lobbying is not unique to the liberal tradition, the pervasiveness of the corporate persona in this tradition ensures that the state is a mere instrument for the realization of certain entrepreneurial goals. Consequently, whereas the liberal tradition prides itself for shunting statism from human existence, the neo-liberal entrepreneur, Bill Gates (Microsoft), Turner (CNN),
or Sam Walton (Wal-Mart) lobby and rely heavily on the state to ensure the realization of certain ends within and without the US.

The archetypal entrepreneur handles his competitors, workers, creditors, co-partners, and customers with the precision of a wizard, and ensures that from each of these he is able to realize maximum gain for the enterprise. While commutative and distributive concerns might appear to influence, or even determine the process, the reality is that ultimately it is the perceived interests of the enterprise that count. Often the entrepreneur's concern about commutative and distributive matters is a calculated marketing endeavor. Thus, under the cloak of ethical prerogatives, the entrepreneurial practices that derive their raison d'être from prudential prerogatives are undertaken. The definitive concern of the liberal entrepreneur is not whether a particular need is morally tenable, but rather its viability as a cornerstone of venture undertaking. This explains the dynamics behind entrepreneurial production of cigarettes in an age when it has been scientifically determined beyond any doubt that cigarette smoking causes cancer of the lungs.

Now, the simultaneity of 'non-moral' attitudes and discourse is evident in the arguments that the world of business is completely dichotomous from the normal world of human existence, in which ethics is crucial (Carr, A.Z, 1968; Pillay, 2003; Carson, 1993: 318). On the basis of this fragmentation, the liberal tradition endorses entrepreneurial practices that undermine and destroy competitors, and the distinction between "fair bargain" and "hard bargain" does not feature in the ethical concerns of entrepreneurs.

Destruction of competitors is justified in various ways. At the macro-level it is argued that free competition eliminates inefficient enterprises and ensures customer satisfaction through provision of cheaper and better services. At the same level it is
argued that such destruction ensures a dynamic economy, which ensures material welfare to all mankind. This is a utilitarian justification of entrepreneurial practices that are otherwise fraught with ill-motives or non-moral considerations.

However, even the libertarian sub-tradition justifies the destruction of competitors in the liberal tradition. In this case, the destruction is justified in terms of the primacy of the moral agent’s interest. Moreover, the libertarian sub-tradition asserts the foundational significance of reason and holds the view that practices derive their moral merit from being in concord with reason and therefore the concern, in this sub-tradition, is purely one of determining which destructive entrepreneurial practices are in concert with reason. Although classical liberalism entrusts that determination of rational merit to the market and the libertarian sub-tradition advocates for a government "limited to the narrow functions of protection against force, theft, fraud, enforcement of contracts, the diversity of visions means that a particular vision will be imposed on human beings irrespective of the reservations of some members" (Young, 1986: 1).

In view of the crucial role of the state, resourceful entrepreneurs utilize various procedures of securing their interests, notably lobbying and legal institutions. According to Dixon (2005:7), lobbying for change of laws or new laws that limit corporate liability and create barriers to entry of competitors is a key feature of entrepreneurship in United States. Entrepreneurs who pursue this option violate the Libertarian Principle, because they initiate practices that defraud their customers. Thus, although the juridical realm absolves them from liability, they remain morally culpable. And we concur with Young (1986:1) that lobbying to protect their interests from liability and competitors violates “Nozick’s Lockean proviso (which) requires
that whatever economic exchanges occur between individuals, none are left worse off than he was before the exchanges were made".6

Although the principles articulated by Locke, Kant, Mill, and Nozick, among others, are supposed to inform the practice of entrepreneurship in the liberal tradition, the argument to the effect that the realm of business is outside the application of ethical obligations and virtues appears to be overly endorsed. Thus, Carr (1968: 27) argues that entrepreneurship is a game like poker because of the fact that it requires the suspension of the rules and obligations that society imposes on the individual in the course of interacting with human beings. And Pillay (2001: 53) paraphrases Carr as holding the view that:

\[\text{It follows then that the key to success in poker lies not in kindness and openheartedness but in cunning deception and in keeping one's strengths and intentions concealed. These tactics are not held against the poker player, because they are accepted methods of winning the game. Therefore, according to Carr, no one should hold anything against the game of business because its standards of right and wrong differ from the accepted traditions of morality in our society.}\]

It is not clear if Carr's poker analogy is pertinent to entrepreneurship irrespective of social and cultural realities. However, this view is prevalent within the neoliberal tradition (Bird and Waters, 1989: 73; Horvath, 1995: 500; Carson 1993: 318).

In our view, this conception of entrepreneurship is simplistic. And Pillay mounts a plausible argument against this perspective, pointing out that the analogy of entrepreneurial practice and poker is untenable because unlike the former, the latter does not entail the suspension of life. In fact, according to Krieger's account, life and death are salient features of all entrepreneurship (1996: 24).

However, Pillay fails to realize that despite some similarities between poker and entrepreneurship, the liberal tradition by its very nature atomizes human identity, practices, and thoughts, and consequently a typical liberal individual has no
substantial self apart from her roles. With respect to entrepreneurship, this existential condition engenders practices that are less constrained by social links, and more determined either by the rules of the game, abstract utility analysis, or individual's desires.

Therefore, the moral situation of the entrepreneur in the liberal tradition is worse than Pillay conceives it. This is because the liberal entrepreneur does not have any definite set of values and virtues that would form the basis of guilt and proper attribution of self-deception. In other words, the atomized entrepreneur does not have a solid moral basis, with categorical imperatives, and therefore she cannot suffer a sense of self-deception due to entrepreneurial practices that violate the interests of other human beings. Therefore, liberal entrepreneurial practice reflects a moral agency that has a fragmented self, the dominant part of it being essentially engaged in the role of generating profit. In other words, the moral agency is essentially a profit-generating machine. The key considerations to this caliber of agency are costs, benefits, efficiency, and effectiveness. Whether we look at this moral agency as driven by desires, which have been elevated to the status of objective basis for determining the good (Stevenson, Moore, Lytton Strachey, John Maynard Keynes) or by the logic of the enterprise, in which case the distinction between means and ends is obliterated (Weber), the logical outcome are entrepreneurial practices that violate the other.

It is, therefore, not surprising that the neo-liberal moral agency and the human condition that defines it arise from the 'renaissance' born out of Moore's *Principia Ethica*, with its entailed rejection of Kant's imperatives and all the precedent moral thoughts. It is vital to bear this fact in mind if we are to appreciate the radical
disconnect between religious indications on business (Green, 1997: 23ff) and entrepreneurial practice as delineated in this chapter.

Assuming that there was a solid foundation for the liberal moral agent, the entrepreneur would still have to deal with the fact that her moral principles are at variance with the moral principles of other moral agents within his/her social space. Thus, the libertarian ideal of moral agents who act according to the dictates of reason is at variance or in conflict with the utilitarian ideal. In contrast with the libertarian and utilitarian view and practice, the Rawlsian entrepreneur is moral-bound to enact a practice of entrepreneurship in which the virtue of justice is manifested in her commitment to fairness. The acceptance of this principle entails that the Rawlsian entrepreneur should pursue reasonable impartiality to ensure that the distribution of values is fair.

Therefore, it is not surprising that the three entrepreneurs respond to competition in different ways. While Turner responded to CBS by attempting to take over the latter, Mixon responded to a Taiwanese competitor by consolidating Ivancare in US and relocating some of its operations to Mexico. Mixon also streamlined the operations of Ivancare and was able to reduce the price of Ivancare's medical care products and out-compete the Taiwanese. Turner's entrepreneurial practice in dealing with CBS typifies Carr's entrepreneur in the use of cunning and bluffing.

Apart from the argument in terms of the right of the moral agent to pursue his/her existential activities and the prerogative of rationality, the liberal tradition justifies destruction of weak competitors, in terms of benefits that accrue to consumers and specific economic systems. The liberal tradition's view on this issue is succinctly captured in Montague's (1986:75) argument:
Would legitimate competition be conceived as impermissible, since the success of one competitor is typically incompatible with the success of another? No, because such conception would pre-suppose a right to succeed in competition.... no rights are infringed by those who succeed.

In fact, the spirit of free competition is viewed within this tradition to be a natural mechanism by which human faculties are exercised to the utmost. Libertarians are particularly committed to the right of the moral agency to pursue activities that enhance her life. Following from this commitment, libertarians also argue that antitrust laws violate the entrepreneur's liberty and right to life.

There are a number of questions on this particular position. Is it true that the success of one moral agency does not infringe on the rights of others? Is it not the case that the overweening success of one entrepreneur will overwhelm others who might have intended to venture into a particular market? Is this not the right that the juridical sphere tries to protect whenever an entrepreneur's venture manifests monopolistic tendencies?

Apart from the three arguments adduced in defence of entrepreneurial fiat, the liberal tradition focuses on enterprises, economies, and the rights of the moral agent and glosses over the moral issues that underlie destructive entrepreneurial practices. In other words, the destructive take-over bid of Turner is conceived as a system-oriented and rooted practice rather than an act of a moral agent that has consequences on another specific person. This conception reflects the characteristic blunting of moral sensibilities that is a prevalent feature of the liberal tradition, (Maclagan 2001: 42, Kohelberg 1989: 67, and MacIntyre 1988: 30).

Of course, by its very nature, the liberal tradition frees the moral agent, in this case the entrepreneur, from prior values and emphasizes the importance of 'objective' reason in human action. The problem with 'objective' reason is that it reduces the
individual into an instrument of the system with the consequence that instead of moral values, the individual is guided by exigencies of the enterprise. To this extent, the Marxian view that the capitalist's logic is the logic of capital is an apt characterization of the liberal entrepreneur.

The Marxian view and Montague's argument on rights is that liberal entrepreneurs are more inclined to strive to navigate around their juridical obligations, than to consult their intuitions. In other words, the liberal entrepreneur is less likely to place himself in the existential position of his competitor, and is more likely to apply 'objective' reasoning and not address the problem of destroying a competitor as a moral problem (Daniels, 1986: 97-115). Although 'objective' reasoning is appropriate in handling the technical aspects of the enterprise, when applied on human beings it constrains the entrepreneur to gloss over the uniqueness of specific moral situations through a statistical approach. Thus, we concur with MacIntyre (1988: 161), Ross (1933: 15) and Maclagan (2001: 17) that the theoretical resources of the main sub-traditions of the liberal tradition are either too objective to capture the particularity of the entrepreneur's moral dilemmas or too subjective to constitute a satisfactory basis of interpersonal ethics.

It is partly in view of these shortcomings that Rawls (1951: 43) proposes an alternative moral system, with a view to upholding justice but also ensuring fairness. Rawls' procedure requires the moral agent, in this case the entrepreneur, to proceed as follows:

a) To explicitly determine her considered moral judgments (CMJs)

b) To reflect on the ideal moral judgments (MJs), which have to be such that they have not only been considered but are also backed by valid moral principles and background theories.
c) To obtain the latter through the method of wide reflective equilibrium (MWRE)

d) When there arise conflict between moral principles (MPs) and considered moral judgments, the former rather than the latter that rationally ought to be dismissed.

e) To be in a state of calm while making considered moral judgments.

The use of this procedure entails a moral agency that is absolutely distanced from its ends. With respect to entrepreneurial practice it necessitates decisions on creditors, shareholders, and customers that are structured by moral principles, judgments of how one ought to act under the ‘veil of ignorance’, and as e) above asserts a state of mind that ensures objectivity. The entrepreneur who is inured with Rawlsian procedure and transcendental handling of ethical issues will engage in practices that are in consonant with the bare moral agent (Cohen, 2000: 52).

Although Rawls' ethical procedure and transcendentalism provides an option to the overly objective, it has a number of difficulties. As Sencerz (1986: 77-95) argues:

> Unless credibility is ascribed to some judgments, we have absolutely no reason to test moral principles or moral theories against them. On the other hand if *considered* moral judgments have merely derivative credibility, the procedure would be viciously circular.

The other objection to this *modus operandi* is that "Sometimes anger or (moral) indignation may lead to morally better actions or judgments than "calm"" (Daniels, 1979:258). In other words, when we make our judgments in calm, we are more prone to be insincere and to merely comply with conventions. Yet, we also know that judgments made in the heat of emotions are bound to be sincere but irrational, because the moral agency is not able to systematically consider the various relevant facts.
No doubt, calmness is not a guarantee that the moral agency will make the right judgment, but it is necessary for a moral as opposed to a psychological response. Moreover, assuming that the liberal entrepreneur has a set of principles that he subscribes to, it is inescapable that she would need to factor them in the decision. Thus, in Turner's action that forced his creditors to back down, the crucial ethical question is: Was his decision ethical? Or even better still, did Turner consider some moral principles or was his action a consequence of expediency?

Without insightful information on Turner's motivations it is difficult to answer these questions. Granted Turner's satisfaction at the destruction that he wrought on CBS, it is highly probable that his bid was purely out of desire to eliminate a competitor. It is also highly probable that he did not consider any moral principles, either due to lack of any definite principles or due to a situation that Molina describes as being backed up on the wall. Lack of definite moral principles is a feature that characterizes human agency that does not have a solid moral socialization. In any case, even if the entrepreneur were cognizant of moral principles, their proper application is conditional to the possession of wisdom due the infinite variety of circumstances and, yet, this condition is most likely to be absent in the entrepreneurs (Strauss, 54, 80). On the other hand, expediency is a prevalent feature of liberal entrepreneurial practices due to the reality of free market, which translates into a situation of constant cannibalization of weak enterprises by strong enterprises.

In terms of the application of Rawlsian procedures to Turner's entrepreneurial practices, a number of shortcomings are evident. The first and most glaring shortcoming is that both procedures of arriving at principles of justice and ethics are grounded in a neutrality that reflects an individuated being, whose values and interests are constituted according to the will. This individuation is consistent with orientations
of entrepreneurial practices that are largely viewed by entrepreneurs as specific acts within 'games'. In other words, Rawls procedure is amenable to Carr's view that the business arena is substantively analogical to poker.

The second shortcoming arises from the fact that the liberal tradition has a potential for human beings who believe that what works is true and good (Cohen, 2000: 45) and those who believe that that which they approve of is good (Velasquez, 2002:7), among others. Thus Velasquez (2002:7) observes:

Of the business people Baumhart interviewed, 50 percent defined ethical as "what my feelings tell me is right," 25 percent defined it in religious terms as what is "in accord with my religious beliefs." and 18 percent defined it as what "conforms to the golden rule."

The logical consequence of this citation is that Rawls' pivotal moral principles are altogether non-existent for most human beings in the liberal tradition. Therefore, these human beings cannot engage in any remote application of Rawlsian procedures and principles because they either lack the principles or are committed to actualizing their agency on the basis of their feelings. Moreover, if the entrepreneur is to act in conformity with the golden mean, then she must have the capacity to engage in some form of calculation.

Assuming our three entrepreneurs were operating on a homogenous moral ground such as Rawls' procedures, it would be morally incumbent upon each one of them to calmly reflect on some judgments (CMJs), examine the moral principles (MPs), that are supposed to provide back up for the judgments, and to give priority to CMJs whenever there is conflict between the latter and MPs.

In the case of Mixon, he would strive to consolidate his enterprise in a manner that accords with some moral judgments, principles, and his moral intuitions. However, it is not feasible that Mixon or any other entrepreneur, for that matter.
would subject his deliberation to the procedure of the original position as articulated by Rawls.

Moreover, the practicability of Rawls' CMJS, MPs, and MWRE depend on the moral agency having a coherent set of principles, libertarian, Kantian, or utilitarian principles, which is bound not to be the case due to eclectic tendency of the liberal agent. The other complication is that in the case of deontological utilitarianism and libertarianism, there is no provision for overriding the dictates of the principles.

In any case, the practice of entrepreneurship in the liberal tradition seems to manifest characteristics of diminished distance between the individual human agency and the object of her action. Indeed, distance is prescribed in the necessity of wide reflective medium and veil of ignorance. While this procedure and ensuing characteristics of the agency appear optimal for ethical action, minus motivations, we could be dealing with bare compliance to edicts.

Consolidating an enterprise could require closing down certain production lines, merging sections, and in consequence laying off some employees. With Rawlsian liberalism, the entrepreneur's decisions on these issues should arise from a process of wider reflection, considered moral judgments, ideal moral judgments (principles and theories), and the relationship between the former and the latter.

When the resources of MWRE and the original position are applied to the aspect of laying off employees, it becomes evident that the entrepreneur would have to envisage herself without her partialities. Presumably this would enable the entrepreneur to engage in practices that secure the fundamental good of the creditors, workers, customers, and shareholders.

One of the common options that entrepreneurs use in the situation of low business is persuading all the employees to accept lower paychecks across the board.
This ensures that no person is penalized for a situation that probably has its origin outside the enterprise. Since the formal principle of justice requires us to treat similar as similar and dissimilar as dissimilar, an action that ensures equitable distribution of assets and liabilities to the workers would be considered to be just (Regan, 1983). Moreover, if the entrepreneur is a Rawlsian in procedure and principle, she will strive to cater for the basic needs of the workers. This is the view that informs Seglin’s (1998:7) assertion that "At such times when layoffs are unavoidable, an ethical company will support its employees and help them...as exemplified by Malden Mills in the mid-1990s". Inherent in this view is the Rawlsian difference principle, according to which, the entrepreneur should pursue "minimum inequalities (differences) as are necessary for improving conditions for the least well off but no more" Cameron, 2003: 9).

Yet, MWRE does not specify the content of the ideal moral judgments and background theories. Rawls’ (1971: 61) original position specifies that the ideal moral judgments should be such that we would choose them if we were in a situation of ignorance about our social and economic status in future. The entrepreneur who subscribes to Rawls' view, that good ethical principles should arise from concerns of fairness and justice, will be more inclined to persuade all employees to accept pay cuts, rather than lay off some of the workers.

The major contention against Rawls’ original position is that it actually reflects middle class conception of basic needs and, therefore, it is not original. In this respect the question is: Is it possible for us to rescue it with a list of basic needs that transcend specific social or class notions? In other words, can we find an Archimedean point from which we can specify the principles of justice and fairness without the prejudices and biases of our social situatedness?
MacIntyre (1988: 25) contents that there is no Archimedean point for human beings seeking to determine issues of their existence. The moral intuitions of the liberal entrepreneur reflect the tradition's disparate strands and the philosophical view that there is no tradition-wide acceptable basis of demonstrating that what the entrepreneur imposes on the workers or shareholders is not an instance of subjugation (Reiman, 1996:15).

In spite of the liberal tradition's disavowal of religious parameters in determining human action, some of the liberal entrepreneurs base their practice in dealing with workers, shareholders, and creditors on religious edicts. Thus, for Bill Bartmann, founder of Hawkeye Pipe Services Inc., when his enterprise went under, his Calvinistic Puritan Protestant work ethic determined his action. Although the law provides all entrepreneurs in the liberal tradition with the option of filing for bankruptcy and thus winding up without paying creditors, "Bartmann decided to pay back his debts regardless of how long it would take." In retrospect Bartmann (Seglin: 1998:7) observed that:

I was born and raised in Iowa, and back in the Calvinistic Puritan Protestant work ethic kind of environment, you were supposed to pay your bills...It just seemed inherently wrong to try to escape by using a law-granted, it was a valid law, and I am a lawyer-as an escape hatch or excuse. It just didn't seem the proper thing to do.

This observation reinforces our earlier argument that while Rawls' MWRE is important, and can serve the entrepreneur in dealing with ethical dilemmas, it can only do that when the entrepreneur has some ethical principles, or even notions, to begin with. Entrepreneurs who have what Aristotle conceives as the 'that' will be more disposed to weigh their moral intuitions with their principles and therefore make moral as opposed to expedient decisions. Thus, Sullivan (2003: 7-8) observes:
A Christian supposedly would feel guilt if she let her self-interest be her prime goal to preferences. Although self-interest is clearly the strongest of motives, it is the "higher" motives which ought to drive genuine Christians. With sufficient good will, a benevolent outlook, and a concern for others, Christians ought to be able to coordinate producing and consuming activities...

So, the Christian entrepreneur's sense of guilt would arise from the ethical indications on the 'ought-nots' of the religious texts and authorities and her moral formation. In this case, entrepreneurial practices would be driven by 'higher' motives. Although Sullivan does not explain what motives should be considered 'higher', the thrust of the citation is the moral obligation to care for others (Dorff, 1997: 33; Green, 1997: 26). In the Christian and Judaic traditions, higher motives also refer to the moral agent's obligation to enable rather than disable other human beings (Green, 1997: 24-25; Stewart and Schaefer, 1993:8). This is plausible since Christian ethical principles enshrined in the Bible and enunciated in interpretative texts such as papal encyclicals and pastoral deliverances converge in affirming moral obligations and prohibitions that secure the good of others.

Sullivan's view is given backing by Longenecker et al (2005) in their empirical study that focused on the relationship between entrepreneurship, religion, and business ethics. Longenecker et al (2005: 5) concluded that:

The religious faith factor appears to affect judgments on some ethical issues far more than others. ...The degree of orthodoxy affected ethical judgments, but the effect was quite similar to the effect of attaching high importance to religious interests.

Sullivan's view of how Christian entrepreneurs ought to be guided by consideration of Christian principles that transcend individualism affirms the contention of this thesis that tradition determines entrepreneurial practice.

While the altruistic entrepreneur will strive to transcend her selfish interests by pursuing public good, the libertarian entrepreneur will refrain from engaging in
entrepreneurial activities that have no direct benefit to her. From the utilitarian point of view, while Mixon's act of laying off employees of IvanCare must have had adverse consequences on the employees and their families, he could have reasoned that the option of laying off a few employees to secure the enterprise, the interests of its customers, shareholders and employment for some of the employees was the better option than the option of retaining all of them and winding down eventually. Yet, whether Mixon undertook the lay off from a utilitarian, libertarian or Rawlsian point of view, the end result was that the employees' loyalty was negated.

Of the three perspectives, the libertarian seems to have the least ethical merit since it justifies the same act by invoking self-interest. Nevertheless, the option that the libertarian entrepreneur pursues, with respect to the rationalization of employees vis-à-vis productive chores, could be in concord with social good. Gruzalski (1986: 147) expresses this position in his view on the nexus of egoism and social good:

...[W]e should do what is the best for our children and, when the public good which benefits our children is the result of our action, our children will be better off if we do cooperate. That our act happens to help many others is a happy side effect.

Apart from demonstrating the significance of socially acquired moral values in moral judgment, Bartmann's view highlights the important distinction between a practice that is moral and a practice that is legal. This is an important distinction because compliance with law does not necessarily reflect a moral character (Wiredu, 1983: 8). It could be largely due to a person's fear of penalties or for the sake of the publicity of the enterprise. This possibility is consistent with Bodei's (1986: 125) argument that the liberal tradition is an heir of "converging traditions that have been over the centuries describing morals as powerless, or unreliable, or hypocritical."
Another reason why the distinction between legal and moral considerations is important is that in all cases where the law provides for an option of evading financial costs, only the virtues and values of the entrepreneur can form the basis of a conscientious redress of the creditors or shareholders. Moreover, the distinction is symptomatic of the alienation of ethics from law and economics in the liberal tradition. As a consequence of the alienation and denigration of ethics, liberal entrepreneurs will manifest a high tendency to observe their juridical obligations than to be ethical. In other words, the juridical prerogatives of entrepreneurship supersede the ethical prerogatives. This is an essential, rather than accidental, aspect of the liberal tradition. The priority and eminence of the juridical prerogatives emanates from the fact that they are categorical and unified, where the ethical prerogatives are ambiguous and diverse. The outstanding outcome of the priority and eminence of the juridical prerogative is that, except in the silent realm of the entrepreneur's conscience, ethics does not adjudicate the conflict of interests and violations of social good. This is consistent with the view that: "No morals is better than any other..." (Bodei, 1986: 130). Ultimately, the prerogative of the legal over ethical resources of the tradition reflects a situation in which morality has degenerated into law (Wiredu, 1983: 7).

Therefore, the key to understanding the practice of entrepreneurship in the liberal tradition is the legal prerogatives. In a nutshell, the legal prerogatives assert the right of every person to self-determination and entrench the Leviathan to arbitrate and negotiate conflicts of interests. According to Segline (1998: 15) the liberal legal framework is "... a wonderful environment to allow people to go out and assume the risks and rewards of life." Although this enables the entrepreneurial spirit to create material values and opportunities for millions of people, it simultaneously exposes all
the human beings who deal with entrepreneurs to diverse risks. The liberal tradition deals with the potential risks that customers, and shareholders are exposed to through warranties, bonds, and contracts. Therefore, Daughety and Reinganum (1995, 1187) assert that:

The incentives to ensure and to signal effectiveness and durability typically rely on the existence of a reputation worth maintaining (e.g., to induce repeat sales), the employment of a warranty, or possibly both. The third attribute, however, typically involves tort law.

This citation affirms Carr’s contention that liberal entrepreneurial practices are essentially calculated to ensure maximum returns for the enterprise. The provision of warranty is made, not because the entrepreneur is necessarily morally committed to the good of the customer, but in order that the entrepreneur might realize his goals. In this respect, Cramton and Dees’ (1993: 369) argument that “The setting in which reputation is most likely to be effective is that of two parties, A and B, who negotiate repeatedly over time”, is pertinent. The implication of Cramton and Dees view is that entrepreneurs whose engagements with workers, customers, and stakeholders are short-term will manifest a higher propensity to lie, deceive, and defraud. And the baseline is that rather than ethical considerations or sentiments, what determines liberal entrepreneurial practice vis-à-vis these categories of people is pure calculation.

Although the legal obligations of the entrepreneur strive to balance between social good and the liberty of the entrepreneur, the obligations are subject to diverse interpretations and protracted court battles and the majority of customers have relatively limited financial resources to seek legal redress against offending entrepreneurs conclusively, and therefore social good is bound to be subverted.

Another aspect of liberal entrepreneurial practice that is implied by Daughety and Reinganum is the significance of enterprise’s growth phase to compliance with the
law and, by inference, engaging in ethical practices. Upstarts have no reputation and therefore the safety, pricing, and durability of their products will either be determined by their warranty and tort, or by their individual ambitions. The ambitions of the entrepreneur could be short-term, visionless, irrationally selfish, utilitarian, or altruistic. In the liberal tradition, entrepreneurial practices that ensure safety, durability, and fair pricing of products are essentially informed by prudence rather than moral considerations.

This leads us to the question: Do liberal entrepreneurs "have a responsibility beyond the legal requirements?" The liberal tradition leaves the question of the responsibility of the entrepreneur open to negotiations and individual determination.

In ethical terms, the manner in which the entrepreneur deals with his customers, creditors, partners, and workers, will be determined by diverse considerations. Although Bartmann's account creates the impression that his decision to meet his obligations to creditors and workers was a straightforward matter of his Puritanical upbringing, his subsequent observations reveal other factors. He says:

"I guess I rationalized it pretty quickly that although I was eligible to take the easy cure, to do so would forever taint me with that stigma." ...[W]hen he was seeking working capital for CFS, he was able to point to the fact that he'd paid people back as evidence that "lending me money now again is the safest risk you're ever going to take". (Seglin, 1998: 8)

Thus, pragmatic factors also play a role in the entrepreneur's decision to fulfill obligation to the workers and shareholders. The fact that Bartmann was able to obtain financial backing for his venture affirms the position that ethics is good for business. However, that affirmation leads us to the phenomenon of ethical posturing, which is prevalent in the liberal tradition.
While Bartmann felt a strong moral responsibility, albeit backed with prudential considerations, in 1995 George Naddaf and his partners "ended up with an agreement to pay creditors 30 cents on every dollar owed. Another entrepreneur who wound up and paid every cent of the shareholders, Driscoll, perceived the practice of George Naddaf as injustice.

[Driscoll's] problem isn't actually the laws that protected [the enterprise, Coffee of George]. No. Driscoll's problem appears more to stem from the fact that Naddaff didn't suffer as much as Driscoll did when he himself filed for bankruptcy, back in 1989... 'When I went out of business, I lost everything-my house, the cars, the whole nine yards...I didn't shut my doors, walk away from a million dollars' worth of debt, and then go home to a $5-million house and a $1000,000 automobile...I didn't have some 50 odd million dollars behind me and just decide, 'I'm not going to pay these people...If someone personally has the money, why should they be able to walk away and screw everybody? (Seglin, 1998: 9)

The pertinence of this citation is that it enables us to perceive the legal distinction of the individual entrepreneur from the enterprise as one of the roots of injustice in the liberal tradition. The citation also provides a rationale for more robust policing of entrepreneurship for the sake of various interests. As a result of various violations of the interests of the 'other', liberal governments have increasingly been moving towards enactment of bankruptcy laws that obligate the entrepreneur to meet his financial commitments to the creditors and investors.

Given the moral situation of the liberal tradition, juridical mechanisms are key to the protection of social good (Petrick and Quinn, 1997: 124). Thus, without the intervention of New York Attorney, Eliot Spitzer, AIG would not have conceded to pay $850 million in restitution to its victimized clients. And due to lack of government action, the entrepreneurial practices of Enron's Andy Fastow, Jeffrey Skilling, Ken Lay, and others ended up violating the interests of thousands of workers, customers, and shareholders.
Moreover, it is evident that whereas the liberal tradition asserts the primacy of the individual in its neo-classical form, the moral state of the liberal person is such as to necessitate the formation of more watchdogs to protect social good. This is a paradox because the foundational liberal principles sought to free the individual from the state.

We will now move on to examine the status of entrepreneurial practice vis-à-vis social good with respect to advertising and public disclosure.

2.4.3 ADVERTIMENT AND PUBLIC DISCLOSURE

One of the key features of entrepreneurship in the liberal tradition is advertisement. This enables entrepreneurs to reach out to markets that are far removed from enterprises. Katz Vernon (Hisrich et al, 2002: 63) begun her venture through a small advertisement in Seventeen magazine for handbags and belts in 1951, and this enabled her to successfully sell her personalized products. It is also evident that at various points in the development of their ventures, the three entrepreneurs sought public listing in order to raise financial resources for expansion.

The motive of advertising is to persuade the potential consumers that a specific product is available and that it is superior to the existing alternatives. This defining feature of advertising is the root of unethical practices by entrepreneurs. Advertisements tend to detail out the good features of a product, but hardly inform the potential consumer about its shortcomings. Moreover, most advertisements exaggerate the positive features of the product in order to ensure that the potential customers are attracted to it.

Hisrich (2005: 1) established that 99% of 165 entrepreneurs surveyed felt that it was unethical to overstate the expense accounts by over 10%, 52% of them felt that their personal ethics were sacrificed for the goals of the business. Although Hisrich's
executive report does not disclose the exact aspects of business that entail the entrepreneurs' sacrificing their ethics, it is highly probable that advertising and public disclosures of business finances and marketing strategies are the key aspects.

Thus, the profit motive is so overwhelming that unless entrepreneurs are compelled by law to provide full disclosure as to what a product can and cannot do, the potential consumer is generally kept in the dark on the shortcomings altogether.

A similar situation obtains with respect to information that is provided to potential shareholders on the financial condition of the enterprise. Liberal entrepreneurs have a propensity to falsify the accounts of their enterprises, in order to boast or cushion the values of their shares on stock exchanges.

Although there is no documented evidence of the three entrepreneurs examined in this study engaging in unethical practices in advertising and in making public disclosures, cases of liberal entrepreneurs engaging in unethical practices on these two counts are prevalent. Among the legendary cases of unethical entrepreneurial practices are Enron's Jeffrey Skilling, WorldCom's Ebbers, AIG's Maurice 'Hank' Greenberg, and Robert Maxwell.

The liberal tradition provides various justifications for gladiatorial practices of entrepreneurship, but it does not offer moral or juridical basis for misinformation and fraudulency. In fact, the tradition's juridical structures hold the entrepreneur responsible for adverse consequences that arise from the usage of his/ her product. For this reason, entrepreneurs are required to disclose the possible side effects that arise from the use of their products. Although this does not fully protect human beings from negative consequences that can arise from the use of the products minimizes the risks.
In dealing with this aspect of entrepreneurial practices in the liberal tradition, a distinction between violations of other people's interests that arise from omission of certain measures and those that arise from commission of adverse acts is pertinent. Both cases arise from the liberal conception of obligation, which has its roots in the view that people have "rights not to be harmed or lied to" (Montague, 1986: 72). Thus, although the liberal tradition asserts and protects the right of the individual to existence, that right ought to be subject to the condition that it is not exercised in violation of other people's rights.

This is Nozick's Lockean proviso and it is the basis of the requirement that entrepreneurs should disclose accurate information of their product or the financial state of their venture. Generally, liberal entrepreneurs tend to manifest high-level of commitment to truth and honesty due to prudential consideration of the consequences on the enterprise (Cramton and Dees, 1993, 374; Daughety and Reinganum, 1995, 1189). In any case, the ethical issues arising from advertising and the amount of information provided to potential and real shareholders hinges on precise stipulations of what 'full disclosure' entails and the entrepreneur's interpretation of the stipulations in terms of his/her specific product. Notwithstanding diverse sentiments on the size and operations of governments, the liberal tradition uses state bodies and legislation such as "the Sarbanes-Oxley Act to enforce 'full disclosure' of information on product and enterprise portfolio, and to reduce fraud and unethical behavior. [But] can ethical behavior be mandated or legislated?" (Papoutsy, 2005:3).

Petrick and Quinn (1997: 109) observe that:

The growth of U.S. legal and regulatory standards, originating from executive, legislative, judicial, and administrative agency sources, has challenged the capacity for responsiveness among managers. In the private sector, market failures disclosed by inadequate consumer information, product defects, monopolistic practices, prevalence of externalities, and the necessity to provide for public goods all invite government regulation...
On the outset, it would seem that watchdog organizations and legislation are appropriate measures of enforcing ethical behavior. However, on reflection, it is not so straightforward an issue. If we assert a distinction between ethical behavior and compliance to law due to fear of punishment, then we must arrive at the conclusion that compliance to law due to fear of punishment reflects moral insufficiency. Legislations such as the Sarbanes-Oxley Act seek to prevent fraud through stiff penalties and closer monitoring of the internal and external activities of enterprises. Compliance to such acts can hardly pass as ethical behavior, because the motivation for doing right is fear of repercussions that would arise from doing otherwise. Within this vein of thought, the existence of preventive legislations and watchdogs and the burgeoning of the same is a reflection of higher incidence of violations of social good.

In any case, the juridical powers that are vested in the regulatory bodies reflect the fact that within this tradition there is a marked distinction between shareholders on one hand and stakeholders on the other. The entrepreneur’s obligations towards shareholders are defined by contract. Generally, the managerial entrepreneur of an incorporated enterprise is contractually obliged to provide the shareholders and potential shareholders with accurate information on the enterprise’s capital levels, assets, expenditures, debts, and profit levels. When an entrepreneur of an incorporated enterprise fails to disclose accurate information on these aspects, he/she breaches a primary obligation to the shareholders. This obligation is central to the practice of entrepreneurship in the liberal tradition, because its fulfillment enables the liberal enterprise to raise capital from the public.

Apart from the juridical obligations to the shareholders, the liberal entrepreneur has a moral obligation to ensure that the venture’s resources are not utilized for personal endeavors that are irrelevant to the mission of the enterprise.
Because this obligation that is prone to violations in the liberal framework, various institutional mechanisms have been entrenched in various societies to ensure compliance. For example, in United States, "Section 406 of Sarbanes-Oxley (Act) defines the term code of ethics as written standards that are reasonably designed to deter wrongdoing and promote: Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships" (Verschoor, 2005: 3). In similar vein, "According to the NYSE, the most important topics that should be addressed in a listed company's code include: Conflicts of interest. A conflict between an individual's personal interests and those of the organization..." (Verschoor, 2005: 4).

Hisrich (2005: 2) ascertained that 82% of the entrepreneurs felt that it was unethical to use company supplies for personal services, compared to 72% of the sampled managers who felt the same. This means that a significant 18% of the sampled entrepreneurs have no moral qualms about appropriating the resources of their enterprises to serve their personal interests. Entrepreneurs, who perceive no moral issues in the use of business resources for their personal endeavors are bound to make decisions that benefit them at the expense of their enterprises, conceal information on how much they earn, and engage in overly complex reporting in order to evade the legal and audit checks. Moreover, such entrepreneurs are bound to engage auditors in compromising arrangements as was witnessed in the cases of Enron, WorldCom, and Arthur Andersen. In these cases, the managerial entrepreneurs engaged in practices that violated the interests of shareholders, pensioners, and investors. In the case of Enron a detailed investigation revealed that the managerial entrepreneurs had cultivated the vices of spendthrift, avarice, and gluttony. 10
Capital and markets are the essential catalyst for the growth of liberal enterprises. Enterprises and departments within specific enterprises compete relentlessly, even viciously (Solomon, 1993: 458), for this resource. The primary source of raising capital in a free market economy is the stock market, where investors buy shares on the basis of available information on the corporations' viability. Key indicators of a company's performance include its profit margins, its growth rate, and its returns per shareholding. In this respect the virtue of capitalism as constituted in the west, with a converting mechanism that enables capital to fulfill manifold functions and to be invisible to most of the players, is the Achilles' heel of the liberal tradition. It is the invisibility of capital and the fact that that investors deal primarily with numbers that is at the root of violations of shareholders' interests. 11

On the other hand, the relationship between the liberal entrepreneur and the stakeholders is less precisely defined in the libertarian tradition and liberal proponents argue that it is antagonistic to the values of the liberal tradition. Thus Milton Friedman (Patey, 2003: 6) asserts that:

The stakeholder notion is a very dangerous notion. It is a socialist notion. It says that employees are major shareholders. It is really a movement towards employee-run enterprises.

In spite of Friedman's view, liberal managerial entrepreneurs are increasingly accepting the significance of stakeholders in their entrepreneurial practice. Papoutsy (2003:4) uses the concept of stakeholder to refer to "stockholders, investors, employees, vendors, customers, and the community at large". An addition to Papoutsy's list of stockholders is the environment and posterity. Although the environment has always been affected by certain industrial activities, in the liberal tradition, its status as a stakeholder is at infancy (Chadd et al 1991: 83).
The obligations of the liberal entrepreneur towards these stakeholders are not systematically and categorically defined by state policy and social codes. Whether the entrepreneur has an obligation towards the environment in which his/her enterprise operates and the exact nature of the obligation is only being addressed through environmental codes. According to Sullivan, the development of juridical obligations that human beings, in this case the entrepreneurs, have towards the environment is theoretically tenable in a framework in which justice is reified (J. Sullivan, 2003: 21-22).

With respect to society, liberal entrepreneurs who subscribe to the classical utilitarian, libertarian, and Rawlsian ethics, it is sufficient that a multitude of human beings are provided with opportunity for employment. Society features in the entrepreneur's operations through the diverse individuals, with who the enterprise has contractual relationships. Right-wing proponents of the liberal tradition perceive any kind of collectivity as antithetical to the principles and values of liberalism. This perception explains Friedman's position on the notion of stakeholders with respect to employees, and the individual anarchist's view that the existence of the state and the moral obligations that it imposes are morally indefensible (Young, 1986: 4).

Sullivan (2004) does not include society in his discourse on the reification of justice, but the thrust of his paper is that capitalism (the entrepreneur) must transcend the atomistic obligations of the liberal tradition to cater for essential players.

Moreover, notwithstanding the individual anarchist's aversion to the entity called 'society', entrepreneurs are compelled by state laws to pay various taxes to the political and administrative institutions of their society. Libertarian entrepreneurs object to progressive taxation, because they perceive it to be a form of theft. They also
argue that taxation undermines the overall welfare of human beings. Thus, Christopher Cox (2001: 1) argues:

Imagine you have a silent business partner. The partner offers no start-up capital, assumes no risks, and is not liable when you lose money. But year in year out, your partner takes one-third to one-half of all the profits...The Death Tax... is, in fact, a tax on virtue... It taxes the kinds of behavior we should want to encourage: savings, investment, and most importantly, hard work.... The heaviest weight of Death Tax falls on low-wage workers, who pay a 100 percent when they lose their jobs... The truth is, abolishing the Death Tax—as California did by an initiative of the people passed with nearly two-thirds of the vote would promote economic growth. In 1993, the Institute for Research on the Economics of Taxation did an eight-year forecast after Death Tax repeal, and found that our economy would have grown by $80 billion more. More than 225,000 jobs would have been created. Capital available for investment in the productive sector of the economy would have been $640 billion greater.

On the other hand, Rawlsian entrepreneurs have an obligation, arising from the original position, to enable the provision of certain minimum goods to all other members of their society.

In any case, if we embrace Sullivan's view that there is need to transcend "amour proper" that is the root of the vanity of relentless pursuit for more and more wealth, then we can justify and accept society's status as a stakeholder. The arguments of Cox and Sullivan mirror the conflict of traditions that is a salient feature of the liberal tradition.

The communitarian tradition's view is that communities own the resources that exist within their locations. On this premise, the entrepreneur's use of resources such as mines, forests, wildlife, land, and water, should observe a normative and legal obligation of going beyond a just wage to the employees. The necessity of transcending liberal entrepreneurial practices is that it would avert the "corporate enslavement of whole communities".12 The Corporate Social Responsibility movement derives it is rational from this awakening.
2.4.4 RATIONALITY AND SOCIAL GOOD

The liberal entrepreneur operates in a highly competitive environment that eliminates inefficient enterprises and enhances the operations of the enterprises that survive. Consequently, the entrepreneur in the liberal tradition must exercise rationality in all its diversity to ensure the survival and growth of her enterprise. The technical virtues needed for entrepreneurship include foresight, insight, hindsight and oversight.

The virtues of insight and foresight are evident in Turner's decision to purchase MGM studios, because the transaction enabled him to secure an established basis for an important dimension of the enterprise's future. Without deep understanding of his enterprise, Turner would not have been able to invest in a facility that would later enable his enterprise to save millions of dollars. Similarly, Mixon's decision to consolidate Ivancare and start a new operation in Mexico arose from a systematic and critical assessment of his enterprise and its market. Thus, rationality is manifest in Mixon's entrepreneurial practice that involved self-assessment and assessment of the market and other players. The specific form of rationality applied in entrepreneurial practices of surveying the market and the technological trends is insight.

Although most philosophers identify the virtue of rationality as the defining attribute of the human species, the existential conditions and the capabilities of each human being determine the level of commitment to it and its position within the ranks of other virtues. The vocation of entrepreneurship requires high-level commitment to rationality because a lapse in the use of this virtue can lead to deleterious and possibly fatal consequences to an enterprise.

Krieger (1996:61ff) asserts that the challenges of sustaining an enterprise are similar to the challenges of giving birth to a child and ensuring that he/she grows into
a strong, upright person. Just like a child, an enterprise requires a stable foundation, direction, nourishment, and vision; and the entrepreneur must provide all these. In hypothetical terms, if an entrepreneur in the liberal tradition fails to embrace rationality, the enterprise is bound to have weak foundation and therefore be prone to destructive externalities such as market changes, demographic shifts, and inflation. The entrepreneur whose enterprise has a poor foundation must employ his/her rational resources to the task of shifting it to a better foundation as Johnson & Johnson did in the 1980s. The entrepreneur should also provide the requisite technical and managerial direction needed for the operations of the enterprise. At the same time, the entrepreneur should ensure that the enterprise has sufficient and appropriate resources for its productive existence. Above all, the entrepreneur should imbue the enterprise with a vision, because without one an enterprise is like a ship with a compass but without captain.

The liberal tradition provides precise and formulaic accounts of all these requisite technical virtues of entrepreneurship (Drucker, 1995; Maclagan, 1998), but fails to relate the commitment and application of the technical virtues with the entrepreneur's ethical status. The prevalent effect of this deficiency is that most of the liberal entrepreneurs are "opportunists" or "self-interested preference maximizers". Shaw (1997:35) characterizes the self-interested maximizers as persons who "evaluate all decisions on the way in which those decisions foster the choosers' interests."

In any case, although technical virtues appear to be autonomous from the moral virtues, the fact is these two calibers of virtues are dialectically related. Thus, inadequacies with respect to technical virtues can result in ethical violations. Papoutsy's (2003:2) observation affirms this contention:
If quality control of a product is violated by top management, i.e. the leaders, so as to meet or exceed a particular sales profit goal, by directing quality control personnel to act unethically to support the greedy behavior of top management, bad things can happen. What implications does deviation from quality control standards have for a corporation? It means that the deviation from standard quality control can spread to service departments, forced to cover up a quality defect which consequently ends up with the loss of a valuable customer. Without satisfied customers, the game is over. This one unethical decision could also result in accounts receivables being extended because of warranty problems, potential return of the product, and poor cash flow.

Violation of quality control could engender violations of the integrity of consumers; affect the profit margins of an enterprise, the interests of shareholders and stakeholders (Cruver, 2002: 212ff). On the other hand, a lapse in moral virtues reflected in lack of honesty and wisdom, could lead to inability of the entrepreneur to observe the technical virtues.

The problem with respect to entrepreneurial practice is that the liberal tradition boasts of heterogeneous visions and conceptions of the good, justice, and rationality. Worse, the liberal tradition features a notoriety of offering its inhabitants fragments of diverse visions, in forms that are inconsistent and even contradictory of each other. Thus, while liberal entrepreneurs are certain about the technical aspects of their enterprises, according to Hisrich's study, a significant 74% of the 165 entrepreneurs felt that prescribed code of ethics would assist them in decision-making. Although, the percentage of managers that shared this sentiment was equally high (71%), this data only emphasizes our contention that the liberal entrepreneur has no precise ethical resources or definite foundation for dealing with ethical problems in the enterprise. According to Hisrich (2005:2):

Past research on business ethics has shown that many entrepreneurs employ personal values within their business to a greater extent than do managers-and, that entrepreneurs appear to be more sensitive to societal expectations and are more critical of their own performance than the general public.
Personal values are products of the moral agent's socialization, education, and experience. The process of making a moral judgment involves the use of the intellect in configuring the three aspects to the specific moral situation. Granted this fact, the liberal entrepreneur can engage the formal principles of reasoning and justice using the personal elements of socialization, experience, and education. Suppose, due to the different backgrounds of parents, the entrepreneur's socialization did not offer a unified ethic, it would follow that he/she would have to choose one or the other ethic, or operate eclectically. Experience could provide a personal basis of preferring one ethic to another or being eclectic.

Education is supposed to provide a rational basis for the values and virtues of the moral agent. In this respect, we concur with Aristotle that the task of ethics is to empower the moral agent with wisdom. The entrepreneur who was imbued with the Puritan ethic in socialization and who has learnt through experience to conduct his/her life according to that ethic, attains the rational justification of what he/she already has through education.

However, moral reasoning or knowledge of right does not necessarily lead to a moral agent acting according to his ethic. Among the various factors that can impede the moral agent's translation of knowledge of the good into a practice that affirms that 'good', are: a weak will, social pressure, and lack of proper resources for launching a practice that is in concord with the 'good'. According to T. Carson (1986: 97):

\[
S \text{ exhibits moral weakness in doing } a \text{ at } t \text{ if and only if:} \\
(1) S \text{ believes that his doing } a \text{ at } t \text{ is wrong,} \\
(2) S \text{ is able to refrain from doing } a \text{ at } t, \text{ and} \\
(3) S \text{ does } a \text{ at } t \text{ deliberately.}
\]
Thus, the manifestation of a weak will is a moral agent being incapable of choosing the 'good', in spite of his knowledge. The choice could be largely influenced by the attractiveness of the options in the horizon of the moral agent or an impulse that is in discordance with the 'good'. Social pressure is contributory to a moral agent's errant practices, but only insofar as the agent is weak-willed. Liberal entrepreneurs commit all sorts of unethical practices in order to appear in positive light. However, the real underlying factor to the desire to appear in positive light is the lure of greater financial gains from the market, shareholders, and customers.

In addition to the above factors, the liberal tradition's heterogeneous visions and conceptions of the 'good' could be a source of moral predicaments and dilemmas. In this respect, the liberal entrepreneur could be in a situation in which "he/or she cannot do everything that is morally obligatory for him/her to do, though he can carry out each obligation" (Connee, 1982). Although, the thrust of Connee's article is that no moral dilemma is possible, we assert the reality of moral dilemmas in the liberal tradition. Otherwise, how are we to account for the moral agent's situation in which two obligatory goods or actions are incompatible and incommensurate? If we adopt Connee's example of the executioner to this study, we would argue that some of the managerial entrepreneur's duties are not moral obligations. Connee argues that unless the moral agent has committed himself to the duties, he is not morally obliged to fulfill them.

If Connee's distinction between the agent's duties and moral obligations were granted, the consequence would be a split personality. Perhaps that reflects the liberal persona that is the subject of the article, but then it cannot be justifiably used as the basis of asserting the impossibility of moral dilemmas. Moreover, the distinction does
not get to the root of our contention that the heterogeneous visions of the liberal tradition are bound to lead to incompatible and incommensurable goods and practices.

One distinguished approach to addressing incompatibility and incommensurability of goods and actions is W.D. Ross' theory of prima facie duties (1933). According to Ross, the moral agent has various *prima facie* duties, which only become obligations when a specific moral shape arises. This means that the entrepreneur's situation and individual assessment of the situation determine the *prima facie* duty that becomes her obligation. Ross leads us away from the Kantian categorical imperatives and other deontological theories to a conception that emphasizes the significance of the individual's circumstances in making moral judgments. Instead of bare moral edicts, the moral agent is conceived to rely on her intuition or wisdom in moral deliberation.

Although Stefan Sencerz argues that the intuition account of morality does not have a plausible ontology and epistemology, our view is that Baruch Brody's argument is plausible and sufficient. According to Brody (1979: 453):

> Suppose in the case of action a, we form an intuitive moral judgment that a is right. Suppose now we have an Action b which is exactly like a in all relevant respects. There is nothing, of course, that guarantees that we will form the intuitive judgment that b is right. We may, let us suppose, form the judgment that b is wrong. However, this conflict between our intellectual judgments will emerge clearly. Any systematization that accounts for the fact that a is right will also lead to the result that b is right, (and vice versa).

Therefore, while liberal entrepreneurs feel that a prescribed code of ethics would assist in their decision-making (Hisrich, 2005:1), such a code would not eliminate moral predicaments and dilemmas. In fact, since liberal entrepreneurs have diverse backgrounds and visions, a code that is sensitive to that heterogeneity would have to be necessarily transcendent of the particularities of each of the entrepreneurs. The consequence is that a prescribed code that is universal would not be an effective basis.
of addressing the moral issues, predicaments, and dilemmas of entrepreneurial practice. This inadequacy applies to all codes of ethics. In other words, even when the entrepreneur has a precise and systematic code of ethics, he/she would still have to interpret the facts of each particular case, relate them to a specific code and the spirit of his/her ethics, and derive a conclusion. This argument is given credence by the fact that elevated cases of unethical practices in entrepreneurship arise in spite of codes that emphasize integrity, respect, and excellence (Cruver, 2002:5).

Moreover, if entrepreneurs were required to formally subscribe to a prescribed code of ethics, such as the proliferating codes of ethics under the aegis of corporate social responsibility (CSR), then Conee's distinction between a person's duties and moral obligations would deprive the subscribers' practices the status of morality.

Granted the foregoing observations, we should now be able to propose a model of entrepreneurial ethics that captures the salient features of the liberal world.

2.5 THE LIBERAL MODEL OF ENTREPRENEURIAL ETHICS

As stated in the preliminary chapter of this study, the objective of characterizing the traditions and presenting narratives of a sample of entrepreneurs is to form a basis of critically appreciating the relationship between entrepreneurial practice and social good. The last sub-chapter has fulfilled this objective with respect to the liberal tradition. Now what remains is to translate the insights of the critical appreciation into a model.
Model A:

Liberalism
(Moore, Hume, Sartre, Derrida, Mill, Rawls, Nozick, and Rand)

The Liberal Tradition
(theory transformed into a social mode of existence)

Liberal notions of right, justice and fairness, good, social good, and duty applied to concrete situations

With Kant, Moore, Hume, Sartre, Derrida, and Rand's philosophical thoughts forming the basis of the liberal tradition the resulting notions of right, justice and fairness, good, and duty are heterogeneous. This logically leads to two options to the moral agent: Either she subscribes to a specific coherent notion of right and justice throughout her life, say of Sartre, or she chooses the notions of right and justice that she will subscribe to, depending on the situation or her mood. The first option leads to consistency and stable identity, but is bound to engender conflict with human beings who subscribe to different notions and, hence, the disposal of ethics and dominance of the juridical. The second option leads to inconsistency and transient identity, and is also bound to engender conflicts between the moral and other human beings. This option also necessitates a dominant juridical realm. The first option provides a
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stronger basis for moral motivation, because the agency has a stable and coherent basis for her practices. Thus, we can appreciate the moral considerations of the agent, even when they are in conflict with 'social good'. The second option, of subscribing to no one particular notion of right and justice, leads to a persona that is prone to be motivated by other considerations other than the ethical.

Incoherent notions of right, justice, and fairness imply incoherent notions of obligations and duties, and this situation is reflected in vague notions of social good and good. The consequence of this situation is that ethical motivations and dictates are subservient to legal considerations. With respect to entrepreneurial practice, this account leads to the following model.

Model B: Ethical Liberal Entrepreneurial

<table>
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<tr>
<th>Practice</th>
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<tr>
<td>Reason</td>
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<td>Or</td>
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<td>Intuition</td>
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Greedy, or utility, or propensity for change, or duty, happiness, pleasure, or vision of the good

Entrepreneurial action: innovative production, disclosure of debts, accounting and auditing, employment contracts, bargaining, warranties and guaranties, and environmental auditing.

Ethical entrepreneurial action arises from actions that conform to the legal requirements of the liberal world. The interaction between entrepreneurs'
considerations and 'unethical' entrepreneurial practices in this tradition simply refer to the legal and illegal.

CONCLUSION

The liberal social context is complex to a point of being anarchic because of the preeminence of liberty over equality, social good, and rationality (Merrill, 2003: 1303-1307). The heterogeneity of visions and the very nature of moral situations constrain the possibility of logical entailment between the premises and the principles that a moral agent subscribes to or, at minimum, consistency in entrepreneurial practices.

It is also evident that although the liberal tradition does not articulate any principle that is directly antagonistic to social good, the heterogeneity of visions and conceptions of 'good' forms the basis of violations. This follows from the fact that there are scarce grounds for rational, moral determination of issues and since moral interaction between human beings can only arise in contexts where they accent to a particular constraint or obligation, subjugation of human beings and social good to the entrepreneur's pursuits that are not necessarily in the interest of social good is inevitable. Moreover, the tradition's characteristic emphasis on individual liberty, without a precise and unified articulation of social good conduces to violations of other people's interests.

Although, the juridical structures of the liberal tradition purport to protect and nurture the entrepreneurial spirit, in the process of doing that, the structures condone or, depending on the policy of the particular liberal government, sanction the violations of other people's interests. Thus, viewed from Rawls' perspective,
governments can sanction violations of social good through policy shifts. On this aspect, it is instructive to quote Cameron (2003:14):

> At the heart of the political project of Thatcher and Reagan was the role of incentives in taxation and the labour market: high marginal tax rates killed private investment that created wealth, and overly generous social spending allowed people to choose leisure over work...Galbraith...characterized a policy outlook calling for lower marginal taxes, and cuts to welfare and unemployment benefits, as akin to the view that the difference between the rich and the poor was the poor had too much income, while the rich did not have enough.

Although policy shift from welfare liberalism appears to be largely a matter of economics, it has repercussions in the moral realm. Liberal entrepreneurs who subscribe to Naddaff's approach of entrepreneurial practice define their moral obligations as stipulated by the laws. This is a positivistic view and practice of entrepreneurship. According to this perspective, rationally grounded principles are the only justifiable basis for dealing with all realities including human beings. For entrepreneurs who subscribe to this school, conscience, moral responsibility, virtue and value are all a set of concepts that are remote and obsolete. This school has its roots in the philosophies of Hume and Ayer.

As a consequence of the liberal tradition's post-modernistic disavowal of certainty, expressed in the discourses against grand narratives, it boasts of diverse visions of the 'good'. Among some of the visible visions are irrational egoism, rational egoism, scientism, and utilitarianism. According MacIntyre, the erosion of certainty has "led to a society empty of moral value in which people are sometimes utilitarians, sometimes Kantians, sometimes Platonists and mostly utterly confused" (Patey, 2003). This condition also lends credence to the view that "In the modern era...a strong sense of community has been much diminished" (Shaw, 1997:.) and that in
postmodern world the sense of community is overly transient (Spinosa et al. 1997: 9).

In the apt wording of Lasch (1978, xv):

To live for the moment is the prevailing passion—to live for yourself, not for your predecessors or posterity. We are fast losing the sense of historical continuity, the sense of belonging to a succession of generations originating in the past and stretching into the future.

Another consequence of the heterogeneity of moral visions and conceptions of the good is moral nihilism. Thus, what Bodei (1986; 131) asserts with respect to Friedrich Engels is pertinent to the liberal tradition. He says:

Engels' approach suffers from an antinomy that is well known in the history of ethics: on the one hand norms are acknowledged to be relative to time and space, changing, unstable: on the other hand such an awareness cannot be pushed to its last consequences or be widespread in society beyond some limit without leading to nihilistic, skeptical or paralyzing outcomes.

Entrepreneurial practices that are structured by individual preferences, desires, and feelings, are conscious or unconscious embodiments of Nietzschean Ubermensch and Sartorean Existentialist. This caliber of practices is undertaken without due regard for other people's rational interests, and represent one end of the liberal oscillation between anarchic individualism and static collectivism (MacIntyre, 1981: 25).

Cameron (2003, 18) raises the following issues with regard to entrepreneurial practice in the liberal tradition:

What explains the boom in executive compensation for instance? Is it a transformation of social norms, or the market sharing out contributions to marginal product, or something else at work? Are CEO salaries justly acquired because voted by the directors or are they an abuse of power without any justification in economic or moral theory?

Liberal theorists, heirs of emotivism, do not address these questions adequately but instead aver their amazement. (Curver, 2002: 4) Yet, these are the issues that are at the root of entrepreneurship in the liberal tradition in this first quarter of the 21st
century due to the heavy losses that workers and shareholders incur as a result of hefty compensation packages that managerial entrepreneurs secure for themselves, reckless expenditure of firm resources, and deceptive and fraudulent accounting.

Although there are many cases of entrepreneurs using their wealth in philanthropic causes, the tradition's foundational view that "there are no grounds in justice to transfer resources to meet welfare needs of others" (Cameron, 2003: 17) forms a basis for violation of social good. That is, unless we accept the libertarian erasure of social good altogether, in which case the issue of entrepreneurs failing to transfer resources to address social good becomes a null issue.

The quintessential liberal entrepreneur is the heir of Mill, Moore, Ross, and Hume. This entrepreneur morphs from one identity to another (Spinosa et al; 1997: 10), has prima facie duties and obligations (Hudson, 1970: 88) but is largely motivated by her own interests, which are mostly structured by her desires. In a tradition where the basis of social interaction is not predetermined, but generated by human beings as they interact and exchange goods, norms are bound to reflect the bargaining powers of the parties rather than their moral merit. Indeed, the ironist Richard Rorty (Cohen, 2000: 47) holds that moral merit is a factor of consensus as reflected in people's choices on the market.

Therefore, moral merit is diminished due to contractarianism and ironism because both shift focus from morality to 'objective rationality' and the market. The epitome of objective rationality is legal positivism and the modus operandi of the neo-Weberian manager. In the case of the entrepreneur who subscribes to irrational egoism or Nietzschean perspective, the theoretic Prisoner's Dilemma is translated into a practical dilemma, since his/her best option is the society's worst option. Does this happen?
Lets take a hypothetical case of a utilitarian entrepreneur, for an example. She is theoretically moral-bound to engage in practices that are the best options for the greatest number of human beings, even if those options are her worst. In reality, the motive of self-interest, and particularly self-preservation, is so overwhelming that most entrepreneurs in the liberal tradition will only pursue options that represent either a convergence of self-interest and social interest, in diverse measures, or desist from the options altogether, because the measure of self-interest is insignificant.

According to Narveson (2004: 9) "Achieving ...mutual good...requires restraint on the part of each... [t]he temptation to go for the maximum, at a cost to the other party is ever present and must somehow be resisted if cooperation is to be achieved." This means that the entrepreneur should strive for a balance between self-interest and the interests of shareholders, stakeholders, employees, and society. This also means that any cooperation of these 'others' that is realized without balance of self-interest and the interests of the 'others' is ethically untenable.

Although entrepreneurial practices that are motivated by self-interest are bound to lead to violation of other people's interests and social good, the prevalence of greed is undeniable. Therefore, the most logical question that ought to be addressed is: Does the unbridled greed of the entrepreneur, manifest in his pursuit of Mephistophelean proportions of wealth, violate the interests of the 'others'? The analysis of the narratives of the entrepreneurs demonstrates the factuality of entrepreneurial violations of the 'others' interests. Then, how does the liberal entrepreneur succeed in securing the cooperation of the 'others'?

The liberal alienation and disposal of ethics (Bodei, 1986), the preponderance of the juridical realm (Ellul, 1983; Petrick and Quinn, 1997), the movement away from the virtues of the good to the goods of excellence (MacIntyre, 1984; Horvath,
1995), and the atomization of man (Honneth (1995), ensures cooperation of human beings to options that are the best within the horizon of the tradition, but metaphysically untenable.

That the liberal tradition is significantly flawed is obvious from the foregoing discourse. Within it, theorists (Rand, 1964; Nozick, 1974; Rawls, 1971; Bell, 1984; Etzioni, 2005; MacIntyre, 1986; Kotlikoff, 1978; Dore, 1987; and Reiman, 2001) are aware of this fact and have responded diversely. In our view the theorizing of these scholars has coalesced into two alternative traditions namely, the libertarian and communitarian traditions, in spite of the intentions of some of these theorists to simply remedy for the flaws of the liberal tradition. In the next chapter, this thesis focuses on the libertarian tradition.

END NOTES

1 See G.E Moore's Principia Ethica and C.L Stevenson's Ethics and Language for details on emotivism.
2 While Adam Smith endorses the moral worth of self-love in his Theory of Moral Sentiment, he laments the vanity that arises from the unbridled pursuits of material wealth. See Robert Solomon's Beyond Selfishness: Adam Smith and the limits of the Market and Patricia Werhane's Adam Smith and His Legacy of Modern Capitalism.
3 This assertion implies a link between the length of the managerial entrepreneur's contract and the possibility of future contract on one hand and his/her behavior. In this respect, the study of Cramton and Dees (1993) on how to promote honesty in negotiation could be replicated in cultivating ethical management.
4 The reader can see Cramton and Dees (1993), Carr (1968), and Carson (1995).
5 Beyond Krieger's and Feyerabend's homogenous use of the concept of errancy, we should distinguish between positive and negative errancy. Whereas positive errancy consists of a capacity to perceive things in an unusual way, leading to perception of opportunities for entrepreneurship, negative errancy consists in destructive tendencies such as those of Ebbers, Skilling, and such.
6 It is astounding that the moral agents of this tradition that swears loyalty to none other rationality violate the principles of rational engagement.
7 Granted this outlook and persona, responsibilities that are supposed to be deeply rooted in the moral agent are conceived to be roles that require 'performance', irrespective of his/her state or view.
I think it warrants reiterating that this modus operandi has its roots in logical positivism, utilitarianism, and emotivism.

However, it must be pointed out that the view that liberal material prosperity is a consequence of free enterprise leads to a systemic reluctance to punish offending entrepreneurs and undermines this right immensely. The USA’s legal machinery shields entrepreneurs from punishment when their ventures fail. See Newsweek, March 2002 for details on the Enron errancy.

Although it’s easier to use, its reliability hinges on the existence and efficiency of legal machinery that enforces violations due to the paucity of virtues in the practice of liberal entrepreneurs.

British Prince of Wales, Dunning, ed, 2003, Church Times.
CHAPTER THREE

ENTREPRENEURIAL ETHICS IN
THE LIBERTARIAN TRADITION

3.1. INTRODUCTION

The libertarian tradition is one of the traditions within the multiple traditions of liberalism. Partly due to the multiplicity of the traditions in liberalism and partly due to the nature of the liberal tradition, many theoretical accounts (Philips, 1993; Sandel, 1989) fail to be informed with the requisite awareness of the reality of the libertarian tradition. The theoretical accounts that recognize the multiplicity of traditions in liberalism (Kapur, 1999; Smith, 1993) misconceive it to be a division between the liberal and communitarian tradition, when in fact it is essentially a division between the libertarian and communitarian tradition. The consequence of this theoretical state is that descriptive accounts of libertarian moral agency par excellence are only beginning to emerge.

According to Kapur (1999: 36) the pure self-interest axiom is the basis of mainstream economics in the neo-liberal tradition and its stance is “increasingly identifiable with what is known...as ethical egoism.” The reality of the libertarian tradition is reflected in the fact that mainstream economics focuses on self-interest as the critical human motivation.

Still, it is hard to find narrative or biographical accounts of moral agencies that subscribe to the libertarian tradition. In order to surmount this obstacle, the discourse of this chapter is largely anchored on Rand’s fictional characters. This is supplemented by information on entrepreneurs who are identified as libertarians. Still
the account of libertarian entrepreneurial ethics will draw strongly from the philosophical discourse of Nozick, Gilder, and Friedman.

As a preliminary to the profiles, it is important for us to appreciate the roots of libertarianism and its transformation into a social tradition. Like other traditions of the liberal tradition, libertarianism has its roots in the philosophies of Locke, Kant, Hume, Smith, and the Enlightenment Project discourse. The ideals of the Enlightenment Project are particularly bold in libertarian discourse on morality. Thus, the moral agent is conceived to be an entity that is entitled to life and all objects that the agent’s life engenders. For this reason, the right to life is foundational to the moral agent’s liberty. In simple terms, the moral agent is free to utilize her life for the purpose of sustaining and enhancing her life.

The libertarian tradition departs from other traditions in averring that the right to life and its proceeds means that the state or society has no justifiable moral basis for interfering with the decisions of the individual-except where and when those decisions violate the right of an other to life and its proceeds. The caveat is the Kantian Principle that requires us never to use other individuals as mere means, but always as ends'(Young, 1986:1). This principle prohibits the moral agent from engaging in practices that are directly contrary to the right of ‘other’. Nozick re-asserts this principle in his theory of justice by arguing that no moral agent is entitled to values that are realized through deception, theft, and coercion. This prohibition arises from the fact that deception, theft, and coercion are all acts that use other individuals as means. In effect this assertion entails a distinction between practices that advance the interests of the moral agent on contractual basis, and those that advance the interests of the moral agent but violate the interests of the other individuals.
A number of questions arise from this distinction:

1) What are the 'oughts' and 'ought nots' with respect to the sub-set of activities that have no positive or negative effect on other human beings?

2) Does the agent have moral obligations to other human beings arising from consequences of his/her actions?

3) Are there some other moral obligations that the agent has towards non-human entities such as environment, society, and animals?

The manner in which the libertarian tradition responds to these questions, and other questions that are bound to confront the moral agent, will form the basis of asserting the ethical principles of the libertarian entrepreneur.

3.2 LIBERTARIAN ETHICS

Libertarians hold the view that virtues and values should derive their status, not from social conventions, religious beliefs, and feelings, but from unfettered rational considerations (Rand, 1961:14). Further, that human beings are by nature motivated by self-interest (Korten, 1987: 23) that should be pursued rationally and in manner consistent with the fundamental nature of the human species. In specific terms, the tradition postulates a structure of virtues in which a distinction is made between primary virtues of rationality, industry, justice, and honesty, and secondary virtues, namely greed, prudence, perseverance, meekness, and love. The relationship between the primary and the secondary virtues is conceived to be demonstrated in the fact that greed can only be a virtue if it conforms to the dictates of rationality. In effect, libertarianism asserts the moral necessity for moral agents to ensure that their desires are actualized in accordance with the dictates of reason.
In the libertarian tradition, the possibility and success or failure of a moral agent in undertaking any practice reflects the individual's possession or lack of virtues respectively. The correlation between possession of virtues and the outcome of an action that is an enactment of a specific practice applies to aspiring and existing members of a practice, because failure can and does happen to either of the two. Cobden (Smiles, 1970:12) aptly captures this account of success and failure in the following terms:

Cobden (Smiles, 1970:12) aptly captures this account of success and failure in the following terms:

The world has always been divided into two classes—those who have saved, and those who have spent—the thrifty and the extravagant. The building of all houses, the mills, the bridges, and the ships, and the accomplishment of all other great works which have rendered man civilized and happy, has been done by the savers, the thrifty; and those who have wasted their resources have always been their slaves.

Thus, in addition to the virtues of prudence, judgment and foresight, libertarianism asserts the virtues of thrift and industry, both of them contraries of extravagance and sloth. This view amounts to classifying human beings into two classes on the basis of virtues. Although Cobden's view sustains the libertarian view that the individual is his or her own maker, it uses the foil of individual human beings who have overcome background handicaps to argue that historical conditions play an inconsequential role in the development and application of virtues.

In more specific terms, Rand (1961: 27) asserts the following principles of ethics:

1. The Principle of Rationality, which states that each individual should recognize and accept reason as his only source of knowledge, judgment, and guidance.

2. The Principle of Individual Commitment to one's Own Existence and, by implication the sub-principle that a human being arises from his/her goals, values, and actions in reality.
3. The Principle of Individual Commitment to the use Reason in choosing, deriving, and validating convictions, values, goals, desires and actions.

4. The Principle of Individual Responsibility in forming judgments and sustaining his own life.

5. The Principle of Distributive Justice based on the desert of virtue as manifested in the quality and quantity of specific goods produced and perceived by the individual.

These principles are fundamental to the libertarian moral agent par excellence. The Principle of Rationality affirms the thesis that the essence of man is rationality (Aristotle, 1989; Reiman, 1996), but transcends it through the requirement that the libertarian moral agent be consciously committed to the use of reason in all his/her undertakings.

In the libertarian conception, rationality is the virtue that enables a person to systematically determine the nature of things and beings through observation and reasoning. This contrasts with Plato's notion of reason as an attribute that is grasped by the mind in the relationships between arithmetic and logical entities. According to Plato's conception of rationality: "[These] judgments mirror the necessary relationships of numerical quantities. These necessary relationships are expressible in rules that guide mathematical procedures. Hence, rational judgments are universal, necessary, and rule-guided," (Dienhart, 1995:421). In contrast to this position, Rand's principle of rationality entails the full use of all the faculties of cognition in dealing with reality.

For Rand, the Principle of Rationality is a moral requirement that moral agents should use reason in all their pursuits because their nature is such that reason is the
most efficient means of existence.² Rand's ethical philosophy is teleological and naturalistic.

There is also an explicit emphasis on the fact that in the libertarian tradition, it is essentially the individual who should identify and actualize his values, and determine justice. This fact is expressed in the second principle that requires individual commitment to his/her own existence. Commitment to ones own existence does not exclude or annual the existence of other people. In fact, according to Nozick (1974, 19), although “Every individual intends only his own gain...he is in this, as in so many other cases, led by an invisible hand to promote an end which was not part of his intention.” The end that Nozick refers to in this citation is the good of other human beings within the world of the moral agent.

Granted the assertion of the primacy of the individual, it can be inferred that what arises by 'the invisible hand' is essential, but secondary to the libertarian moral agent. In other words, the good of other members (social good) is not the primary intention of the libertarian moral agent, but is an outcome of the working of the market.

Closely related to the principle of individual commitment to one's own existence are the libertarian principles of justice that are based on the virtue of rationality.⁴ The libertarian moral agent should affirm the principles of distributive, corrective, and preventive justice and apply them in her relationship with the people in the enterprise. In this respect, the libertarian ethical theory as articulated by Rand is totally in agreement with the Aristotelian view that phronesis implies arete and vice versa. Now, Phronesis is the Greek word for knowledge or understanding. Arete, on the other hand, is the Greek concept for virtue. The assertion that phronesis implies arete means that a virtuous person has the capacity “to understand the principles of
justice”, which capacity can only be possessed by human beings who have the virtues. An important aspect of this conception of the relationship between understanding virtue and having virtue is that if a person is to be able to exercise the virtues in entrepreneurship, then he/she must grow up instructed in virtues. The ability to perform a virtuous act requires the possession of the appropriate virtue.

Yet, there is an important difference between Rand and Aristotle. The difference arises from the fact that the libertarian concept of virtue presupposes acquisition and deployment of virtues in a social space that does not constrain the moral agent in any way. Presupposed in this tradition is a state that MacIntyre calls the obliteration of the social space of the moral agent. This is more so in the ultra-minimalist view of the state that only permits state intervention in human affairs when there is a violation of property rights. Thus, Nozick (1974: 24) argues that, “The night-watchman state of classical liberal theory [is] limited to the functions of protecting all its citizens against violence, theft, and fraud, and to enforcement of contracts.”

If MacIntyre's interpretation of the distinctions between Aristotle and Plato (MacIntyre, 1988: 98) is applied to the distinction between Rand and Aristotle, then the conclusion that Aristotle's polis is replaced with libertarian education is inescapable. In other words, although the state is constrained from determining the curricula, values, and occupations of citizens, there emerge various kinds of institutions in the libertarian social space that fulfill these functions. One of these institutions is the nuclear family, which plays a greater role in determining the formative elements of the moral agent. Although individuals subscribe to diverse beliefs and principles in the liberal tradition, in the libertarian tradition the moral agents should unanimously affirm the principles that Rand and Nozick assert.
Consequently, libertarian institutions, namely the family, schools, and colleges should inculcate libertarian moral principles. Through these institutions, libertarianism becomes a way of life, a socially extended mode of existence and, in essence, it becomes a tradition.\(^5\)

The third libertarian principle requires each individual person to choose, derive, and validate his goals, desires and values using reason. This principle asserts a human action theory that is close to, but distinct from Hume's theory of human action both in form and substance. Hume's assertions on human action are descriptive accounts of how passion interacts with reason in human action. In other words, Hume's is a description of what happens in the case of fairly many people. However, Rand's principles of morality are prescriptions of how human beings ought to act.

Yet, Rand, Aristotle, and MacIntyre share the philosophical thesis that value presupposes a specific kind of human being. Does this thesis amount to a claim that their moral discourses are realistic accounts of human moral action?

Drawing from Aristotle, Rand argues emphatically that moral principles should be prescriptions of how human beings ought to act, granted their specific nature. Although significant differences amongst human beings are presupposed by the values that they choose and how they pursue them, Rand and Aristotle hold the view that there would be affinity in terms of commitment to the use of rationality.

However, to a great extent the recognition of the significance of social conditions seems to be most pronounced in the moral conception of Aristotle and MacIntyre. According to both, differences among human beings arise from differences in terms tradition, social and material conditions, personal experiences, and reasoning capacities.
The liberal tradition only prohibits the violation of the rational interests of other human beings. In the ultra-minimalist conception of the state, which is envisaged by Rand (1957: 932), the principle that requires the moral agent to use reason in verifying his or her values does not prohibit practices that negate the existence of the self.

Yet, even though the moral agent is free to pursue values of his choice, his experience and reasoning capacities determine the specific values that he opts for. In this respect, the following questions and assertions are pertinent:

Good? -by what standard?...What does morality demand?... 'Value' presupposes an answer to the question: of value to whom and for what...Value presupposes a standard, a purpose and the necessity of action in the face of an alternative (Rand, 1957, 938).

This view of values re-affirms Aristotle's Nicomachean thesis that virtues cannot be acquired in a social vacuum. In effect this means that the individual is defined by the social space that she/he occupies, apart from non-social aspects such as color, height, and physiognomy. But different theorists operate in different circumstances, and therefore theories throughout history use different terms to refer to the crucial social reality that determine the character of persons and their interactions. In the theorizing of libertarianism, the equivalent of the polis is 'objective reality'.

In the next section, we will present three narratives of libertarian entrepreneurial practices, all of them drawn from Rand's novel *Atlas Shrugged* (1957). Our choice of these narratives is based on Rand's implicit argument that the three characters represent the diverse manifestation of the issues, approaches, and aspirations that ought to distinguish libertarian entrepreneurial practices.
3.3 NARRATIVES OF ENTREPRENEURIAL PRACTICE IN THE LIBERTARIAN TRADITION

3.3.1 HANK REARDEN

Ayn Rand describes Rearden as "the kind of man who sticks his name on everything he touches," and despises causeless affection and unearned wealth. (35) He also "liked to deal with somebody who has no illusions of getting favors". (84) As a consequence of these preferences, Rearden did not believe that he was supposed to "pay for everybody's mistakes and never be permitted one" of his own causing (Rand, 1957: 120).

In spite of his outlook, Rearden thought that "he had" to oblige his family, which had the right to demand certain things from him. Although it was clear to him that acting to meet their demands did not give him a sense of joy, he told himself "that he had to learn their kind of pleasure, for their sake, not his own" (Rand, 1957: 128). Out of this decision, Rearden spent a great part of his life trying to satisfy the needs of his wife and society. Throughout the period of his life when he conducts his life on the basis of the implicit principle that his highest value is his wife and the society, he looks elsewhere for his joy rather than to his wife and society. Thus, while Rearden is able to deal with his enterprise on a rational basis, he realizes that he cannot do the same in dealing with his wife and society.

In terms of his enterprise, a metal manufacturing venture, Rearden acts on the basis of rationality, honesty, and integrity. His decisions arise from sound judgment, foresight of how the future is likely to be, and strategies on how he can reap maximum profit from his production of metal. In dealing with his clients, Taggart Transcontinental that is managed by Dagny, Orren Boyle and others, Rearden applies his rationality unconditionally. But there emerge social and political pressure on him
to include social good in his considerations. However, Rearden realizes that if he is to base his entrepreneurial practices on social needs, then he has to abandon reason and honesty, and violate his sense of integrity. In view of these realization, Rearden gets to a point when:

He tried to avoid these thoughts. He had to stand on guard against his own feelings—as if some part of him had become a stranger that had to be kept numb, and his will had to be its constant, watchful anesthetic. That part was an unknown of which he knew only that he must never see its root and never give it voice. (Rand. 1957: 344)

One of the most interesting assertions that Rearden makes in *Atlas Shrugged* is:

I do not wish to sell my metal to those whose purpose is kept secret from me. I created that metal. It is my moral responsibility to know for what purpose I permit it to be used. (1957:345)

This assertion sets the stage for conflict between Rearden and the government, which purports to represent the interests of humanity against the egoistic practices of entrepreneurs. Moreover, it is a short step to the assertion, “A sale... requires the seller's consent.” Indeed, in asserting the right to know to what purpose his commodities are to be used, Rearden is implicitly asserting the right to own property.

Against this asserted right, is the question: “Why should Rearden be the only one permitted to manufacture Rearden Metal?” (572) Although this question is raised in the narrative of Rand, it originates from the liberal and communitarian traditions, because within the libertarian tradition the sanctity of private property is asserted. As Rearden's narrative unfolds, the conflict between his interests and the interests of the government intensifies and heightens the moral issues at stake in the conflict. The protagonist of *Atlas Shrugged*, John Galt, through Francisco d'Anconia, persuades Rearden to abandon his enterprise.

The thoughts, motivations, and practices of this entrepreneur as narrated by Rand do not correspond with the behavior of some entrepreneurs. For example, many entrepreneurs sell their products to buyers without bothering about the usage of their
products. It is also a fact that many entrepreneurs simulate demand for their products through the media and manipulation of political or technical circumstances. In these cases the issues of the distinction between advertising and manipulation, and that between lobbying and deception ought to be addressed. Rand's entrepreneur as portrayed through the character of Rearden seems untypical.

This discrepancy can be accounted for in terms of the distinction between the 'is' and the 'ought'. Granted that Rearden is a fictional character emanating from the framework of romanticism, it is logical to argue that he represents Rand's view of how entrepreneurs ought to behave in transactions with governments and other customers. In other words, issues of corporate responsibility are raised by Rearden's entrepreneurial practices.

3.3.2 DAGNY

Dagny's entrepreneurial practices are structured by a motive which she asserts explicitly: "I m not interested in helping anybody. I want to make money." (30) This is the reason why she recoils at her brother's view that "it were better to leave Eliss Wyatt and assist an underprivileged country that never had a chance." (29) She responds: "Eliss Wyatt is not asking anybody to give him a chance. And I'm not in business to give chances. I'm running a railroad. ...I'm not interested in helping anybody. I want to make money." (29)

This overriding motive explains her determination to continue running Taggart Transcontinental, even as the social and moral conditions in the country became increasingly utilitarian⁸. In this respect, she is similar to Rearden, and Francisco d'Anconia, who struggle to hold on their enterprises in turbulent conditions that negate their entitlement.
Moreover, Dagny's personal life is so connected with her entrepreneurial practices and hence Rand's (1957, 219) observation that: "There was some unbreakable link between her love for her work and the desire of her body; as if one gave her the right to the other, the right and meaning; as if one were the completion of the other-and the desire would never be satisfied, except by a being of equal greatness."

It is also notable that for Dagny, the operation of machines manifests the absence of the causeless and purposeless, and that she perceives this reality as representing an order of reality that she believes is metaphysically good for man. This belief informs Dagny's interaction with physical, social, and personal realities. Dagny deals with her brother James Taggart and her suitors, Francisco d'Anconia, Rearden, and John Galt, on the basis of the libertarian concept of rationality and justice.

However, due to the struggles that she goes through to sustain her enterprise, Dagny concludes that entrepreneurs “can afford to give up (trying to determine the basis and status of their practice), for a short while, in order to redeem something much more precious” (Rand, 1957: 378). This outlook characterizes the practice of entrepreneurship in the liberal tradition where entrepreneurs violate the principles of rationality and justice in order to ensure the survival of their enterprises.

In this respect, Krieger (1996: 30) draws a parallel between the entrepreneur and a mother, who cannot easily give up trying to save her child from death. Thus, although Dagny, Rearden, Wyatt, and Francisco d'Anconia realize that the principles that they espouse and the principles on which their society operate and demand all its members to operate by are contradictory, they choose to undertake entrepreneurial acts. This act of sacrifice and expediency raises the specter of the entrepreneur who chooses to sacrifice ethics for the survival of the enterprise. Ultimately, unless the
technology. However, when he was almost putting together the motor that could liberate mankind from the use of fossil fuel, he realized that the social and moral conditions of his society were in conflict with rationality. Then he abandoned the project and withdrew to a remote valley, where he went on and constituted the technology. From his haven in the valley, called John's Gulch, he ventures out into the wider society and identifies people of exceptional abilities and philosophically persuades them that their entrepreneurial practices are based on principles that are inconsistent with their own existence and the virtues and values of rational human beings. Galt's strategy for realizing the libertarian tradition is total withdrawal from the society that enforces a code of ethics that is utilitarian oriented.

John Galt is not restrained in his pursuits by the fact that withdrawal of entrepreneurs would result in collapse of the economy and misery to millions of people. The moral thinking that informs his pursuits is expressed in the following terms:

"I am a trader, Dagny, in all things. I wanted you, I had no power to change your decision, I had only the power to consider the price and decide whether I could afford it. I could. My life is mine to spend or to invest—and you, you're...the one reward I had to have and chose to buy. (1957: 892)"

These assertions contain all the fundamentals of libertarian entrepreneurial ethics. It paradigmatically stipulates the principle that ought to inform all human relationships. Of course, the underlying notion of the capacity to afford a value and enjoy it can be interpreted as the essence of a hedonistic perspective of human relationship. In other words, values are not things to be enjoyed without cost. The question that arises in this respect is: What specific costs should the libertarian entrepreneur meet without failing? Galt argues that the entrepreneur should invest in everything that creates, sustains, and enhances the values that he chooses to enjoy.
In his philosophical elaboration of the principles that he believes should be embraced by all human beings and particularly by entrepreneurs, Galt asserts that:

-Man's mind is his basic tool of survival. Life is given to him, survival is not. His body is given to him, its substance is not. To remain alive, he must act, and before he can act he must know the nature and purpose of his action. But to think is an act of choice...
-Man is a being of volitional consciousness. A being of volitional consciousness has no automatic course of behaviour. He needs a code of values to guide his actions... 'Value' presupposes an answer to the question: of value to whom and for what? (1957:940)

Galt's war with a society that advances and enforces a morality which requires the entrepreneur to initiate activities that primarily advance the 'social good', is so overt that one is tempted to perceive him as actually representing the worst human being that can ever exist. It appears that Galt has no regard for social good. In this respect, it would also appear that he is the contrary of Dagny's brother, James Taggart and the government that is committed to serving the people through policies and actions that constrain successful entrepreneurs and empower citizens who desire to be entrepreneurs.

Underlying the difference between Galt and James Taggart is the fact that the morality of the former is founded on rights, while that of the latter is a morality founded on obligations. The fundamental principle evident in Galt's relationship with Dagny and other human beings is that he has the right to determine the cost of his goods. However, Galt's and in effect Rand's conception of ethics does not assert obligations between the moral agency and other moral agencies and society, other than goodwill. The consequence of this conception is that it appears that libertarian principles of ethics are in conflict with social good. Thus, the strivings of leading enterprises to ensure customer satisfaction (Peters and Waterman, 1982) is interpreted as the rational commitment of entrepreneurs to their own existence. In other words,
customer-satisfaction is not an obligation, but a rational necessity for the entrepreneur’s existence. The next section of this chapter analyses the three narratives with the aim of determining the authoritative power of the libertarian norms, based on the principles that we presented in 3.2, in the practice of the three and other entrepreneurs in the libertarian tradition.

3.4 ANALYSIS OF THE NARRATIVES

The microcosmic setting of these narratives is characterized by conflict between the libertarian tradition and the communitarian tradition. Thus the conflict between Rearden, Dagny, and Galt on one hand, and James Taggart and Wesley Mouch, on the other hand is a conflict of traditions that are based on incompatible notions of the good. However, our concern in this chapter is to derive a solid moral account of the entrepreneur in the libertarian tradition.

3.4.1 INDUSTRY AND COMMITMENT IN LIBERTARIAN ENTREPRENEURSHIP

The three narratives assert the significance of virtue of industry in the libertarian tradition. The entrepreneurs’ personal and organizational objectives are actualized through hard work. In fact, the level of hard work that the three entrepreneurs put in for the sustainability and enhancement of their ventures is overly high. Each one of them spends a couple of nights at their workstations. The specific moments when these entrepreneurs work throughout the nights are when their ventures have to fulfill some critical deadline, or when the ventures’ survival is at stake. The libertarian’s forfeiture of sleep and choice of work for many hours reflects not just the virtue of industry, but also and more so the virtue of commitment to existence through industry. In other words, the Principle of Industry and the Principle of Commitment to
self-sustenance are affirmed in the entrepreneurial practices of libertarian entrepreneurs.

Although many accounts of entrepreneurship assert the prevalence of self-sacrifice (Krieger, 1996: 26; Holt, 2001: 77), libertarian meta-ethics (Rand, 1957: 432) argues that a rational, egoistic moral agent only engages in pursuits that are of higher value than what is forfeited and, therefore, self-sacrifice is ethically impermissible (Bass: 2000:1). This means that although the level of commitment that the libertarian entrepreneur ought to have is high, at no moment in her existence can she view it as self-sacrifice. In other words, there is no moral basis for self-sacrifice within the libertarian tradition. The question that this position raises is: How does the libertarian tradition account for entrepreneurial commitments that relegate the family, society, and friendship to a low level in the order of priorities?

In Rand’s conception of moral agency, the family, society, and friendship are aspects of existence that derive their significance from the interests of the moral agent. Moreover, commitment to industry, in this case to entrepreneurial goals, cannot rationally be conceived to sacrifice the family or society, since it is the means by which the family and the society are enabled to have material and intellectual values. In other words, it is not feasible for a rational man to engage in entrepreneurial practices that sacrifice his own rational interests or the rational interests of his family, friends, and society in entirety. Thus, Rand (1961: 61) avers that: ‘there are no conflicts of interests among rational men.”

The implication of Rand’s assertion is that whenever other human beings entertain irrational interests, the probability of libertarian entrepreneurial practices violating the interests of those human beings will be high. In the narrative of Rearden’s entrepreneurial practice, the irrational interests of his wife are violated by
his commitment to industry. At the level of society, Rearden’s entrepreneurial practice violates the irrational demand of people who believe that they should have unconditional access to the formula of manufacturing his metal. Rearden’s case affirms Reiman’s (1996: 13) contention that the universalizability principle does not bind the moral agent to any specific norm, but rather demands that he/she engage in activities that he/she can wish to be universal.

Yet, although Rand’s normative theory and narratives deny the possibility of self-sacrifice and sacrifice of the family and society, she only succeeds because of her idealistic definition of the libertarian entrepreneur. A realistic account of the libertarian entrepreneur must be cognizant of the possibility of a rational moral agent lapsing into irrationality or being mistaken in some specific instances. Thus, the possibility of the destruction of the family and society is a real danger in the libertarian framework. Take, for instance, a case of an entrepreneur whose commitment to an enterprise is such that he/she works into wee hours of most days. If she has a marital partner and child, it is implausible to argue that her virtue of industry and commitment cannot be in conflict with her family interests.

A number of options that the tradition advances include:

a) The argument that the tradition prescribes compensated sacrifice (Bass, 2000:2)

b) The argument that the tradition prescribes rational moderation of the entrepreneur’s commitment to the enterprise to bar a situation where the enterprise assumes the status of an end rather than a means.

Although this latter position could be rationally justified in the case of the entrepreneur who no longer perceives his family and society as a good, it is
the kind of rationality that is devoid of humane considerations. This is a hypothetical case, but it represents the essence of the Weberian moral agent that is committed to nothing but the rational, efficient use of resources. It must be appreciated that Rand’s emphasis on contextual use of rationality entails going beyond the needs of the enterprise, to factor in the necessity of a human society and environment for the future of the enterprise. Thus, although “productive work is the central purpose of a rational man’s life, the central value that integrates and determines the hierarchy of all his other values.... reason is the precondition of (it)” (Rand, 1961: 28).

This view is sufficiently supported by the fact that to be productive, a moral agent has to apply her mind to a process of transforming some specific object or stuff into a state of utility or higher utility to human beings. The application of the mind to the process of transforming materials into utilities or higher utilities should serve the interests of consumers, investors, and society at large. However, the libertarian entrepreneur primarily intends his/her own happiness. In this respect Dagny’s argument that she is not interested in helping anybody in her practice of entrepreneurship is misconceived, because although the libertarian entrepreneur’s industry is foremost designed to serve selfish interests, the realization of this goal is predicated on transformation of some existing material, stuff, or state of affairs into a form that has utility to other human beings. Dagny’s industrial engagements can only enable her to realize her intention of making money if other human beings prefer her railroad service to the other existing services.

In conclusion, although libertarian ethics and narratives (Rand, 1961:30; Wolf, 2005; 2,4) assert entrepreneurial practices that are rational in the sense of taking into account the mutual interests of other human beings and refraining from practices that
violate the rational interests of other human beings, this does not fully secure the interests of other human beings. It is possible to envisage various situations under which the rational pursuits of the libertarian entrepreneur will violate the interests of other human beings.

One possible situation is where the irrational interests of the other are a consequence of circumstances that are beyond her control (Wolf, 2005: 4). Although the libertarian tradition provides for legal mechanisms of redressing past dispossessions (Nozick, 1974: 151), it downplays the significance of existential obstacles in the actualization of individual potential and it does not prescribe specific moral obligations.

The second possible situation under which violation of the other’s interests might arise is where the history of entitlements in terms of acquisitions and transfers (Nozick, 1974: 36) are unclear. This situation could be due to lack of documentation or mutilated texts or distorted memory. Thus, the libertarian tradition assumes that all holdings other than those arising from possession of hitherto unpossessed objects and through transformation of natural objects or transfer of those transformed objects on the basis of individual preferences are invalid. This assumption necessarily leads to violations of other people’s interests in all cases where the histories of holdings are undocumented, and/or where the concept of ownership was communal in the past rather than individualistic.

Yet, it is important to observe that violations in either of these cases arise from the tradition’s definition of genuine holdings rather than industry and commitment. In other words, the commitment of the entrepreneur to the survival and prosperity of her enterprise at the expense of the interests of other human beings is a systemic phenomenon. It is systemic because it arises from the libertarian conception of the
human person that is extremely atomistic and the high significance accorded to
industry in itself. The consequence of the atomized human person and the high
significance accorded to industry in itself is that the practice of entrepreneurship in
this tradition is overly obsessed with the goods of effectiveness. From this latter fact
follows the neglect, denigration, and abuse of the goods of excellence (MacIntyre,
1988: 46).

3.4.2 RATIONALITY IN THE PRACTICE OF ENTREPRENEURSHIP IN THE
LIBERTARIAN TRADITION

The three narratives seem to demonstrate the significance of rationality in the
entrepreneurial practice of libertarians. More importantly, the narratives affirm the
fact that commitment to rationality is a necessary but not a sufficient condition for the
success of an entrepreneurial project in the libertarian tradition, because it is possible
for a moral agent to be committed to rationality and yet to be misconceived.

Thus, a distinction has to be drawn between the position that human beings are
rational beings and the libertarian principle that prescribes commitment to the use of
rationality as the ultimate arbiter in all affairs. The first instance is aptly expressed in
the following assertions:

Rationality is a universal capacity of human beings because, among
other things, it is presupposed by the use of language...the
comprehension of language must involve rational processing of
sounds to infer what their producer meant by them. (Reiman, 1996:
4)

Whereas rationality is simply one of the virtues in the liberal tradition, in the
libertarian tradition it is the primary virtue. In contrast with Dagny and Rearden,
whose level of commitment to rationality is high and who are equally capable of
executing rational decisions, the entrepreneurial practices of James Taggart (Rand,
and Wymann (Rand, 1956) are informed with low commitment to rationality and commensurate incapacity to execute rational decisions. James Taggart’s failure to manage Taggart Transcontinental after his father’s death and Dagny’s effective management of Taggart Transcontinental are accounted for in terms of their contrasting commitment to rationality.

However, granted that Dagny, Rearden, and Galt are fictional characters, the question of their credibility is valid and pertinent. This question can be settled by comparing the entrepreneurial acts of these fictional entrepreneurs with entrepreneurial acts of specific entrepreneurs in the real world. In this respect, it seems reassuring that entrepreneurial researches in the liberal tradition assert a correlation between education and entrepreneurial success. Thus Hisrich and Peters (2002) argue that:

> Although formal education is not necessary for starting a new business—as is reflected in the success of such high school dropout as Andrew Carnegie, William Durant, Henry Ford, and William Lear—it does provide a good background, particularly when it is related to the field of the venture.... Both male and female entrepreneurs have cited an educational need in the areas of finance, strategic planning, marketing (particularly distribution), and management. The ability to deal with people and communicate clearly in the written and spoken word is also important in any entrepreneurial activity. (31)

A similar view underlies Schultz’s (1980: 443) argument that “For the purpose at hand, the assumption is that increases in the ability of entrepreneurs contributes to their efficiency in acquiring information and in formulating and acting upon their expectations...” However, this is not a mere assumption, since “The complexity and dynamics of U.S. agriculture provides strong evidence that education enhances the entrepreneurial ability of the farmers” (Schultz, 1980: 446). Other research findings in the farming industry (Chandri, 1968; Griliches, 1963; Petzel, 1976) affirm Schultz’s view and our argument that one of the primary virtues of the entrepreneur is rationality. In the same tenor, Drucker (1985: 43) argues:
Entrepreneurs need to search purposefully for sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and apply the principles of successful innovation.

There are a number of issues with respect to the asserted link between entrepreneurial practice and education. First, there is no unanimity on the kind of intellectual resources that the entrepreneur needs. Thus, Mintzberg argues that the education that MBA students receive at various schools does not enhance their entrepreneurial practices. Why? Mintzberg does not quite give us a reason for this 'fact'. We find the reason in the thrust of Spinosa et al (1997: 66):

If one thinks...that one is applying a system of rules. A glitch will appear not to have any truth implicit in it. Rather, it will be taken to indicate one needs a better principle. Consequently, rationalizing will block sensitivity to anomalies and so cover up possibilities for entrepreneurship. Thus, insofar as business schools have cultivated a theoretical attitude, they may be doing more harm than good.

However, it is important for us to bear in mind Spinosa et al's distinction between entrepreneurial practices that built on existing ideas and those that re-configure life. Theoretical models enhance entrepreneurial practices that built on existing ideas (Spinosa et al, 1997: 61), and therefore the libertarian tradition cannot dispense with the modeling. At the same time the significance of entrepreneurial practices that re-configure life and make history is emphasized in the narratives of Rearden and Galt. Aside from utilitarian arguments about patent control and entrepreneur's rights (Spinosa et al, 1997: 63-66; Baumol, 1993: 19-20), the libertarian tradition asserts the eminence of the entrepreneur's right. To an extent Kirzner (1979: 169) captures this distinction in his contention that:

In other words ... the essence of entrepreneurial vision, and what sets it apart from knowledge as a resource, is reflected in Crusoe's
lack of consciousness concerning it... Crusoe may... gradually come to be aware of his vision. When he does, that vision ceases to be entrepreneurial and comes to be a resource. Moreover, Crusoe's realization that he possesses this definite information resource may itself be entrepreneurial.

Kirzner's distinction between the entrepreneurial vision and the resource stands parallel to Spinosa et al's distinction between quintessential entrepreneurial practice and commonplace entrepreneurial practices that built on existing ideas. In any case, the development of models aims at providing entrepreneurs with instruments of handling various aspects of their practice efficiently and effectively.

Furthermore, libertarian positioning of rationality in the matrix of the virtues appears to be given credence by assertions of a positive relationship between experience and success. Holt (1992: 32), discoursing on entrepreneurial practices in neo-liberalism, asserts that:

Clearly, action by itself has no meaning; it is of little value to simply "do things" without having inspiration and direction.... Entrepreneurs need ideas to pursue, and ideas seldom materialize accidentally... Entrepreneurial effort is essential to translate an illuminated idea into a verified, realistic, and useful application. Verification is the development stage of refining knowledge into application.

This citation seems to aptly characterize the entrepreneurial practices of Dagny and Rearden, than those of liberal and communitarian entrepreneurs. James Taggart's failure arises from his relativistic metaphysic, which blurs the boundaries between things and asserts the impossibility of determining anything in the world.

The thesis that rationality is the foremost virtue in the libertarian tradition is further tested in Wymann's entrepreneurial practices (Rand, 1957). In the initial phase of Wymann's entrepreneurship, success does not appear to depend on the possession of rationality and kindred virtues such as temperateness, friendship, and justice.
However, Wymann’s poor education background belies the significance of rationality in his pursuit of sustaining his business empire.

To appreciate the significance of rationality in the practice of Wymann and other entrepreneurs in the libertarian tradition, in spite of their poor education backgrounds, we have to fall back to accounts of rationality that attribute it to all human beings (MacIntyre, 1988: 64); Dienhart (1995: 425); and Reiman (1996:10). Rationality being our fundamental attribute is evident in all practices of entrepreneurship. The unschooled and less theoretically inclined will manifest it in their perceptive and reflective capacities that enable them to grasp the ‘anomaly’ and transform it into an enterprise.

Further, to understand the value of rationality in the success or failure of entrepreneurial practice, it is instructive to look closely at the profiles of Ted Turner and William Oates III.  

Turner’s 'reckless character' appears to be similar to Francisco d’Anconia, but there are profound differences. Turner built his business empire from the assets and liabilities of his father. The important virtues that Turner seems to have exercised in his entrepreneurial practice are courage and foresight. Without courage, he could have surrendered the debt-riddled enterprise to the creditors and wound up an employee. Similarly, his attempt to take over CBS appears to be courage, because all takeover bids are fraught with the danger of the targeted enterprise fighting back viciously. Thus, it would appear that courage is key to the survival and expansion of enterprise. Yet, there are conditions that an action must satisfy to be deemed as courageous. According to Aristotle, courage is only a virtue because it is the golden mean of cowardice and rash. Moreover, actions derive their virtue from the desirability of the object or set of objects that they seek to secure or achieve. This requirement applies to
entrepreneurial practices in general. With respect to the libertarian tradition, the desirable object that an entrepreneurial practice secures should be chosen rationally and pursued using means that are in concord with the good of man *qua* man.

The narrative of Turner does not provide a basis for concise moral evaluation. However, within the libertarian tradition the takeover bid is justified in terms of the material goods that accrue from competition (Korten, 1987:2). Granted, the libertarian view that rational moral agents aim at enhancing and maintaining their lives (Rand, 1961: 32), we can only speculate that d’Anconia’s entrepreneurial practices are motivated by the desire to sustain and enhance his life. Our assumption is also informed by the libertarian conception of ethics as the rational principles of self-sustenance and enhancement.

All these indications on rationality are open to a number of objections that we will examine later. For now, we will try to determine the significance of rationality and other virtues such as courage, justice, and industry in the libertarian tradition through a focused examination of failure in entrepreneurial ventures.

### 3.4.3 ENTREPRENEURIAL FAILURE

Why do certain entrepreneurial practices fail? Is it because they are deployed without the virtue of rationality and its auxiliary virtues? Or is it due to factors extraneous to their practice of entrepreneurship? These are significant questions, but they only derive their meaningfulness from another question: What is it to fail in entrepreneurship within the libertarian tradition?

Although Holt (2001:72-78) distinguishes between failure arising from externalities and that arising from the entrepreneur’s own states and activities, libertarian tradition de-emphasizes this distinction because of the weight given to rationality and the principle of self-determination.
Libertarian emphasis on justificatory rationality, liberty, and individualism provide the nexus on which entrepreneurial practices are assessed. Thus, the libertarian entrepreneur par excellent defines his mission in terms of the resources that she needs and the costs of each resource, given the available sources. In the case of the innovative entrepreneur, the point of departure is grasping the productive hunch. In this respect, the moral agent could fail to translate the hunch into a productive resource, due to logistic, strategic, social, or personal circumstances. On the other hand, the prevalence of franchising and corporate entrepreneurship in neo-liberal societies means that the moral agent can fail to sustain and enhance the enterprise. Thus, the corporate entrepreneur is in charge of an enterprise that is supposed to fulfill specific obligations for various stakeholders. The moral agent, the corporate entrepreneur, is moral-bound to aim at fulfillment of those obligations and to desist from acts that subvert their their fulfillment (Tokala, 2005: 1) Among the primary goals are: production of a competitive commodity, maximization of capital and human resources, and realization of profit. The entrepreneur bears full responsibility for an entrepreneurial practice that fails to realize any of these goals, irrespective of developments extraneous to the practice such as geopolitical realignments, political developments, and macro-economic crises.

The key ethical issues that arise with respect to the fulfillment of entrepreneurial obligation include: honesty, rationality, justice and fairness, and social good. Honesty is a pertinent moral issue because the entrepreneur is morally obliged to provide truthful information on the prospects of the specific entrepreneurial venture. On this account Jeff Skilling, Ken Lay and Andy Fastow, like Francisco d'Anconia in the three narratives, are morally culpable for withholding critical information in their financial accounts, even if "the rules were followed
and...everything Enron was required to put in the Annual Report and 10-K was there for everyone to read" (Cruver, 2002: 232). The malpractices of entrepreneurs in enterprises that boast of explicit ethical codes, such as Enron, Arthur Andersen, and WorldCom, provide a reasonable basis for arguing that compliance to rules and legal requirements do not necessarily arise from virtue, since it is possible for the entrepreneur to comply shrewdly.

Indeed, granted the elevated function of rationality it is possible for an entrepreneurial practice to comply with ethical imperatives or conditionals. To understand the significance of rationality in the libertarian tradition, we must first assert the fact that there are various kinds of knowledge. Second, we assert the plausibility of epistemologically asserting the existence of various levels of understanding. Third, we assert the importance of focusing our attention, not on individual entrepreneurs, but on specific entrepreneurial acts and practices that result in failure. Let's examine each of these assertions.

The first assertion simply recognizes the obvious fact that knowledge of human behavior is distinct from knowledge of the movements of planets. Knowledge of how to invest productively is different from knowledge of how to do a biopsy. The differences in these examples have to do with the subject of knowledge and no further. In the absence of formal education, entrepreneurial practices can only be launched on the basis of knowledge of a specific field or sector of business, possibly acquired through apprenticeship (Kennedy, 2000: 13).

A more essential distinction is brought out in distinguishing knowledge of specific things and knowledge of universals. This distinction is important, but problematic. Some theorists argue that knowledge of particulars is a prerequisite for a successful entrepreneurial launch, but that knowledge of universals or the ability to
transcend the particular is a prerequisite for expansion and continued success of an enterprise (Kennedy, 2000: 4). Others (Drucker, 1985; Rand 1964) argue that theoretical knowledge (universals) is a necessity for successful entrepreneurial practice. On this account, entrepreneurs who have limited understanding of the fundamentals of their entrepreneurship are prone to pursue business policies that undermine and eventually destroy their enterprises.

The means that are available to such an entrepreneur, assuming that she has been successful in the past, will be her established habits and conventions. Thus, Wymann continued investing in tabloid media, which had propelled him to material prosperity, unaware that his enterprise was largely dependent on continued existence of moral decadence. When, therefore, the moral conditions of his society changed, from decadence to renaissance, his enterprise collapsed. If he had a deeper understanding of the fundamentals on which the enterprise thrived, he probably would have re-organized his enterprise and ensured its continuity. Wymann's narrative affirms Schultz's statistically grounded thesis that investment in entrepreneurial ability is critical to successful entrepreneurial ventures.

The third assertion, focuses attention on specific entrepreneurial acts and practices that result in failure. In this respect, although there exist human beings who have attained Aristotle's highest stage of moral development, these are few and far apart. Consequently, for most people, poor socialization and akrasia will manifest themselves in incontinence (Aristotle, VII 10, 1152a, 25-33). About incontinence, and its contrary concept, continence, Aristotle argues that:

Now, incontinence and continence are concerned with that which is in excess of the state characteristic of most man; for continent man abides by his resolutions more and the incontinent man less than most men can. ...Of the forms of incontinence, that of excitable people is more curable than that of those who deliberate but do not
This account of human failure to act is relevant to understanding entrepreneurial failure because it emphasizes the significance of socialization and, in consequence, character formation. Notwithstanding the rational capacity of the entrepreneur, she can fail to pursue the good or to use the virtues in the pursuit due to weakness of the will. In similar terms, Kennedy (2000: 3) argues that one of the factors that accounts for failure in entrepreneurship is complacency, combined with incompetence. To a great extent the libertarian tradition fails to give due weighting to character formation in the account of agency, and this is consistent with its 'metopian' persona. Thus, the logical possibility of a rational agency subverting or deviating from the good arises from the fact that rationality is an instrumental virtue and therefore it is logically feasible to deploy it in the service of goods that subvert the Good.

And the emphasis on rationality leads to the following accounts of entrepreneurial failure:

First, varied intellectual capacities of individual entrepreneurs, and even of the same individual at different times to consistently employ the virtues and to pursue rationally justifiable values would result in failure.

Second, the diverse practices of entrepreneurship, though ideally equilibrating in a market economy, engender disequilibria (Kirzner, Scumpeter) and necessitate re-strategizing, re-orienting and re-invention of the enterprise. The possession of the primary virtues and the constant exercising of them in these circumstances are crucial to the viability of the enterprise in the libertarian tradition because the state does not have the moral and juridical basis for intervening to ensure survival of the enterprise.
Thus, unlike other human beings, who will not be able to perceive opportunities where there are problems or where conditions are apparently satisfactory, the entrepreneur's 'alertness' should enable him/her to have a hunch and to transform it into a productive resource. In this way, a negative state of affairs can be transformed into a positive state of affairs. Drucker argues that among other sources of innovative entrepreneurship are: "The incongruity between reality as it actually is and reality as it is assumed to be or as it 'ought to be’; and "process need" (Drucker, 1985: 31).

Similarly, Hampden-Turner (1995: 136) argues that Japanese entrepreneurship is distinguished by the capacity to pounce “on any positive deviance in products and (amplify) this while plotting converging paths with their customers towards a future rendezvous”. While Japan’s entrepreneurship is not libertarian, Hampden-Turner’s view reinforces our contention that the consistent use of rationality is key to success in the libertarian tradition. The entrepreneur should perceive incongruity as a symptom of an opportunity to innovate, and exercises his will to address the incongruity. (Drucker, 1985: 50)

Third, even if equilibrium were prevalent at a particular time, entrepreneurial success can only be realized through foresight, strategizing, and innovation and, therefore, entrepreneurs who might have a deficiency in any of these constituent virtues of rationality are bound to encounter difficulties and fail in their endeavors.

In contrast to these three explanations of entrepreneurial failure in the libertarian tradition, in other traditions, the possession and use of the virtues is not a guarantee of successful entrepreneurial practice. For example the heterogeneity of liberal social space includes immense allowance for negotiation, blackmail, and coercion. Thus, the social conditions of the space in which the entrepreneur deploys specific acts of entrepreneurship are critical to the effectiveness of the virtues. The
libertarian tradition is characterized by negotiation, transient contracts, and instrumental rationality as evident from the narratives of Rearden, Dagny, and Galt. These characteristics necessitate skills for negotiation, which include persuasion, bluffing, and deception. These skills determine the success or failure of an entrepreneurial practice. This is Kirzner’s pure entrepreneurial economy, in which the pure entrepreneur and Robbinsian economizers operate. In this tradition the entrepreneur uses rationality and its attendant virtues to generate values.

Foundational to this kind of rationality, is clear perception of the circumstances of the world (Rand, 1961: 21). But clear perception is equally vital for the realization of a subconscious hunch (Kirzner, 1970: 170). Thus, differences among individuals with respect to intellectual virtues account for success and failure.

Individuals in a market differ in their alertness. For example, if two individuals buy and sell on the basis of subconscious hunches, the first may be more correct, in the eyes of superior insight, than the second. The money earned by the first will correspondingly be greater. Similarly, if two individuals buy and sell on the basis of the same subconscious hunches, one may come to subconsciously realize that the hunch resulted in gains while the other remains unaware of his hunch’s contribution to his earnings. (Kirzner, 1970: 5)

In fact, successful and sustainable entrepreneurial practice can only result from recognition of the hunch and its transformation into a commodity. In other words, managerial entrepreneurship is essentially a derivation from pure entrepreneurship. Entrepreneurs’ goals are realized through various existential activities of establishing and managing an enterprise.

According to Rand (1961: 41):

Living in a society, instead of a desert island, does relieve a man of the responsibility of supporting his own life. The only difference is that he supports his life by trading his products or services for the products and services of others. And, in this process of trade, a
entrepreneurial practices in the neoliberal space that appear ethical are in fact fraught with ethical deviance.

In response to these phenomena, a myriad of legal and ethical institutions have been constituted as bulwarks against the unethical practices of entrepreneurs. Stock-exchange control boards, standards enforcement agencies, consumer protection agencies, and legal acts such as the Sarbanes-Oxley Act are responses to concrete cases of entrepreneurial practices that violate justice and social good, through substandard products, unfair competition, and fraudulent accounting.

Granted our view that the liberal tradition has been evolving towards libertarian tradition, it is logical to argue that the institutional mechanisms that are supposed to protect social good are either an attempt to repair the libertarian tradition (Spinosa et al. 1997) or that it is a movement to turn the tide towards the communitarian (Berkowitz, 1995: 7). Thus Maitland (1997:18) observes:

One recurring concern is that the market frees individual acquisitiveness from moral, social and/or religious constraints. While this acquisitiveness can be a source of great energy and creativity, it is also a turbulent, disruptive, and potentially disintegrative force. Moreover, the market is believed to contain an expansionary dynamic, so that unless it is contained it progressively invades and colonizes other spheres of our social lives.

These arguments challenge the libertarian view that the market has a filtering capacity to ensure that though every individual intends only his own gain, he is led by an invisible hand to promote an end which was no part of his intention (Smith, 1776).

Therefore, although some theorists argue that violations of 'social good' are sporadic, and that it is methodologically difficult to determine the appropriate sample for asserting that entrepreneurs violate social good, the libertarian tradition — more than any other tradition, by virtue of its view that all human beings in its tradition are traders — is obliged to address all the issues that arise under the rubric of violations of other people's interests.
3.4.5 RAND’S RESPONSE TO THE OBJECTIONS

The symbol of all relationships among such men (libertarians), the moral symbol of respect for human beings, is the trader... A trader is a man who earns what he gets and does not give or take the underserved. A trader does not ask to be paid for his failures, nor does he ask to be loved for his flaws. (Rand, 1957: 949)

This citation echoes Adam Smith’s view of the commercial society as one in which ‘every man becomes in some measure a merchant’ (Maitland, 1996: 17). Moreover, it is a view that is essentially characteristic of the libertarian tradition. Thus, Kapur (1999: 37) observes that: “the neoliberal vision is that every human being is an entrepreneur managing their own life, and should act as such. Moral philosophers call this... a virtue ethic, where human beings compare their actions to the way of an ideal type—in this case the ideal entrepreneur.”

These views underlie our contention that the libertarian tradition conceives the logic of the market as a generative medium for its virtues. In view of this conception, a number of pertinent questions arise from the data of irrational and unjust entrepreneurs in the libertarian tradition:

1) Does Rand acknowledge the existence or possible existence of entrepreneurs who lack the virtues of rationality and honesty, and whose entrepreneurial practices bluntly violate social good in the libertarian tradition?

2) If Rand is aware of the occurrence or possible occurrence of irrational and unethical entrepreneurial practices in the libertarian tradition, how does she account for them?

There are various ways by which a theorist can account for recalcitrant data. The easiest option is for a theorist to explain away the recalcitrant data as aberrations. This option is effective in cases where the quantity of data that the theory cannot account for is insignificant. Where data is overwhelming, as in the case of irrational and
unethical practices of entrepreneurs in the liberal tradition, the theorist must either revise the theory or abandon it altogether.

In her meta-narratives, Rand presents the narratives of Wymann and Peter Taggart, side by side with the narratives of Rearden, Dagny, and Galt. These two characters engage in entrepreneurial practices that are self-defeating due to their limited mastery of rationality and, in certain instances, their choice of personal and social satisfaction, wants, and desires as the criteria of determining the good. Rand is fully aware that the two entrepreneurs are irrational and unethical in their practices. Moreover, she is explicitly aware that these manifest irrationality and immorality is significant in liberalism.

Unlike the theorist whose theory is confronted with counterfactuals, Rand's narratives are simulations of entrepreneurs as they are and entrepreneurs as they ought to be, and as accounts of the entrepreneurial practices of the traditions of 'communitarianism' and libertarianism. In the first interpretation, entrepreneurial practices that are irrational and unethical provide the foil for simulating entrepreneurial practices that are rational and ethical. While in the second interpretation, the characters are protagonists of the two contending traditions, in a similar way that Thucydides, Kephalos, and Thrasymachus, and Socrates, Glaukon, and Adeimantos are protagonists of two contending traditions of ancient Greek.

Moral simulations are critical because they not only enable us to understand human action, but also provide a view of the essence of historical progress. Rand's romanticist presentation of the irrational and unethical entrepreneurial practices of Wyman and James Taggart emphasizes the ethical necessity of rationality and its attendant virtues. But above all, the characters are supposed to demonstrate the moral superiority of libertarianism vis-à-vis 'communitarianism'. Through the characters we
are provided with a view of how irrational, passion-driven practices subvert the fundamental good of rational self-interest, by undermining 'proper dispositions' of man qua man.

In contrast to Wymann and James Taggart, the entrepreneurial practices of Dagny, Rearden, and Galt are motivated by rational self-interest, which is conceived by Rand to be fully cognizant of the fact that self-interest cannot be secured through practices that destroy the family and the society. Moreover, Rand’s libertarian ethics requires that the moral agent derive values and virtues from a full understanding of the nature of man. Thus, the standard of defining virtues and vices is rationality, which according to Rand is man’s only means for dealing with all realities.

The libertarian notion of self-interest is founded on the universality of the human species. But Rand’s explication of this concept is riddled with questionable assumptions and impreciseness (Huemer, 2005:6). Rand’s notion of the universality of the human species implies that in the libertarian tradition the entrepreneur’s rational self-interest is the primary motive for creating a new product that is in concord with the needs of other human beings. In fact, any innovation only becomes the basis of successful entrepreneurship if and when it addresses a social need.

The question is: Why does the libertarian tradition object to judicial and extra-judicial measures that are designed to constrain the entrepreneur to employ the goods of effectiveness for the express service of social good? The foundational principles of the libertarian tradition include rationality, justice, and industry, but also liberty. According to Rand and Nozick judicial or extra-judicial measures that constrain the entrepreneur to innovate and venture into the manufacturing of goods that serve a specifically defined social good violate the principles of justice and liberty.
Therefore, although innovations derive their viability from the existence of human beings who accept it as useful, the individual should choose the particular goods of effectiveness that are worth entrepreneurial pursuit. Rand advances the argument that a social system founded on the morality of the primacy of social good condemns entrepreneurs to a life of slavery, hatred, and cynicism.

At a meta-theoretical level, it can be argued that the normative system that libertarian theorists propose is bound to view social responsibility as a burden because of the tradition’s view that though social good is important, it is secondary to self-interest. Indeed, Rand argues that the morality of social good in and outside liberalism is bound to translate into a proliferation of vices, as entrepreneurs are compelled to pretend that the good of other people is of greater significance to them than their personal interest. This means that honesty, one of the virtues of the libertarian tradition, is compromised in the process of prioritizing social good above self-interest. Thus, judicial and moral enunciations that oblige the entrepreneur to give greater weight to social good would entail dishonesty on the part of the entrepreneur and on the part of all the people who would have unconditional access to the values of the entrepreneur.

In the libertarian tradition, a precondition of this relationship of dishonesty between the entrepreneur and other people is the absence of rationality. When rationality is not the yardstick for determining dessert, then either raw power, or an expedient matrix constructed from people’s desires, satisfactions, and needs must become the basis of determining the distribution of goods.

The libertarian entrepreneur operating in such a social space would require two contradictory codes of principles. Rand (1957: 425) makes the following
contention with respect to the archetypal libertarian entrepreneur in a communitarian
tradition, such as welfare liberalism and socialism:

You had to choose right and you had to choose the best within your
knowledge—the best for your purpose, which was to make
steel... You had to act on your own judgment, you had to have the
capacity to judge, the courage to stand on the verdict of your mind,
and the purest, the most ruthless consecration to the rule of doing
right, of doing the best, the utmost best possible to you. Why do
you live by one code of principles when you deal with nature and
another when you deal with men?

The morally acceptable mode of existence for the libertarian entrepreneur is one in
which there is no distinction between the principles of handling human and non-
human realities. This appears to be a radical departure from the philosophical
anthropology in which the human person is conceived to be essentially distinct and
higher than other creatures, leave alone inanimate materials. Thus, the Kantian
anthropology conceives the human person as endowed with a fundamental essence
that forms the basis of the ethical edict that the moral agent should always interact
with every other human being, never as a means, but always as an end. In terms of the
practice of entrepreneurship, this edict means that whereas the entrepreneur is at
liberty to utilize inanimate resources and non-human creatures in furtherance of her
existential goals, she must devise rational and morally acceptable basis of dealing
with human beings. The consequence for entrepreneurs who consciously or
unconsciously subscribe to Kant, Aquinas, Locke, and Rawls are two sets of codes of
conduct: the code upon which the technical aspects of entrepreneurship are handled
and the code of conduct with respect to social relationship.

However, the libertarian tradition embraces the moral principle that each
human being is an end in himself. This is the basis of the libertarian preference of an
ultra-minimal state and the implied and asserted view that entrepreneurs will act to
secure the welfare of the poor due to two virtues, namely: goodwill and charity (Wolf,
However, the libertarian notion of the sanctity of individual integrity, like the notion of rationality and good, is imprecise (Huemer, 2005: 16).

One interpretation of this notion is that each human being should determine her goals and the means for realizing those goals. On this interpretation, the entrepreneur in the libertarian tradition should only engage other human beings on the basis of their own choice. This means that the key aspect of libertarian agency is voluntarism. Cohen (2000: 49) defines voluntarism in the following terms:

> It is the ability to always choose one's ends so as to choose what about one's context will be defining of oneself so that, although the world impinges upon the ability to choose by limiting options (by providing the possible content of our choices), we are always able to choose which of these options to accept. The strongly voluntaristic agent can look at all her relevant ends and desires as separate from herself (i.e., "with some distance") so that she does not have to accept any as "constitutive" of her being.

The problem is that voluntarism does not secure other human beings from servitude or any form of debased modes of engagement, and therefore the sanctity of individual integrity is unsecured. In fact, the voluntaristic agent as thus defined is one and the same with the metopian agent, except that the former is supposed to be capable of impartial judgment and as consequence of that generative of impartial principles and action.

Another interpretation of the sanctity of individual integrity is that the tradition prohibits certain basal modes of transactions and proscribes entrepreneurial practices that breach a defined minimum. The plausibility of this interpretation is that it stems from the Lockean-Nozickian proviso that "one may permissibly appropriate from nature only if one leaves 'enough and as good for other'. In other words, an entrepreneurial practice in the libertarian tradition should not make anyone worse off than she is (Wolff, 2005: 4). This interpretation is problematic because it does not
specify the minimum and therefore the entrepreneur has no objective basis for handling specific moral situations.

So the libertarian tradition does not provide a precise principle for the entrepreneur in the dealing with other human beings. While the technical virtues of innovation, verification, and implementation (Peters and Waterman, 1982: 12; Drucker, 1994: 34; and Schultz, 1980: 446) are precise, the moral virtues are imprecise. However, this impreciseness contrasts with the liberal tradition’s silence on the moral basis of entrepreneurial practice. Thus, the narratives of Rearden, Dagny, and Galt articulate explicit principles upon which entrepreneurs ought to relate with customers, workers, and stakeholders. Rand argues that the entrepreneur ought to employ the same virtues that are key to dealing with other resources in managing human resources. This is problematic because it is inconceivable how innovation can be employed in the entrepreneur’s handling of customers, shareholders, and workers. While verification and implementation are applicable to the entrepreneur’s relationships, due to the necessity for firsthand knowledge of all aspects of the enterprise and timely production and delivery of commodities, the applicability of the first virtue is limited in Spinosian entrepreneurial practice.

Kirzner (1979: 149, 1973:68) gives us the most specific indication on the use of the virtue of verification in the entrepreneur’s relationship to shareholders, customers, and workers:

> Entrepreneurial alertness, that is, is sensitive not so much to information per se as to information that can be deployed to one’s advantage...alertness too may be hired; but one who hires an employee alert to the possibilities of discovering knowledge has himself displayed alertness of still higher order.

This means that the entrepreneur in the libertarian tradition should hire employees on purely rational considerations. Although Rand argues that rational considerations exclude such factors as race, gender, and physiognomy, Nozick’s libertarian utopia
embraces all considerations that the moral agent chooses. In any case, unless the
libertarian tradition is committed to a person that is devoid of such aspects as
sympathy and empathy, Rand’s prescribed rationality is untenable. Plausible
arguments for the necessity of sympathy and empathy (Wolff, 2005:2ff; Nozick;
1974:46) undermine the tenability of Rand’s arguments. The only justification for
allowing a few individuals to control a particular resource, say tracts of land or oil, is
that apart from being successful in their entrepreneurial practice they care for other
human beings.

Therefore, the emphasis on rationality in Rand’s ethics is not only
overwhelming and ‘monomaniac’, but quiet possibly crippling. Why would we regard
a person that adheres to Rand’s prescriptions to be a moral agent rather than a robot?
And how can a human being be so overly rational, when there are other dimensions of
his being? What is ethical in the entrepreneur interacting with clients, workers, and
shareholders on purely rational basis?

Now, in raising these questions we are not denying the significance of
rationality, but rather disputing Rand’s conception of this virtue and its position vis-à-
vis other virtues. So we agree with MacIntyre’s view (1988: 99) that:

Accuracy in judgment is peculiarly important when it concerns the
need to form alliances with some in order to overcome the
obstacles presented by the opposition of others to one’s projects. It
is also important in enabling one to secure the service of those
whose excellence may enable one to overcome or circumvent a
variety of obstacles and frustrations.

And we concur with Cantillon’s conception of entrepreneurs as people who are
“constantly called upon to exercise their business judgment”, and his rider that “if
they guess wrong, they must pay the price” (Herbert and Link, 1989: 43). But we
reiterate that the component of ethics in business that has to be diligently identified.
analyzed and resolved (Petrick and Quinn, 1997: 94) transcends the resources of pure rationality (Huemer, 2005:1)

Perhaps in order to appreciate the seemingly robotizing prescriptions of the libertarian tradition, we should remember that virtues derive their status from morally justifiable ends that they serve. Thus, libertarian entrepreneurs ought to “aim at a particular kind of power of remaking the social and natural world, insofar as possible, into conformity with [their] desires’ (MacIntyre, 1988: 89). This endeavor can “be frustrated by failures in judgment springing either from inadequate intelligence or from inability to resist the temptation of hubris or by failures in tenacity of purpose” (MacIntyre: 1988: 90).

The background of Aristotle’s account of the task of remaking the social and natural world includes Athens dominion over other city-states, Pericles’ rhetoric oriented discourse, Alexander the Great’s conquest of Persia, and the fall of Athens. In ethical terms, the background is characterized by relativistic conceptions of virtues and rationality. Thus, there are strong parallels between Aristotle’s subject that prompts the authorship of Politics and Nichomachean Ethics, and our subject: namely the libertarian entrepreneur, in that they both pursue the establishment of dominion, through the use of persuasion and war. Like Athens, or Pericles, or Sophocles’ Oedipus and Odysseus in the moment of triumph, the libertarian entrepreneur is prone to suffer the temptation of hubris or inadequate intelligence at some point in time.

Although the narratives of Maxwell, Messier, Ebbers, Wyman, Rearden, Dagny, and Galt seem illustrate the contentions of Aristotle, Cantillon, and Schultz that judgment necessary for successful entrepreneurial practice. However, the preeminent position of rationality vis-à-vis other virtues is only asserted in the narratives of Rearden, Dagny, and Galt.
It is significant, though, that Aristotle's account upholds Rand's assertion that rationality is the source of the virtues of understanding, meekness, and tenacity. While failure in tenacity of purpose is accounted for as being independent of rationality in developmental psychology, it could quite very well be accounted for in terms of a flawed syllogism. Or, it could simply be that the entrepreneur is incapable of focusing on the task of remaking the world, in a world that offers plenty of other activities (Kant, 1963:3).

So, rather than spend sleepless nights working on the formula for manufacturing better quality steel, Rearden could have chosen to continue manufacturing the steel that everyone else was manufacturing. Similarly, Galt's motor that could revolutionize the world is a product of intelligence, meekness, and tenacity. Yet, rather than complete the task of making the motor, which he could have done, granted that he had the formulae, Galt chooses to predicate the completion of the project to a project of transforming the social world. Dagny finds the abandoned motor in dilapidated tenements and embarks on the task of trying to have its construction completed, because she understands that it would positively transform human life. In the libertarian world of Rand's fiction, critical decisions and the consequent actions are presented as primarily motivated by desire to realize better life for the moral agents.

3.4.6 LIBERTARIAN RATIONALITY AND SOCIAL CONDITIONS

Although Rand's narratives and philosophizing arose in circumstances that were quite different from the circumstances of Aristotle, she shares his view that virtues derive their function in specific social circumstances. However, Rand argues that there is an objective, fundamental basis for the preeminence of rationality (Huemer, 2005: 16). Moreover, Rand's individualism contrasts with Aristotle's communitarianism in which
the individual's relationship to society is analogous to the relationship of the hand to
the body.

Yet, the chain of episodes that constitute the narratives of Rearden, Dagny, and Galt, and the entire narrative of *Atlas Shrugged*, assert a strong relationship between entrepreneurial practices and society. Galt's withdrawal from society to a valley where he sets up a society founded on different norms, implies that when the entrepreneur's virtues and values are fundamentally in conflict with his society, she must interrogate herself and either adapt to its conditions or abandon it. The argument that Rand advances is that the libertarian entrepreneur will find it extremely difficult, if not impossible, to live in a society that has embraced social norms and policies that are in conflict with the technical and social virtues of the entrepreneur, all of which are founded and oriented by rationality. The difficulty arises from the reluctance of a society founded on communitarian principles of justice to permit the nurturing and exercising of entrepreneurial virtues that libertarian rationality engender, such as greed. However, since Rand postulates the view that greed is a key virtue to the libertarian tradition, and Nozick asserts it implicitly in his theory of justice, we must determine its position in the libertarian practice of entrepreneurship.

### 3.4.7 GREED

The *Concise Oxford English Dictionary* defines greed as intense and selfish desire for wealth, power, or food. And in Plato's conception of the tripartite dimensions of the human person, greed is the condition generated by the appetitive dimension and it is outstanding in informing the activities of the merchants. Aristotle transcends Plato by arguing that desire for food, sex, wine, and by extension, wealth, is not inherently bad. In the Aristotelian conception a moral agent who pursues any object of desire with moderation is morally upright. On the other hand, the Judeo-Christian notion of greed
is a vice that human beings should strive to combat (Stewart and Schaefer, 1997:1; Green, 1997: 23). Moreover, ordinarily, a greedy person is defined by endless pursuit and consumption of goods such as money, food, wealth, honor, and power, often without due regard of the interests of other human beings.

There are three aspects of greed that are pertinent to this thesis: the impulse that informs an act of greed, the proportion of material values sought and held, and the manner in which the values are sought and held. If the impulse that informs an entrepreneurial practice is purely greed, then the practice is an amoral action. As a psychological force, greed only derives moral status from being structured by moral considerations in the form of principles and values. In effect, then, greed is not necessarily a vice.

With respect to the proportion of material values sought and held, the ethical concern that arises pertains to the consequence on other human beings. Granted the acknowledged significance of primary resources and talents (Rawls, 1971; Dworkin, 1981; Spinosa et al, 1997) and the necessity of restitution (Nozick, 1992), it is morally untenable for any one individual to seek and gain sole or near-sole control of any one particular resource. Libertarian arguments against regulatory measures (Nock, 1935; Hayek, 1960; Rand, 1957; Nozick, 1992) fail to address this moral concern satisfactorily.

Let us suppose that some moral motivation underlies an entrepreneurial practice and that it does not seek disproportionate control of a resource. Then the next important action would be for the entrepreneur to scrutinize the means with the view of determining its potential impact on workers, human beings, society, and environment. Moreover, the entrepreneur should regularly monitor the impact of her entrepreneurial practice to these categories of ‘beings’. Although the entrepreneurial
narratives presented in sub-section 3.3 hardly feature the issue of impact, we can surmise from the moral principles of the libertarian tradition that the agency is morally obliged to ensure that no adverse consequences follow from her entrepreneurial practices. Although this obligation applies to all entrepreneurs in the libertarian tradition, it is difficult to fulfill and monitor in cases of radical entrepreneurial practices (Spinosa et al, 1997: 38). Nevertheless, since ethics like knowledge can only deal with realities that are within its reach, we cannot attribute moral culpability on entrepreneurial practices that manifest no moral deviation or perversion.

Still we must observe that it is inconceivable for anyone to engage in extraordinary activities without an extra-ordinary disposition. In the preliminary part of the liberal tradition, we noted Hume’s thesis that reason alone cannot provide a basis for human action. Although Hume is not a libertarian and has not been linked to the tradition, the libertarian entrepreneurs presented earlier in this thesis are driven by their passionate commitment to realizing their visions. The assertion that the greater the passions a person has towards a specific object the more tenacious, calculating, and patient she will be, and the psychological states of the entrepreneurs in this tradition lead us to the conclusion that while reason is critical to entrepreneurial practice, it cannot account for radical entrepreneurial practice.

Certainly, the human aspect in contention here is 'the force and energy of mind'. According to Neal Wood (441):

Virtu also sometimes stands for bravery and valour. Finally Machiavelli often uses virtu as if it were the Latin virtus, energy of will, manliness, excellence, and good actions or qualities. ...Machiavelli's men of virtu are predominantly warriors who triumph in circumstances of extreme danger, hardship, and chance. Success is always proof of virtu, but if one fails, he must do so in a glorious fashion....
Although *virtu* captures aptly the human aspect that enables some people to undertake extra-ordinary actions, it includes positive characteristics such as bravery and excellence, which are not subsumed under greed. Moreover, desire for wealth can be satisfied through plunder, robbery, and fraud, all of which are proscribed in the libertarian tradition. How, then, can we reconcile Rand’s concept of greed and Machiavelli’s *virtu*?

There is no doubt that the energy of will is exactly the passion that an entrepreneur needs to venture into *terra incognita*. The problem is that the energy of will could be exercised for the achievement of goods that derive their status of value insofar as they enable the moral agent and other human beings to attain certain ends, but which assume the status of ends to the moral agent. The hiatus between the energetic will and the moral agent’s and other human beings’ good is a common phenomenon. The hiatus or prevalence of the disconnection attests to the fact that whether a moral agent’s energetic will is exercised in accordance with the good is an open question. If the moral agent is to exercise his/her energetic will in accordance with the good, then she must be guided by rationality. In the libertarian tradition, Machiavellian *virtu* is of necessity interpreted to be greed guided by justificatory, rather than rule-guided rationality (Dienhart, 1995).

Rand offers accounts of how the entrepreneur’s passion for enhancement of her existence should be organized. In her account, passion is not a standard, but a signal that has to be subjected to rational assessment.

In any case, Machiavelli’s concern was to provide an account of prudential maxims and qualities that enabled people to excel. Therefore, a Machiavellian evaluation of daring, gladiatorial practices, such as have been witnessed in the neo-liberal phase of liberalism, would question the wisdom of the ‘prince’ whose practice
undermines the welfare of their dominion. The distinction between Rand and Machiavelli is essentially one of ethics and prudence. It is an essential distinction because whereas Rand offers prescriptive account of human action, Machiavelli dispenses prudential maxims to the prince.

Moreover, the accounts illuminate the pertinent issue of the essential distinction between the virtues and values that inform entrepreneurial practices, and those that inform other human practices. Take for example the practices of the individuals who are listed by Machiavelli to have *virtu* in *Il Principe*, *Discorsi*, and *Istorie Fiorentine*. Notwithstanding the historical dimension to the development of the concept of *virtu*, Machiavelli asserts the presence of the attribute in military men, who accomplished conquests for societies. Thus, Epaminondas, Philip of Macedon, Alexander the Great, and Hannibal. Machiavelli also attributes *virtu* to Moses, Cyrus, Romulus, and Theseus. This means that *virtu* is also an attribute of human beings who initiate and ensure deep transformations of their societies through action and innovative management of state affairs (Krieger, 1996).

Granted that the majority of Machiavelli’s virtuous persons are generals and statesmen, the question about the distinction between entrepreneurial practices and statesmanship becomes pertinent. The intention of a general going into war is not only to capture the territory of the enemy, but also to take-over and benefit from the resources of the conquered territory. In a similar way, the entrepreneur’s main concern is to win the markets from competitors through shrewd or hostile take-over. Apart from the take-over of other enterprises, an entrepreneur could be engaged in a war for controlling a market. In this war, the entrepreneur can only win by fulfilling an existing or a new, but visible need. Indeed, since time immemorial, military operations derive their justification from identifiable benefits that are supposed to
accrue to the generals, their nations and the nations that they conquer. Therefore, the
general and the entrepreneur are one of a kindred and it is not incidental that both are
inclined to peruse Machiavelli’s Prince, Tzu’s The Art of War, and The 42 Rules of
Power.

Yet, the entrepreneur in the libertarian tradition is morally bound to use
rationality in all his pursuits. Thus, the rationality of the individual rather than ‘the
consensus of passions’, or the rationality of maximizing utility with respect to
numbers, is the distinguishing feature of libertarian ethics. Thus, unlike the
entrepreneur in the communitarian tradition, the libertarian entrepreneur appears to
have greater leeway in the marshalling and use of resources.

However, in this tradition the entrepreneur’s disposition to establish and
sustain enterprise should be structured by rationality. Furthermore, the libertarian
notion of an entrepreneurial practice as an act that is exercised out of the volition of
the moral agent, seems to contrast and even to be inconsistent with Machiavelli’s
assertion that ‘Greater virtu occurs when human actions are determined by necessity’. But this is not necessarily the case because various conceptions of necessity and
freedom assert a positive link between these two factors (Marx 1844; Drucker, 1985;
Krieger, 1996; and Rand 1957).

The libertarian tradition nurtures greed through the principle that the moral
agent is individually responsible for her existence. Thus, Galt, Rearden, and Dagny
withdraw from their society out of the necessity of their individual perceptions and
conceptions. Moreover, their specific entrepreneurial acts arise out of the necessity of
their perceptions of means and ends. It is our contention that in the libertarian
tradition the capacity to innovate and perceive productive lacunae is acquired through
reflection and analysis, among other sources, and that the capacity is a manifestation
The passion of the innovative entrepreneur in this tradition is similar to the passion of Pericles, the *stratogos* of Athens and Odysseus in Homer's epic. Yet, that passion has a tendency of overwhelming rationality, as occurs in Pericles' justification of Athenian conquest and dominion over the Greek city-states and Odysseus' use of cunning and craft to acquire the bow, that would ensure victory.

Although the tradition of Pericles and Odysseus is separated from the libertarian tradition by thousands of years, its account of military pursuits raises questions that are pertinent to our assessment of the latter tradition. Is the libertarian entrepreneur morally justified in pursuing dominion over the markets of her competitor, or in pursuing acquisition of an essential technology to the enterprise's survival or enhancement? Pericles' and Homer's account of ethics is sophistic, and Machiavellian.

The libertarian entrepreneur is supposed to act out of the necessity of the markets, the technological trends, and human propensities. Although Rand's ethics is asserted weak and argued, rather weakly, to be founded on objective fundamentals of metaphysic and epistemology, the necessity of the market, technology, and human propensities are bound to spawn sophistic tendencies in entrepreneurial practice. Further, the entrepreneur is supposed to aim at outmaneuvering her rivals in determining these aspects.

In any case, whatever the level of risk in a specific venture, the libertarian entrepreneur's capacity to stake his life and resources depends on the level of greed in her personality. However, *greed derives its status of virtue from the Good that it secures through the various achievements of the entrepreneur*. Therefore, greed should be the driving force rather than the guiding instrument in the entrepreneur's endeavors.
It is our thesis that in the libertarian tradition, where there is no central agency to determine human engagement in productive activities, it is entirely upon each person to determine viable investment of time and energies, and to implement her decision. While rationality enables the libertarian entrepreneur to determine the viable investment of time, human, and financial resources, it is largely the energetic will that determines the decisiveness of implementation.

Now, it is important for us to appreciate the fact that if rationality is not allotted its due priority in the practices of the libertarian entrepreneur, the consequence will be chaos. Thus Rand (1957:33) argues:

> When a “desire,” regardless of its nature or cause, is taken as an ethical primary, and the gratification of any and all desires is taken as an ethical goal...men have no choice but to hate, fear, and fight one another, because their desires and their interests will necessarily clash...If “desire” is the ethical standard, then one man’s desire to produce and another man’s desire to rob him have equal ethical validity; one man’s desire to be free and another man’s desire to enslave him have equal validity... 

In addition to chaos, unbridled greed would give rise to violations of other people's interests because the entrepreneur would not relent in pursuing greater profits, markets, and control of resources, even when continued pursuit of these objects only worsens the situation of other human beings (Shaw, 1996: 37)

Thus, while rationality is reflected in efficiency, not all efficient processes are morally justifiable. Similarly, tenacity, reflected in the relentless pursuit of markets, resources, and profits, and efficiency as ends rather than means is the height of irrationality and is ethically untenable.

In any case, it is essentially the symptom of unbridled irrationality that entrepreneurs engage in activities on the basis of the signals that the market produces. While market signals are not intrinsically unethical, it is highly probable that amidst...
the cloak of productivity and material prosperity there will emerge dehumanizing tendencies in consumption and production.

The ultimate argument for rational greed is that it is theoretically and practically meaningful as an element of management and production. Although current theories of management and investment (Knight, 1921; Keynes, 1939; Shackle, 1986; Friedman, 1998) fail to even mention rational greed, their accounts are only fully meaningful if it is included. In other words, trying to understand the aspects of uncertainty and risk in management and investment decisions without the entity called greed, rational or irrational, is only successful to a degree. On the basis of rational greed we can axiomatize entrepreneurial practice in the libertarian tradition. Thus, we can account for the propensity of the libertarian entrepreneur to invest or divest, using rational greed and the neo-classical entities such as risk and uncertainty.

The consequence of this constitutive reality is the prevalence of aligning of ‘ought of prudence’ or ‘instrumental rationality’ (Radzik; 2000: 638) with self-interest.

3.5 VIOLATIONS OF SOCIAL GOOD

The pertinent problematic in the ethics of the libertarian entrepreneur arises from the Principle of Individual Commitment to forming judgments and sustaining one's own life. Outside the libertarian tradition, the principle yields the implication that the entrepreneur has no moral responsibility towards other human beings. In other words, the principle can be interpreted as affirming the immoral or non-moral activities of entrepreneurs who pursue self-interest and simultaneously violate other people's lives. In this vein, documented entrepreneurial practices that violate the interests of shareholders and pensioners appear to be archetypal to the libertarian tradition.
The pertinent question is: Do entrepreneurial practices that violate social good in the liberal tradition arise from the libertarian Principle of Individual Commitment to forming judgments and self-sustenance?

Outwardly, it seems that entrepreneurial practices that violate social good are pretty easy to determine. Among other practices that appear to violate social good include all cases in which entrepreneurs deliberately present fictitious accounts of their enterprises, award themselves hefty perks, and list non-existing business concerns to secure investment or business. Fictitious accounts lure investors on the stock exchange to buy shares in bogus companies. Hefty perks squander companies' investment capital and disable them from delivering optimal services to their customers and to their entire societies. Moreover, non-existent companies conceal the true picture of a venture's performance and deceive investors and pensioners to believe that their investments and benefits are secure in the respective companies (Cruver, 2002:240). Each and all these practices seem to be outright cases that violate the interests of shareholders, pensioners, and investors and adversely impact the lives of other human beings.

An argument justifying violations of social good within the libertarian framework could take the following form:

1) The primary concern of the libertarian moral agent is to uphold the Principle of Individual Commitment to forming judgments and sustaining her existence.

2) The libertarian entrepreneur affirms the Principle of Commitment to forming judgments and self-sustenance through the establishment and sustenance of an enterprise.
3) Accurate disclosure of the enterprise’s finances, investment prospects, and products can jeopardize the survival of the enterprise.

4) Therefore, if and when accurate public disclosure jeopardizes the survival of the enterprise, the libertarian entrepreneur is morally obliged to secure the enterprise’s survival by giving false information.

*Prima facie,* the Principle of Individual Commitment to forming judgments and sustaining the libertarian’s life justifies entrepreneurial acts that violate social good. Yet, the argument as set above has the following features which negate the contention that the principle of individual commitment is the basis of entrepreneurial violation of social good:

First, the major premise does not in any way justify individualism. It is logically possible for the altruist to argue that her practice of entrepreneurship is based on this principle. It does not exclude acts of theft and plunder, because the bottom line is that the agent forms judgment and engages in activities that ensure her existence.

Second, it is logical to endorse 1) and 2) and deny 4). In other words, it is possible for a libertarian to be committed to the Principle of forming judgment and self-sustenance through entrepreneurship, but not committed to the view that one is morally obliged to ensure the survival of the enterprise through deception, misinformation, and half-truths. Moreover, the entrepreneur who is committed to libertarian principles enshrined in 1) and 2) and to the Principle of Rationality will not conclude that he should, irrespective of conditions, deceive or lie.

Third, the conditional conclusion 4) is fallacious because the moral obligation is generated from unwarranted movement from the Principle of Commitment to Self-Sustenance.
Indeed, according to Rand, Nozick, and Gilder, the Principle of Commitment to Self-Sustenance through industry is supposed to be the basis of one of the virtues of capitalism. Quite clearly, the logic of our hypothetical entrepreneur in the libertarian tradition is flawed because it excludes other key principles, notably rationality. However, it is the exclusion of rationality that is bound to form the basis of the violation of social good.

How does the libertarian tradition secure social good granted the weight given to the Principle of Individual Commitment to forming judgments and the Principle of Self-Sustenance? In other words, how does the tradition’s moral resources ensure that Dagny’s pursuit for profits, does not engender violations of the interests of her customers, consumers, and society at large?

Libertarian theorists, particularly Rand and Nozick, assert various other principles in addition to the Principle of Individual Commitment to self-sustenance. For Nozick, the primary principle of justice is that of entitlement through acquisition. Rand’s narratives and discourse affirm this position and by implication prohibit acquisitions that are realized through fraudulence, deception or coercion. This prohibition is grounded on a systematically adduced conception of the relationship between the various principles of ethics.

Rand distinguishes between primary and secondary principles, and argues that the moral agent should use secondary principles with reference to the primary principles in order to realize sound moral judgment. Ultimately, it is the judgment that this cross-referencing yields that should be sustained. Applied to the libertarian entrepreneur, this means that the Principle of Commitment to Self-Sustenance is not supposed to be applied without due consideration of the libertarian virtues of rationality and justice.
According to Rand (1961:57), the practice of a rational being cannot violate the rational interests of other rational beings. The virtue of rationality is, therefore, postulated as the prerequisite for ethical interactions between human beings in their various capacities. By implication, this postulation means that the entrepreneur's violation of other people's interests can only occur in situations in which one or all the following conditions obtain:

a) First, violation can arise in a situation where the entrepreneur acts rationally in a transaction with irrational interests of others;

b) Second, it can occur where the entrepreneur acts irrationally in a relationship with rational interests of others; and

c) Third, violations can arise where the entrepreneur acts irrationally in a relationship with irrational interests of others.

Under each of these scenarios, the interests of others could be defined explicitly through legal instruments, social agreements or business agreements, or those interests could be tacitly accepted and endorsed in the practices of members of a specific cultural or moral space.

However, the libertarian tradition does not encompass elaborate legal structures and instruments for the moral agent's existence. Rather the tradition grants latitude to the moral agent to constitute and utilize instruments appropriate to the attainment of her unique goals, provided that the principles of rationality and justice are upheld. Granted our definition of social good as the interests of others, it is necessary to appreciate the possibility that social good might not necessarily be at stake in the violations of the interest of others.

In the realm of entrepreneurship, the interests of others consist in the utility value that the consumers of a product or a service are supposed to get, the investment
returns that shareholders are entitled to, the wage entitlements of the workers, and a

clean environment for the people within the vicinity of the enterprise. The pertinent

question is: When are these interests rational, and when are they irrational?

The libertarian virtue of rationality is supposed to ensure harmony in the

relationships that arise between the entrepreneur and other people. The requirement

for rationality applies equally to both the moral agent and other people. In this respect,

Rand (1961: 60) argues:

A rational man sees his interests in terms of a lifetime and selects
his goals accordingly...He does not regard any moment as cut off
from the context of the rest of his life, and that he allows no
conflicts or contradictions between his short-range and long-range
interests...A rational man never holds a desire or pursues a goal
which cannot be achieved directly or indirectly by his own effort. If
he undertakes to achieve a goal that requires the cooperation of
many people, he never counts on anything but his own ability to
persuade them and their voluntary agreement.

On the basis of this citation, irrational interests of ‘others’ and of the entrepreneur can
emanate only from three sources: insufficient knowledge, insufficient intelligence,
and lapses into irrationality.

Insufficient knowledge is a prevalent feature of the neo-liberal society.
Cruver's account of Enron's implosion attests to the inaccuracy and insufficiency of
knowledge that investors, customers, and employees have of the enterprise that they
contract with. In the view of Cramton and Dees (1993; 3, 4: 380), a moral agent can
ensure the protection of her interests by making sure that she has access to relevant
facts before entering into a deal, which include the incentives for deception that the
other party is likely to have, competence and character of the other side, attitudes and
perspective of the other side, and critical self-reflection. With respect to the libertarian
entrepreneur, who is essentially similar to Cramton and Dees' metopian¹³, the ethical
issue is not how she is to secure her interest, but rather how she ought to act in
relation to the other party that is uninformed about a critical aspect of the deal. Why
shouldn’t the libertarian entrepreneur take advantage of the other party’s ignorance? The account of Cramton and Dees (1993; 369-371) concurs with Rand, that it is not in long-term interest of the entrepreneur to be opportunistic because reputation is a viable asset. The problem is that the neo-liberal entrepreneur’s long-term interests, say of a Ken Lay or Jeff Skilling or Andrew Fastow, are not fundamentally tied to the fortunes of the enterprise. And for this reason the libertarian tradition fails to offer a sound basis for moral as opposed to prudential motivation.

Insufficient intelligence is another source of violation of social good, because the entrepreneur might not realize that his specific practice is violating a right of a client, customer, or shareholder. Thus, if we grant Carson’s arguments, the entrepreneur could be uninformed about the client’s level of naivety in engaging her in negotiations. In this case, violations would be a consequence of lying, bluffing, and ignorance (Carson, 1993, 3, 4) While ignorance on the part of the entrepreneur and ‘the other’ moral agent is implicitly granted as a reality in the libertarian tradition, lying is categorically prohibited. Again, it is envisaged in a utopian manner that a libertarian entrepreneur cannot engage in acts of deception, because both short-and long-term interests guide her. Apart from our already expressed reservation on the asserted link between the entrepreneur and the enterprise in neoliberal conditions, it is also a fact that the distinction between lying and bluffing is so thin that in effect it would not enable entrepreneurs to distinguish cases where giving false information is an act of lying and those where is an act of bluffing. What signals should the libertarian entrepreneur interpret to determine her approach in dealing with clients, shareholders, and stakeholders? Is it ethically wrong for the libertarian entrepreneur to ensure that he derives the highest possible profit from a bargain?
The typical libertarian response is that the invisible hand of the market ensures that the entrepreneur’s drive for the highest possible profit is not only in accordance with the interests of the entrepreneur, but also of the consumer. There are two significant problems with the assumption of the ‘invisible hand of the market’. First, it assumes that the entrepreneur and other moral agents are rational, which is not mostly the case. Second, in the neoliberal world that celebrates Gordon Gekko’s dictum that “Greed is good” (Cruver, 2002:xiv), ‘the invisible hand of the market’ is a myth because skewed analyses, lobbying, and morally compromised human beings who are supposed to ensure adherence to law and ethics overly influence its operations.

Third, lapses into the irrational cannot be realistically ruled out, both on the part of the entrepreneur and other human beings. The effect of a lapse into irrationality is that a libertarian entrepreneur could occasionally prefer to violate a principle of morality, in order to secure a short-term or parochial interest.

Unless the libertarian persona becomes a prevalent phenomenon, entrepreneurial violations of social good will definitely arise. In arriving at this conclusion, we are not committed to the denial of the fact that violations of other persons’ interests arise between rational human beings. 14

In fact, a close examination of conditions a), b), and c) reveals that within the philosophical estimation of the libertarian tradition, entrepreneurs who violate rational social good also violate the primary virtue of rationality. This is what happens in the second scenario of violation of social good. In an entrepreneurial practice in which this violation arises, the specific acts are immoral and the entrepreneur either guilty of moral lapses or complete lack of the virtue of rationality. This ethical judgment is inescapable granted the libertarian injunction that moral agents should exercise the virtue of rationality in all their voluntary actions. Entrepreneurial practices that arise
from impulse or external influences are also likely to violate rational social good. In libertarian society, such actions are morally not permissible and legally punishable. This is the primary duty of the state: to ensure that the rational interest of members of a given libertarian state are not violated by entrepreneurs and other individual members.

It is, therefore, logical that violations of rational social good should only arise when the entrepreneur acts irrationally vis-à-vis the people's rational expectations. In any such case, violations of social good are direct consequences of the entrepreneur's action. Although this morally reprehensible patterns appears to be reflected in the cases of Maxwell, Ebbers, and Lay, and in the activities of Francisco d'Anconia, a critical reflection reveals that these entrepreneurs are not representative samples of the irrational entrepreneur violating the interests of rational people.

The entrepreneurial narrative of Francisco d'Anconia offers us episodes of this subject's conspiracy and the irrational decisions of people to invest in the shares of d'Anconia Enterprise and the consequent ruin that the investors suffer. If the investors and shareholders were rational, they would not have held shares in the enterprises of irrational entrepreneurs. In other words, the holdings of shareholders, workers, consumers, and investors are violated due to lapses in their commitment to rationality or inadequate intelligence. Lapses in commitment to the virtue of rationality lead to misperceptions, misjudgments, and wrong decisions. Cases where violations were extended over months or years reflect complete lack of commitment to the virtue of rationality rather than lapses. Nozick (1974: 34) cites fraud, deception, forcible exclusion from participation in transaction of holdings and enslavement as violations of the interests of other people.
However, in these calibers of violations of social good, the libertarian tradition has a provision for the state to intervene and ensure that justice is upheld. This provision is enshrined in the Principle of Rectification and captured in the historical shadow of the Lockean proviso (Nozick, 1974: 180).

In the first scenario of violation, though the entrepreneur acts rationally in the practice of entrepreneurship, he violates the interests of others. While liberalism founded on utilitarianism proscribes and punishes all entrepreneurial acts that have adverse consequences on the majority of people—irrespective of the nature of the violated interests and how they arose, the libertarian tradition only prescribes moral and legal sanctions where rationally constituted interests are violated.

In documented studies on entrepreneurship in liberalism, interactions between entrepreneurs and their customers, co-investors, and employees are fraught with irrational desires, expectations, and beliefs. Consequently, there is the probability that a rational entrepreneurial practice will violate irrational interests of the others.

From the narrative of d'Anconia, and various accounts of the entrepreneurial practices of Maxwell, Ebbers, and Lay, the logical conclusion is that although there appear to exist many cases of immoral entrepreneurs violating the interest of rational people, in fact these are cases of irrational entrepreneurs violating the interests of irrational people.

Entrepreneurial practices that exploit the weaknesses of investors, customers, suppliers and distributors are irrational and immoral, and they only succeed in instants where the latter groups of people fail to exercise the principal virtue of rationality.

Yet, in a world where entrepreneurial ingenuity is ever producing new products, and in which there are hundreds of alternative models or forms of the same product offered by different entrepreneurs, the ethical requirement that libertarian consumers,
investors, and distributors should always exercise the virtue of rationality, is only practical up to a point. It is not practically rational to require each moral agent to personally verify the effectiveness, efficiency and durability of a product, or the existence of assets that are presented on a balance sheet.

In fact, Sato (2000: 44-68) argues that the superlative creation of material wealth that is the unique feature of capitalism is a consequence of the existence of efficient institutions that enable human beings to engage in transactions without being hamstrung by physical verification of assets, production levels, and product viability. Sato’s thesis, backed with facts and systematic arguments, has a number of consequences on the libertarian account of the ethics of the entrepreneur.

The fact that in the neoliberal world, the moral agent (consumer, investor, and shareholder) has to increasingly rely on the goodwill of the entrepreneur and believe that the information offered by the producer or manufacturer is true, or in the case of the investor, that the information proffered by stockbrokers and analysts is true, means that the virtue of rationality can only be exercised in a limited way. This means that either the libertarian theorist is implicitly committed to the view that the modus operandi of the libertarian entrepreneur in neoliberal world does not utilize institutions of capitalism in effecting her transactions, or that the ultra-minimalist state entails a proliferation of private institutions that fulfill the role of enlightening the moral agent about the safety, durability, and value of the entrepreneur’s production.

Yet, the libertarian is not in a dilemma, as it seems. The libertarian entrepreneur’s commitment to rationality is consistent with using other people in fulfilling her goals. With respect to employing the virtue of rationality in verifying things, the same rationality dictates that certain aspects that are crucial to the practice
of entrepreneurship be accepted on trust. Otherwise, the moral agent would be engaged in verification *ad infinitum*.

Thus, an industrial entrepreneur engages an insurance entrepreneur to secure the interests of the venture and its customers from various calculated risks. Definitely rationality is critical in the choice of the insurance firm, but its application depends on secondary data, endorsements, and evaluations. In this respect Maitland, drawing from Hirsch (1997:19), observes that:

> Without a well-founded expectation that others will voluntarily keep their promises the modern economy would grind to a halt. It rests on a foundation of trust, credit, handshakes, mutual confidence, and implicit commitments. Almost every transaction, even the most basic one, requires a degree of trust in the other party.

The archetypal libertarian entrepreneur recognizes that among other goods of effectiveness on which entrepreneurial success depends is trust and goodwill. From that recognition, we can derive the prudential maxim: The wise man invests in trust.

This maxim is manifest in the libertarian view that trust is earned, and can be lost. On this count alone, it is clear why entrepreneurial practices that violate ‘social good’ within the libertarian tradition can only be due to irrationality, misjudgment, and inadequate intelligence. The rational person, with sufficient intelligence, knows that any violations of other people’s interests, irrespective of whether it is accidental, deliberate, or incidental, dents the reputation of his products and destroys the future of the enterprise. (Gruzalski, 1986: 103) argues that the libertarian entrepreneur should strive to ensure that he is trusted by other human beings by keeping her promises, paying her creditors, and providing quality products to the customers, not only because it is in the interest of those people, but more so because it is in her interest to do so.
However, libertarian ethics does not preclude conflict between moral agents. There are bound to arise disputes between human beings on the justifiability of one course of action or object or state of affairs over another. Indeed, once we grant that human beings are fallible, it is inescapable that violations of social good will arise. In view of the fallibility of human beings, Rand’s assertion that violations cannot arise between rational human beings is implausible.

Libertarian principles of justice, namely justice in holding, justice in acquisition, and justice in rectification, mitigate and address conflicts between the entrepreneur and other entrepreneurs and human beings.

Incompatible and incommensurable goods will arise from the plurality of interests that entrepreneurs pursue in the libertarian tradition. Thus, although entrepreneurs in this tradition share the vision of the good, they are bound to pursue its realization in ways that will occasion conflict at certain times. Where the rational virtues of a moral agent are insufficient to the task of resolving conflicts, institutions of justice must exist to do so.

As per our third objective, we will now attempt to translate the outcome of the foregoing discourse into a model of libertarian entrepreneurial ethics.

3.6 THE LIBERTARIAN MODEL OF ENTREPRENEURIAL ETHICS

According to Cavanagh, Moberg & Velasquez (1995: 413) general theories of ethics that have been put forward over generations coalesce into moral norms, which become familiar to human beings. Therefore, the challenge of entrepreneurial ethics is to define the ethical situations of the entrepreneur and how she can utilize the resources of the moral norms. This approach to entrepreneurial ethics is presented below in a replicated model.
A major shortcoming of this model and of Brady and Dunn's UR is that they are characteristically blind to the reality of traditions and how these constrain ethical judgment and action. Moreover, their eclectic approach affirms our earlier contention that the liberal persona is bereft of solid ethical commitment and principles.

Nevertheless, these models' focus aside, their proponents and adherents are bound to be concerned about the adequacy of the libertarian theory to address the key issues of justice, rights, duties, utility, and care.

Moreover, one could be tempted to think that the libertarian tradition does not have the capacity to gain as much usefulness and wide acceptance as the URJC. The latter aspects of URJC are argued to arise from the fact that:

First, the model draws upon the insights of thousands of years of intellectual inquiry and ethical analysis. It manages to bring together the leading ethical traditions going back to Aristotle, Aquinas, Mill, Kant, and many others. It was an early, if not the first, attempt to synthesize the insights of these traditions for the business professional. Second, the model is easy to understand and use. It deliberately employs straightforward language and
examples, and eschews technical philosophical jargon. Finally, we think that the flow chart appealed to the practical penchant of business people for naming familiar phenomena and spelling out decision-making processes. (Cavanagh et al 1995: 401)

Our contention is that the URJC model is less than a synthesis. It is an amalgamation of traditions, and in that it truly mirrors the post-modernist approach and fragmentation. While it is positive, and indeed logical, for a model to incorporate aspects from its ancestry, that only serves us well if the elements are synthesized. The lack of synthesis is reflected in the fact that URJC does not specify the primary or foundational aspect, and consequently fails to provide an efficient basis for ethical management.

Moreover, the aspects of utility, rights, justice and care can be fully addressed within the theoretical resources of libertarianism. This has been done in the preceding discourse of this tradition through the emphatic assertion of the necessity of the following:

1) The right of the moral agent to life and the proceeds of her life. This right generates obligations on other moral agents, whether in the person of individuals or the state, to refrain from all acts that violate the right of the moral agent.

2) The necessity of productive engagement arising from the necessity to sustain and enhance the agent’s life. This natural need is achieved through production, which derives its meaningfulness and modus operandi from the consumers. This is the utility dimension of libertarianism and it is mirrored in the ethos that affirms an individualism that is in concord with the market.

3) The significance of justice in the theory and the institutions of neo-liberal societies. Unlike the eclectic UJRC model, the libertarian model of
entrepreneurship is systematic and unambiguous and, therefore, it provides a better basis for the moral agent in the libertarian tradition to deal with workers, shareholders, customers, and society.

4) The aspect of care, which Cavanagh et al derive from feminist theories, is derivable from the libertarian requirement that the moral agent should always apply the principles of rationality, industry, and justice, in a manner that ensures the good of his/her short and long-term interests. Moreover, the moral agent is morally bound to manifest good will in all his relationships.

These lead us to the following model:

**Figure 2 The Libertarian Model**

 Libertarianism

 Libertarian tradition (Theory transformed into social mode of existence)

 Libertarian notions of Right, Good, justice, and good will applied to concrete situations

Below are three models of the libertarian conception of ethical entrepreneurial agency, unethical entrepreneurial agency, and non-entrepreneurial agency.
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**Figure 2 The Libertarian Model**

![Diagram](attachment:image.png)

Below are three models of the libertarian conception of ethical entrepreneurial agency, unethical entrepreneurial agency, and non-entrepreneurial agency.
MODEL A: ethical libertarian entrepreneurial practice

It is vital for us to appreciate the fact that in this model, rationality plays the significant role of determining which of desires is pursued. We can conceive rationality’s significance using the guide model (GM) or the filter model (FM) (Bass, 2005: 8). Using the first model the entrepreneur determines what to pursue guided by reason. On the basis of filter model she is dissuaded from certain options or desires.

MODEL B: unethical libertarian entrepreneurial practice
This model goes along way in affirming our argument and Aristotle’s argument that a wrong syllogism, in which the major premise interpreted to give justification to an immoral action.

MODEL C: non-entrepreneurial practice

A number of conclusions follow from these models:

1) The distinction between libertarian entrepreneurial practice and non-libertarian entrepreneurial practice is essentially in terms of the relationship between greed and rationality. Although rationality can be attributed to the libertarian and non-libertarian entrepreneur, the former is morally obliged to subject the signals of her appetites to critical assessment. On the other hand, the latter simply employs her rationality to serve the appetites, and thereby is prone to pursue destructive ends.

2) In our view, the libertarian account leads to the conclusion that the moral agent who lacks greed would be content with employment or some commonplace entrepreneurial practices such as shop-keeping or farming. This conclusion is given credence by Basant’s view that in some neoliberal societies a distinction is drawn between the entrepreneurial and the non-entrepreneurial, with the effect that the latter
are perceived to be the kind of people to provide service to the former. Basant (2005:7) argues:

In practice many 'workfare neoliberal' also believe that there is a separate category of people, who can not participate fully in the market. Workfare ideologies also condemn this underclass to a service function for those who are fully market-compatible.

The libertarian model, Figure 2, does not envisage any other source of enterprise other than greed. Yet, it is vital that the significance of rationality is properly appreciated. Since being an entrepreneur is not just about the desire to achieve the goods of entrepreneurship, but being able to do so successfully and to realize a specific good life, rationality is key and foundational to entrepreneurship.

3) It is also important for us to bear in mind that the distinction between constructive and destructive entrepreneurship cannot account for model 1 and model 2. Destructive entrepreneurship as conceived by Schumpeter(1943)occurs both in ethical and non-ethical practice of entrepreneurship in the libertarian tradition.

4) Moreover, while entrepreneurial practices that conform to model 1 will look back on greed as it arises in specific terms, the practice that conforms to model 2 does not have hindsight and might not have the necessary space for reflection. In this respect, although Plato's account of human behavior is rooted in a different tradition, his observations about the servant who is too eager to fulfill his master's instructions is enlightening.

On the basis of our arguments on rationality and greed, and these models we draw the conclusion that it is highly probable that entrepreneurial practices that fit model 2 will violate not only social good but also the Good of the entrepreneur.
CONCLUSION

The libertarian accounts of ethics are invariably what Nozick characterizes as ‘invisible-hand explanations’. The moral agent, in this case the entrepreneur, intends only his own good, but is caused by the invisible-hand of the market and the necessity of sustaining the enterprise to intend rather than violate social good. Thus, although greed and selfishness are conceived negatively in the communitarian tradition, the libertarian understanding of these aspects of the human person asserts that these are virtues. Not only are these inclinations natural to man, but they are also essential to her existence, provided they are properly ordered by rationality. The function of ethics is to define the principles on which individualistic goals or inclinations should be pursued (Rand, 1957; MacIntyre, 1986).

The primacy of the individual entails moral and legal permissibility of the preeminence of individual interests over social interests. The tradition’s moral and juridical structures are founded on this recognition and are organized in a manner that ensures their preponderance over social good. The problem with this state of affairs is that the law cannot challenge legally binding aspects of the entrepreneur and ‘others’ (Engels, 1973: 135). This is a critical basis for entrepreneurial violation of social good. Rational interests as established in law are not necessarily in consonant with the Good and social good. The only recourse in the event of the Right that subverts the Good is the conscience, which is a rare phenomenon in the libertarian tradition.

Moreover, it is theoretically possible for the libertarian entrepreneur to be rational and non-immoral with regard to other human beings. In other words, the entrepreneur can pursue practices that are neither antagonistic to social good nor in concord with it. In this scenario, a few individuals would accumulate material wealth and perpetuate their advantage, notwithstanding juridical and extra-juridical
promulgations of equality. This theoretical scenario is measured in terms of social and economic inequalities (Velasquez, 2002: 180).

Most disturbing about the account of entrepreneurial practice and the virtues that we have adduced is that interests of 'other' beings who are not captured in the juridical realm are completely excluded. Yet, the 'others' that are not captured in the contracts are the true measure of moral sensitivity. The tradition fails to provide the entrepreneur with any explicit moral indications on how she ought to act vis-à-vis the plight of human beings that are directly in conflict with the profit motive.

Therefore, inasmuch as the libertarian model tries to accommodate the ethos of care, under the rational necessity of individualistic interest that are in concord with the interest of other human beings, the latter could be a small circle of equally wealthy entrepreneurs. Worse, granted the trend in the neoliberal world away from such critical entities as family, neighborhood, and brotherhood, entrepreneurial practice in the libertarian world will tend to be significantly atomistic and deficient of crucial elements for genuine concern for other human beings (Collier, 1991; Lasch, 1978).

The conception of rationality as foundational and prior to the goods and means of entrepreneurship means that in the libertarian tradition, entrepreneurs are free to determine the size and kind of enterprise, the conditions for exchanging their goods with other human beings, and the use of the holdings that they realize from the exchange. In the libertarian tradition these activities cannot violate the interests of other human beings, because all human interests are constituted on the basis of the rationality.

So, the entrepreneur is conceived to be bound by the priority of the virtue of rationality to exercise the virtues of honesty, industry, and fortitude. In exercising
these secondary virtues in accordance with rationality, the entrepreneur is supposed to ensure, among other things, that the principles of justice are upheld.

Nevertheless, in the practice of entrepreneurship, violations of social good can and do arise from the fallibility of man. Although the root of this caliber of violations is cognitive rather than moral, the entrepreneur in the libertarian tradition is morally and legally responsible for the consequences of all her entrepreneurial practices.

On the other hand, violations of social good due irrational entrepreneurial practices arise and are handled by institutions of justice. As already pointed out, although the libertarian requires all human beings to observe the principles of justice in acquisition and in exchange of holdings, this does not always happen. This is the basis of Nozick’s proposal that the tradition must have the principle of rectification to address frauds, thefts, and coercive contracts. Although these seem to be straightforward issues, they are fairly complex, as we saw in the case of the tenuous distinction between lying and bluffing. Moreover, enforcement of the principle of rectification depends on the ability of the ultra-minimal state agency’s capacity to determine frauds, thefts, and coercion, and to be impartial. From some of the developments in the neo-liberal societies, there is no guarantee that the ultra-minimal state agency’s can be impartial. Not only are agents of state bound to share the values and logic of entrepreneurial practice, since every man is to some extent a merchant, but also they are prone to being inveigled and compromised through lucrative offers emanating from entrepreneurs as was witnesses in the Lockheed contract kickbacks.

No doubt, the foregoing discourse affirms our hypothesis that tradition determines the form of the entrepreneur’s primary virtues. However, with respect to second hypothesis, that the primary virtues of entrepreneur’s are in conflict with social good, libertarian discourse disaffirms it implausibly. Implausibly because at the
meta-theoretical level, lapses into irrationality or the fallibility of all human beings, are fundamental features of the human condition. It is unrealistic to posit a human persona that is bereft of these two aspects. In fact, it is dangerous, because that only provides a fertile ground for individualistically driven and oriented entrepreneurial practices. The fact that individually generated and evaluated rationality and the market are left to adjudicate in matters of good and evil creates a loophole for the emergence of a Nietzschean Ubermensch. In short, an entrepreneur who is absolutely certain of the practical, moral, and rational merit of his entrepreneurship, and who has such an overwhelming power that it is difficult, if not impossible, for the limited institutions of the tradition to judge and reprimand him will hardly possess the essential emotional and mental dispositions that ensure compassion, sympathy and care.

This account highlights the necessity of juridical structures and mechanisms to the preservation vestigial humanness in the transactions between the entrepreneur and other human beings in the neoliberal world. The account also highlights the fact entrepreneurial practice in the libertarian tradition is metopianic, meaning that it is characterized by self-interested calculations.

In order for us to appreciate the distinctiveness of the entrepreneurial practice in the libertarian tradition, we will now move on to examine entrepreneurial practice in the communitarian tradition.
END NOTES

1 See Cavanagh et al, 1995, BEQ, v5, #3 for diverse interpretation of Kant’s CI.

2 This view is Aristotelian and Ayn Rand acknowledges her indebtedness to Aristotle.

3 The significance of the concept of the invisible hand to the libertarian conception of selfishness and social good contradicts the argument that value of ‘the invisible hand’ is exaggerated. See Robert Solomon’ (1993) for an elaborate account of the latter caliber.

4 Therefore, justice is not a natural sentiment nor an intuition, but rather a consciously constituted basis of social interaction. This reflects a key distinction between libertarianism and emotivism.

5 This is a paradoxical situation that the libertarian tradition finds itself in, in spite of concerted efforts to bleach out of curricula all social-cultural and religious content.

6 Contrast this position with the fact most entrepreneurs in the liberal tradition are only keen on profit, irrespective of the use that their customers make of their product. Thus, Cabot profited from smuggling slaves, bhang, and guns, although he knew that his trade was destroying human lives. What ought to be appreciated, therefore, is that Rearden’s tradition obligates him to be concerned about the use of his products.

7 In using fictional narratives for the purpose of understanding entrepreneurial practice, this study borrows a leaf from Krieger Paul (1986)

8 It is exactly this utilitarian bend that accounts for the clamoring for virtue ethics, in order to move away from functionality to deeper cultivation of positive traits.

9 It has to be appreciated that Turner and Oates III are cited in this chapter for heuristic rather hermeneutic reasons. The two are mere foils for evaluating libertarian entrepreneurial practices. Therefore, their successes and failures have relevance to this tradition only insofar as they highlight the challenges of entrepreneurship in the neo-liberal rather libertarian tradition.

10 This echoes Marx’s 11th thesis to Feuerbach that the main challenge for human beings is to translate their knowledge about reality into specific activities that enable them to derive their existence from material forces.

11 See Karl Pooper’s detailed account of this aspect in his Conjectures, Refutations, and Scientific Discovery.

12 Indeed, Rand regards tax as a form of extortion that should never be allowed, and her view is reflected in the libertarian striving to minimal legislation of social responsibility.

13 A metopian persona pursues nothing but calculated self interest and eschews any forms of cooperation, that could be argued to be vital for the optimal attainment of individual fulfillment.

14 For example a rational agent can violate the interests of other beings due to limited knowledge and also due to emotional insensitivity.
CHAPTER FOUR

ENTREPRENEURIAL ETHICS IN THE

COMMUNITARAIN TRADITION

4.1 INTRODUCTION

The communitarian tradition is the anti-thesis of the libertarian tradition. In conceiving it thus, we concur with Bell (Berkowitz, 1995: 4) that it is a distinctive alternative to liberalism and libertarianism. Moreover, although we are aware of the distinction between philosophical communitarianism and ideological Communitarianism, we proceed on the understanding that the tradition is a consequence of both the philosophical and ideological discourses on the relationship between the individual and community. But we are not, at this point, committed to the ethical view that it is a desirable alternative to liberalism. And we use the terms communitarian tradition to refer to diverse, but fundamentally similar social modes that emphasize the centrality of the communal phenomena in the human formation of individual persons.

The essence of communitarianism antedates the liberal tradition and it is the dominant tradition in China, South East Asia, and Africa. Moreover, it is the tradition that inspired Aristotle’s theory of ethics and virtue ethics school, with Alasdair MacIntyre as the main contemporary proponent. Indeed, Horvath (1995:504) argues that MacIntyre’s virtue ethics is the alternative to principle-based ethics of Kant, utilitarianism, and deontological egoism because it “focuses on community, roles, and virtues. It addresses the dynamics of how organizational culture and personal character intertwine.”
According to Kapur (1999: 38) communitarianism "is inherent in many great religious systems and philosophies of the world". Kapur (1997: 38-39) supports this contention with what he calls revealing quotations.

You shall love your neighbor as yourself. (Leviticus 19:18)
None of you is a true believer in Islam until and unless he loves for his fellow man what he loves for himself.
Love ...is identifying yourself with all beings in the world. When we accept that all the world is the One Supreme Self, we must love all beings literally as ourselves.
The cultivation of the self ...requires an unceasing struggle to eliminate selfish and egoistic desires. (Tu)

Aristotle also viewed social engagement as a virtually indispensable means for self-realization: although his discussion focused mainly on political involvement and concern with affairs of the state, he was well-aware that the state is an "association embracing other associations, like the family and that the individual should be constructively engaged with these other associations as well.

These assertions are drawn from authorities of diverse times and societies, but they share the attribute of asserting the significance of the 'community' in the positive constitution of personhood. This is the fundamental common denominator of diverse communitarian thinking with respect to the individual and the community.

In similar terms, Hord and Lee (1995:8) argue that:

[A]ll human beings are related, beyond the ties of kinship and community, by bonds of reciprocity founded on the inherent weaving and interdependence of the world's populations.

Societies that are founded on the principles of Buddhism, such as Japan, China, and Korea, have a similar notion of the individual's relationship with other human beings. Dharmasiri (1995: 453) asserts the same principle when he observes that:

Man's personality is largely a product and an item of the society around him. One becomes good or derives any values to one's personality only through the society, which is why one must consider and respect other.
Although Marx has radical objections to all religious mores and institutions, he consistently avers the critical role that communities, conceived as modes of existence, in the determination of the pursuits and instruments of individual existence. Thus, it should be appreciated that the communitarian tradition, like the liberal and libertarian traditions, is a product of philosophical positions that are in disagreement on many issues but which share the position that though individual human beings play an important role in the transformation of the communities, they are primarily constituted by their conditions of existence. Communitarianism is a philosophical outlook that is foundational to diverse societies. With respect to traditional African communities Ramose (1996: 13) argues:

Communalism is the basic ideology of the traditional African system of social and political organization. Underlying this ideology is the philosophical conception that the community precedes the individual human being ontologically and epistemologically. The ontological primacy of the community means that the individual human being is born into a pre-existing community. The epistemological anteriority of the community means that the community is the possibility condition for whatever the individual human being will know subsequently.

In similar terms, Dorff (1997: 33) observes that:

In the Jewish view of community...we are all members of a people with mutual obligations toward each other. That is the default status of each one of us. Therefore, I can expect you not only to fulfill the requirements of Jewish law, which demands considerably more than the American law does in caring for the other, but, indeed, to go beyond the law in doing so.

Bell (Berkowitz, 1995:6) argues that the ethical superiority of Communitarianism “stems from the fact that it reflects our deepest shared understandings about the role that constitutive communities play in a well-lived life”.

This chapter draws from the ethical principles of the communitarian tradition and various archetypal entrepreneurial practices with the aim of determining the virtues
of entrepreneurship in it and evaluating the status of those virtues vis-à-vis social good.

4.2 COMMUNITARIAN PRINCIPLES OF ETHICS

What does the communitarian ontology asserted in the above citations mean in terms of moral agency? Definitely, the priority and significance of the constitutive community means that the communitarian tradition asserts homogeneous values or a unitary good that are prior to the individual and her rights (Aristotle, 1989; MacIntyre, 1981; and Honneth, 1995). It means, in other words, that just as we have a linguistic community (Sapir Whorf), we have a moral community that predate and inform the desires, actions and practices of the individual.²

According to Kapur (2005: 38):

The basic underlying principle of a communitarian ethic is that each individual should be integrally concerned not only with the pursuit of his or her own personal interests but also with the promotion of the well-being of as many others as possible. There is thus a fundamental difference in this approach from the completely self-interested stance of mainstream economics....

Kapur (1999; 39) draws three lessons from this ethical principle:

First, there is a strong normative prescription of non-purely-self-interested behavior in the great religious and cultural heritage of the world. Second, endeavors toward such behavior serve to gradually widen and deepen the individual’s social concerns, which means that his utility function may change in a fairly systematic way overtime. Third, such a progressive process serves to also progressively-neutralize the “elements of appetite and passion” in the individual, and thereby increase his self-control or, as economists would say, his ability to make consistent, rational choices.

This conception of moral agency and moral action is in concord with all conceptions that recognize the necessity of communal medium, structures, and interests for the fulfillment of the moral agent (Cohen, 2000:39). Thus, according to Marx, human beings are only fulfilled when their essential dimension, that is socially generated and organized, is fulfilled. Although Bentham, Rawls and
utilitarian theorists assert the necessity of moral actions that maximize social utility, they do not explicitly assert a necessary link between maximizing social utility and individual fulfillment. In the case of Rawls, the priority of the liberty principle engenders a model of entrepreneurial ethics in which the entrepreneur is still atomistic and amoral, even if not transcendent (MacIntyre, 1981; Horvath, 1995).

However, recent studies assert a link between prevalence of a culture of competitive individualism and decline of ‘intergenerational altruism’ in the United States (Lasch, 1978:23; Kotlikoff, 1989: 299). This implies that altruism is a key virtue of the communitarian tradition and, diverse as the philosophies and religions that are included in this discourse are, they all share a distinctive desire to prescribe practices that enhance communal elements, duly committed to the epistemic position that those elements are crucial to individual good.

Two pertinent questions arise from the immediate assertion. First: what are the other virtues of the communitarian tradition? Second: what position does altruism occupy in the structure of communitarian virtues?

Our thesis is that rationality, cooperation, trust, and honesty are the other key virtues of Communitarianism. However, the position of altruism vis-à-vis these hypothesized virtues is not clear. Studies assert the vitality of rationality, cooperation, trust and honesty, but fail to specify the relationship between them, with the exception of Aristotle and Marx.

However, if we grant Kapur’s (1999:44) assertions that “A symmetric-information situations are pervasive in modern economies. They exist not only within firms but also between firms and various outside parties,” then we must of necessity assert the significance of all these virtues in the practice of
entrepreneurship in the communitarian tradition. Since rationality, trust, and honesty are also key virtues in the liberal and libertarian traditions, the pertinent question is: How is the reality of the communitarian tradition reflected in the specific form of these virtues? This is the question at the center of our first hypothesis.

In Marx's conception, conflict between the moral agent and other human beings and nature are resolved when socio-historical transformation of material forces negate capitalism (Curtis, 1970:107). In other words, the essential distinction of the communitarian tradition is cooperation rather than competition in all entrepreneurial practices. Reservations on the viability of a society in which competition is eliminated have been expressed by among others Ludwig von Mises (1920), and Friedrich von Hayek (1935). Counter-arguments to the reservations have largely been made in terms of the social optimization that arise from less skewed allocation of resources (Dobbs, 1933; Lange, 1936). Other theorists (Gossen, 1854; and (Leinhardt, 1885) argue that competition in the market ensures that the social optimum is realized. This latter position represents the expression of the Smithian view of the market that is at the core of the libertarian tradition. On the other hand the views of the 'The Socialist Debate' are not directly relevant to this discourse on the communitarian tradition, because the moral and economic realities of the Soviet Union, as it were, are pseudo-communitarian. Suffice for us to affirm that in the communitarian tradition the violation of the human essence of other human beings as embodied in the communal interests, through acts of fraud, deception, coercion, and manipulation, in the aegis of competition, is morally impermissible.
Notwithstanding our view that the moral and economic realities of the Soviet Union were pseudo-communitarian, Marx’s view of moral agency and other human beings is immensely communitarian and does provide an explicit account of why the communitarian entrepreneur should engage in practices that enhance social good (Horvath, 1995). Marx (1975, 277) asserts that:

(In) a production activity in which we are human beings.
1. In my production I would have objectified the specific character of my individuality...
2. In your use...I would have the immediate satisfaction and knowledge that in my labour I had gratified a human need...
3. I would have acted for you as the mediator between you and the species, thus I would be acknowledged by you as the competent compliment of your own being, as an essential part of yourself. I would thus know myself to be confirmed both in your thoughts and love.
4. In the individual expression of my own immediate satisfaction of your life, and so in my individual activities, I would have directly confirmed and realized my authentic nature, my human communal nature.

This citation expresses the basic communitarian principle that the communitarian moral agent par excellence should and will be inclined to be positively motivated by the good of other human beings in her actions. In effect, this principle means that the virtue of rationality and its corollary virtues of prudence, judgment and foresight are deployed in service of social good. However, in Marx’s conception the realization of the alignment of the virtues with social good (social essence) depends on the existence of a social property regime, rather than private property regime. This means that the moral agent’s intellectual, material, and spiritual assets are conceived and utilized as social assets. Although there is a yawning ideological gulf between Marx and humanistic religions and some communitarian theorists (Steiner, 1999; Oruka, 1997; Presbey, 2002; and Pope Paul VI, 1967), the communitarian ethic that they aver is to a large extent matched with affinity in their emphatic argument that social norms, values, and institutions play a critical
role in the formation of the human person. However, these theorists stop short of prioritizing the society over the individual and argue, instead, that the optimal state for human beings is one in which the motivations, goals, and endeavors of individuals and society correspond. In this sense, though entrepreneurial practices are individual initiatives, they ought to correspond with authentic communal interests—even when they are definitive of the community’s future.

Granted that certain entrepreneurial initiatives might not initially appear to be in concord with communal interests, the process of dialectical justification is a necessity if the enterprise is to remain truly communal. In this respect, the entrepreneur in the communitarian tradition is morally bound to engage in practices that are positively aligned to communal interests.

Ideally, if the moral agent is ontologically constituted with civic virtues, this obligation should be embraced without difficult. In reality, however, situations in which conflict between individual entrepreneurial practice and communal good cannot fail to arise. The question is: how should the entrepreneur respond in this kind of situations? Spinosa et al (1997: 76ff) argues that the moral agent in the communitarian tradition will tend to grant significant weighting to communal good, because this good is vital for self-fulfillment. This does not quite suffice for our entrepreneur’s situation in which the goods of self-fulfillment are repugnant to communal good. Pocock’s (1989: 86) observation is more incisive in addressing this tension. He argues:

Since association was itself a good, and intelligent activity another, it followed that the highest form of life was that of the citizen who, having entered the political process in pursuit of his particular good, now found himself joining others to direct the actions of all in pursuit of the good of all; the attainment of his private good was not lost but must take a lower priority.
This means that entrepreneurial practice in the communitarian tradition should be operate on the maxim that: individual entrepreneurial pursuits should be in accordance with communal good, or be subsumed to the preserve and enhance communal good.

The human being who identifies “with all beings in the world” and the human being who actualizes her being in actions that serve other beings are essentially the same. Berkowitz (1995: 2) gives further theoretical grounding of this human person in the following terms:

Communitarians emphasize that human beings are not fundamentally autonomous or unencumbered selves but first of all social beings embedded in practices and beliefs that we do not make but which rather, in a sense, make us by constituting our identities or forming the frameworks within which we come to understand ourselves and know and care about others.

A moral agent whose practice is structured by the communitarian principle seeks to realize material or technical objects that are in tandem with social good. She manifests a propensity for cooperation in dealing with other human beings, not because of prudential considerations, but rather because it is her deepest interest not to violate others, except when the interests of others are in conflict with social good. In effect, then, the communitarian tradition entails deep-rooted commitment of the moral agent to socially aligned virtues and the utilization of resources for social good.

In the next section we present narratives of Daisaku Ikeda and Vinoba Bhave’s entrepreneurial practices.
4.3 ENTREPRENEURIAL NARRATIVES OF THE COMMUNITARIAN TRADITION

4.3.1 DAISAKU IKEDA

The truncated narrative of Ikeda’s entrepreneurial practice that is presented here is based on the account of Ryuei Michael McCormick (2005). According to McCormick, Ikeda took over the position of the general director of the Soka Gakkai in 1958 and two years thereafter he became the third president of the Soka Gakkai. He had risen through the structures of the enterprise and been mentored by Toda for over ten years. Throughout those years, he held various positions of responsibility and thus distinguished himself as a leader. On assuming the presidency of the Soka Gakkai enterprise, he asserted that:

In accordance with the spirit of our first president, Tsuneburo Makiguchi, and the second president, our teacher, Josei Toda...I, representing the entire membership of our organization, pledge even greater loyalty to His Excellency. Soka Gakkai is the greatest ally of the masses. Our enemies are the evil religions. Evil religions drive people to hell. True Buddhism makes Buddhas out of all people. Nichiren Daishonin said the source of all unhappiness and misfortunes of people is evil religion. It was our teacher Josei Toda who repeated this great saying. With the great spirit of this teacher of ours for destroying the evil religions, we, his pupils must once again fiercely attack them.

Ikeda raised funds for the construction of the Grand Reception Hall in 1964 and the hall was to be the avenue for displaying the Daigohonzon of Taisekiji for pilgrims from within and outside Japan. Once completed the temple received more than 3.5 million pilgrims a year.

Ikeda also continued the Soka Gakkai’s involvement in Japanese politics as evidenced in the formation of the Komeito (Clean Government Party) and a successfully run 25 candidates in the general election for the House of Representatives in 1964. The Komeito also had a total of 20 members in the House
of Councilors, and won many seats in local legislatures, becoming the third largest party after the Liberal Democratic Party in 1969. One of Ikeda’s main aims in participating in politics was to make Nichiren Shoshu Buddhism a state religion. To attain the organization’s primary goal of promoting peace, Ikeda steered the political party into a coalition with the Social Democratic Party, challenged and dethroned the LDP in 1993, committed the enterprise to uphold the Japanese constitution, protect fundamental human rights, and toned down its theocratic vision. The latter action arose from Ikeda’s realization that the aim of establishing his brand of Buddhism would alienate Soka Gakkai and Komeito from its potential members.

Therefore, Ikeda was compelled by the social circumstances of the Japanese society and the world to re-strategize on the means for attaining the enterprise’s goal. For strategic reasons the Soka Gakkai and the Komeito were de-linked at the levels of personnel affairs, candidacy decisions, finances, and management of the party.

The strategic decision to abandon the search and establishment of a theocratic state involved a revision of the essence and concrete form of peace. Instead of pursuing the membership of the entire Japanese society and the world, Ikeda argued that Buddhist concept of the "300,000 of Shravasti" (Jap: Shae no san-oku), referred to the one-third of the population of the kingdom of Shravasti which took faith in the Buddha's teachings when the Buddha lived and taught there and therefore:

The membership of our association now far exceeds five million families [as of July 1965]. There is a formula called Shae no san-oku concerning the country of Shae, which was known in the Buddha's lifetime as the country most closely related to him in all of India. That is to say, in the Shae of those years, one-third of its people saw and heard the Buddha and believed in him. Another
one-third saw the Buddha but did not hear him preach. The remaining one-third, it is said, neither saw nor heard the Buddha. If we are to apply this formula to our program of kosen rufu and of realizing obutsu myogo, it would mean as follows: if one-third of the population of Japan became members of Soka Gakkai and another third, though not gaining our faith, supported Komeito, and the remaining third opposed espousing our faith, it would mean virtual kosen rufu. We can realize obutsu myogo by attaining a Shae no san-oku [in Japan]... McCormick, 2005: 9)

Ikeda also expanded the Soka Gakkai’s involvement in culture and education through establishment of schools, the Soka University (1971), Soka University of America (1987), the Min’on Concert Association and the Min’en Theatrical Association.

Apart from these projects, Ikeda entrepreneurial leadership enabled the Soka Gakkai to expand to the United States, Canada, and Brazil.

However, Ikeda attained these goals through cooperative engagement with other members. Notable among the members who facilitated the realization of the enterprise’s goals was Masayasu Sadanaga, who organized the propagation of Soka Gakkai’s efforts in the U.S. In 1972, Masayasu Sadanaga changed his name to George M. Williams in order to better assimilate himself to American culture. The Nichiren Shoshu Academy too reorganized itself to respond better to its diverse. Although, the NSA retained some of its parent enterprise’s practice’s such as chanting in Sino-Japanese, its membership grew from an estimated 4,000 members in 1965 to over 35,000 members by the end of the century. Ikeda worked closely with the high priest of the temple, and at the peak of the enterprise boasted of a membership of 7.5 million households. In order to facilitate the enterprise’s international interests, Ikeda formed the Soka Gakkai International.

Yet, Ikeda’s entrepreneurial narrative is not without drawbacks. For example, in 1977, his relationship with Nichiren Shoshu priesthood deteriorated, due largely to his actions, which included among other things a move to enhance
Soka Gakkai's standing through an explicit reference to it in the prayers. In response to the ensuing situation, Ikeda apologized to the priesthood and, thus, restored the cordial relationship with the priesthood.

The relationship between Ikeda's entrepreneurship and the priesthood remained delicate and was further strained when "the Soka Gakkai allegedly made unauthorized copies of the Gohonzon for their community centers". Again Soka Gakkai apologized, rededicated itself to uphold the teachings of the Nichiren Shoshu priesthood, and returned the copies of the holy documents. However, the priesthood was dissatisfied with the apology and immediately begun to pressurize Ikeda to relinquish the presidency of Soka Gakkai. Ikeda stepped down and Hiroshi Hojo was elevated to the presidency.

Although Ikeda remained the honorary president of Soka Gakkai and the president of Soka Gakkai International, and later regained the presidency of the organization in Japan, schisms continued to erupt and plague the enterprise. The legitimacy of the Nichiren Shoshu priesthood was also questioned, challenged, and repudiated, leading to an exodus of priests in the 1980s. Moreover, in 1991 more intractable differences between Ikeda and the Nichiren Shoshu erupted and this led to the excommunication of Ikeda, and the demolition of the Grand Main Temple.

How did Ikeda respond to these developments? Ikeda reconstituted Soka Gakkai to issue "its own Gohonzons, using one originally transcribed by Nichikan, the 26th High Priest of Nichiren Shoshu". Three years later the priest excommunicated the member of the Soka Gakkai who refused to leave the organization and join the priesthood.

According to McCormick’s account the Soka Gakkai enterprise has remained committed to fighting "what it perceives to be evil, has evolved towards
self-sufficiency with respect to the religious needs of its membership, and religious
tolerance, and has continued to grow.

It has also been taking a more ecumenical stance towards other
religions and even other Buddhist groups (except for the Nichiren
Shosho) in its efforts to broaden its appeal and establish legitimacy
with the academic community and the mainstream of Buddhism.
The Soka Gakkai's doctrines also seem to be in flux, with several
key elements of Nichiren Shosho teachings being rejected or
reevaluated and others retained. One thing is for certain, it has
rejected the doctrines relating to the priesthood, the High Priests,
and even some if not all of the teachings relating to the
Daigohonzon. The teaching that Nichiren is the True Buddha has
also been downplayed if not changed. It remains to be seen how
deep and far reaching these doctrinal changes will become. The
Soka Gakkai claims to have 8 million members in Japan and
300,000 in the U.S., but more conservative estimates put the
Japanese membership at 4 million and the U.S. membership at just
under 36,000 in 1997 (McCormick, 2005, 6)

4.3.2 VINOBA BHAVE Usha Thakkar

In this sub-section we present a paraphrase of Usha Thakkar's account of Vinoba's
entrepreneurial narrative. In Thakkar's view Vinoba is "a symbol for the struggle
of the good against the evil, of spiritual against the mundane", "a spiritual
visionary" whose pragmatic engagements aimed at enabling ordinary people to
attain their lives' goals.

His mother Rukmini Devi, a religious woman, immensely influenced
Vinoba and, in turn, he seems to have influenced his younger brother, Balkoba
Shivaji.

Vinoba read the writings of Maharashtra's saints and philosophers at a
young age, but his stint at college were marked by "internal uneasiness and
agitation and this culminated in his decision to burn his certificates in 1916.
Instead of pursuing learning in the college, he chose to travel to Varanasi, where he
hoped to "attain the imperishable and all pervading Brahma". In Varanasi, he
immersed himself in the study of ancient Sanskrit.
It is possible he would not have engaged in communitarian entrepreneurship, if he had not read a newspaper report of Gandhi’s speech at the newly founded Benaras Hindu University. The speech provoked him to begin a series of communications with Gandhi that would culminate in a meeting, and lifetime of shared commitment to the interests of ordinary people. “Vinoba participated with keen interest in the activities at Gandhi’s ashram, like teaching, studying, spinning and improving the life of the community.”

In 1921, Gandhi asked him to take charge of a community development project at Wardha, and the latter accepted. Two years later, he began monthly publication in Marathi (regional language), featuring his essays on the Upanishads. The publication became a weekly within a short time due to popular demand. Through the publication, he enabled ordinary people to gain knowledge of their world and of themselves. At the same time, he worked in Gandhi’s constructive programmes related to Khadi, village industries, new education (Nai Talim), sanitation and hygiene.

Apart from these, he participated actively in the freedom movement and as a consequence was jailed severally for his outstanding entrepreneurship of the satyagraha. Gandhi characterized Vinoba as follows:

Vinoba believes in the necessity of the political independence of India. He is an accurate student of history. But he believes that real independence of the villagers is impossible without the constructive programme of which khadi is the center.

While in jail he wrote and gave lectures to other inmates, but outside the jails he launched the program of freedom from dependence on gold and cultivation without the use of bullocks. He followed this up with a peace-trek through the violence-torn region of Telangana (Andhra Pradesh).
However, the most outstanding feature of his entrepreneurship arose from his meeting with the villagers at Pochampalli. During that meeting the "Harijans of the village told him that they needed 80 acres of land to make a living. Referring to this, Vinoba asked the villagers if they could do something to solve this problem. To everybody's surprise, Ram Chandra Reddy, a landlord, got up and offered 100 acres of land. According to Thakkar's narrative the solution to the community's problem was unplanned. Vinoba seized the opportunity and launched the Gift of the Land movement.

The response to the movement was spontaneous. People willingly gave up tracts of land in Telangana, Pavnar, Delhi, Uttar Pradesh, Bihar, Orissa, Tamil Nadu, and Kerala, and Mangrath for communal development and benefit. Vinoba's entrepreneurial practice of addressing poverty was also applied with respect to wealth, labour, and life. Each of this were given freely by individual people as gifts to enable their communities attain goals of creating sustenance and prosperity. Estimates put the total acreage realized through his movement at 4,194,270, of which 1,857,398 could not be used due to legal problems.

For 13 years Vinoba walked through villages of India, receiving gifts and passing them on the immediate communities. However, his entrepreneurship was born out of his ideas on how to tackle poverty, violence, and discrimination that he availed to people through public addresses.

Vinoba died on November 15, 1982.
4.4 ANALYSIS OF IKEDA AND VINOBA’S NARRATIVES

4.4.1 THE PRACTICE OF ENTREPRENEURSHIP IN THE COMMUNITARAIN TRADITION

The primary motive of entrepreneurial practice in the communitarian tradition is the satisfaction of other human beings’ needs and consequent upon that the satisfaction of the entrepreneur’s own needs. This means that the practice of setting up a venture, managing it innovatively and efficiently is motivated by values that she calculates would accrue to other human beings and the self. Thus, Ikeda’s pursuits in the Sokka Gakkai were essentially designed to enable the organization to realize its goal of combating ‘evil religions’ (McCormick, 2005:1) and “working for peace by opposing all forms of violence and contributing to the welfare of humankind by pursuing humanistic culture and education” (Thesgiusa, 2005: 2).

The moral requirement that the agent should pursue entrepreneurship that is in accord with the interests of social good does not directly negate or proscribe the pursuit of ventures that are in the interest of the agent. In fact, the communitarian persona does not perceive a hiatus between social good and individual good (Dharmasiri, 1995: 453) and, therefore, it is inconceivable that there can arise conflict between the individual and society. The entrepreneur’s interests derive their moral status from the social interests that they advance and the social interests derive their moral status from the diverse individual interests. All communitarian entrepreneurial practices originate in and are orientated towards the social essence. Therefore, the practical and intellectual virtues are deployed in fulfillment of tasks that create values for other human beings, or what can be referred to as communal goods.
The entrepreneurships of Ikeda and Vinoba are structured by their personal commitment to social good. In both cases, virtue is the capacity to exercise prudence, a sense of judgment that ensures equity in the distribution and consumption of resources, and foresight in the utilization of the resources, being fully cognizant of a posterity that is not disconnected from the self. Although not all philosophies that assert the necessity of equity are communitarian, still a number of them derive their impulse from communitarianism. Within liberalism this impulse is exemplified in the principles of organizations and schools of thought that espouse a greater emphasis of communal as opposed to individual interests.

Thus, consideration of social good should permeate the thoughts and activities of the communitarian entrepreneur. Virtue, then, is a capacity to exercise prudence, judgment, and foresight in the pursuit of entrepreneurial goods that are in concordance with social essence. Concordance is achieved when entrepreneurial pursuits sustain and enhance the authentic interests of other human beings within the social space of the enterprise.

However, it is vital to emphasis that the natural propensities of the communitarian moral agent are not fundamentally dissimilar from the propensities of moral agents in other traditions. Indeed, all human beings primarily pursue self-fulfillment in their existential activities. To this extent, it is plausible to assert that the pursuit of self-good is a universal characteristic of the human species. With respect to our study, the significance of traditions is reflected in the relationship between self-fulfillment and social good or communal good.

In the communitarian tradition, the moral agent pursues self-fulfillment in entrepreneurial actions through the enhancement of the interests of other human
beings. The practice of entrepreneurship derives meaningfulness and significance, not from the accumulation or dynamism of capital, but rather from the diverse needs that are fulfilled. The virtues of generosity and charity would, no doubt, be crucial to this communitarian-oriented entrepreneurship.

Although the tradition’s conception of property is social rather than individualistic, the entrepreneur would certainly have to be generous and charitable to derive satisfaction from the fact that his entrepreneurial object or process is unconditionally accessible to all human beings. In any case, there are two issues related to the assertion of unconditional access to the goods of entrepreneurship. First, it is not exactly clear what ‘unconditional access to the values of entrepreneurship’ entail. Second, ‘unconditional access’ is bound to be practically untenable.

Does ‘unconditional access’ mean that the entrepreneur should not have any other criteria of allowing other human beings to access her entrepreneurial goods? Or does it mean that she should only apply a criterion that is cognizant of the capacities of her members of her community to access the goods? Although these are questions of interpretation, they directly mirror the practical problem of how to ensure that a communitarian-based organization or enterprise does not fail due to a moral requirement that is not sustainable.

How should the entrepreneur reconcile the moral maxim: “Allow other human beings unconditional access to your entrepreneurial goods”, with the moral edict: “Be generous”? The exercising of generosity and other virtues presuppose a state of freedom to the moral agency, yet the moral maxim appears to deny freedom to the agency. The significance of freedom to the concept of moral agency
is undeniable (Marx, 1975: Gewirth, 1999), and therefore the communitarian tradition must ensure its preservation.

One viable option of conceiving concordance between the moral maxims and the presupposition of an autonomous moral agency is to argue that the archetypal communitarian entrepreneur perceives the welfare of the entire humanity as her aim. Therefore, of necessity, the communitarian persona is not only morally obliged, but is ontologically constituted to pursue entrepreneurial goods and means that serve her community and by extension humanity (Plekhanov, 1969; Krieger, 1996).

However, the maxim “Allow other human beings unconditional access to the goods of your entrepreneurial practice” is not endorsed in all communitarian societies. According to Greene (1997: 22-23):

There is no tradition in Judaism of asceticism or mistrust of material goods and commercial life, as has sometimes existed in Christianity. Classical teachers regarded economic activity as an indispensable aspect of worldly existence and they recognized the importance and legitimacy of the profit motive. This is illustrated by a Talmudic teaching that prohibits one from engaging a physician who is free of charge... Recognizing the power and legitimacy of financial incentives, the rabbis ruled that “a physician who heals for nothing is worth nothing.

However, the Jewish and Christian traditions of communitarianism secure social good and social justice through biblical and talmudic moral obligations arising from the shared view that the moral agent who appropriates resources, such as land and mines, is a mere tenant of God’s property (Temari, 1997:48). The exact basis of this view is Psalms 24:1’s refrain that “The earth is the Lord’s, and the fullness thereof”. With respect to entrepreneurial practice, this refrain means that the resources of enterprise should be utilized diligently. It also means that the communitarian entrepreneur, at least the Jewish one, is obliged to act in accordance with the edicts of God and hence the prescription that the moral agent
should secure widows, orphans, the elderly, disabled, refuge, and those who cannot find employment. The Talmud and the Bible provide an authoritative and systematic basis for reconciling individual motives in venture and the social good. Unlike, the liberal and libertarian traditions where social interests are secured, if at all, through the invisible hand of the market forces, in the communitarian tradition there are specific explicit moral obligations that the entrepreneur must strive to fulfill. Thus the entrepreneur, though free to engage in activities that generate values for other human beings and herself, is moral bound not to engage in practices that "have the consequence of inordinately disadvantaging some members of the community" (Greene, 1997: 24). Although the juridical structures of the liberal tradition ensure fair competition, the notion is not embedded in the moral 'teachings' of the tradition. The metaphysical bases of communitarian ethics are diverse, but the ethical principles, virtues, and values are the same in orienting the moral agent to practices that secure and enhance the interests of other human beings.

Apart from generosity and charity, the communitarian entrepreneur requires the virtues of honesty and integrity. The communitarian entrepreneur realizes her goal through the use of reason in devising instruments that better the lives of other human beings and derive joy from the realization of that end. This process requires honest appraisal and transformation of material and ideational realities. However, the normative application of honesty to human beings can only be arise where the moral agent has a common identity with the other human beings. The entrepreneur's identity with other human beings could be social, religious, or ontological. With respect to entrepreneurial practice, identity means that the moral agent recognizes and appreciates socially defined obligations that she has towards
other human beings. However, some forms of identity will fail to secure other human beings from entrepreneurial practices that violate their interests, because it is quite rational for one to perceive others as her extension and at the same time regard them as mere means for achieving narrow, selfish interests. In our view, entrepreneurial practice in the communitarian tradition can be ethically structured if the moral agent has the requisite virtues and normative indications such as those of the Jewish and Christian traditions, or she perceives a strong connection between the self and other human beings. Social identity, with weak civic virtues and weak ontological identity, will tend to lead to abuses of other human beings, as has been witnessed in African societies (Presbey, 2003). However, the credible root of the abuses is the social and moral destruction of traditional African mores through the process of colonization (Wiredu, 1983: 12). This latter account accords with our rationale for excluding African narratives of entrepreneurial practice in this tradition.

In the next sub-section, this thesis focuses on specific aspects of entrepreneurship in the communitarian tradition.

4.4.2 COMMITMENT TO ENTERPRISE

The question that must be addressed from the outset is: What is the level of the communitarian entrepreneur’s commitment to the enterprise? Is it comparable to the liberal and libertarian entrepreneurs? And following from that: How can we account for the communitarian entrepreneur’s level of commitment to the enterprise, granted the liberal and libertarian traditions’ accounts of the same in terms of greed?

The communitarian entrepreneur par excellence manifests commitment to the enterprise that is as high, if not higher than that of the liberal and libertarian
entrepreneurs. However, there is a qualitative difference, arising from the fact that the driving force for the commitment of the liberal and libertarian entrepreneurs is greed, whereas Ikeda and Vinoba are examples of entrepreneurs driven by devotion.

Ikeda's devotion to Soka Gakkai arose from his upbringing in the Youth Division of the enterprise and his spiritual and intellectual training under the tutelage of Josei Toda. From this fact, and from his extensive publications on peace, we can surmise that his commitment transcended the verbal expression of commitment to enterprise of his predecessors. Moreover, Ikeda's commitment to the ideals of Soka Gakkai was rooted in Nichiren Shoshu Buddhism. Indeed, the entire enterprise is rooted in the teachings of Buddhism. The qualitative difference between this commitment and the commitment of the libertarian entrepreneur is that whereas in this case there is an explicit spiritual dimension to the relationship of the entrepreneur to the enterprise, the latter does not generally manifest any explicit spirituality.

Although Vinoba's venture focused on manifold goods, it is essentially comparable to Soka Gakkai. Vinoba's commitment to a just and equitable society, and nonviolence, arose from his own reflections and his relationship with Gandhi. Moreover, he was also "involved in Gandhi's programmes related to Khadi villages industries, new education (Nai Talim), and sanitation work". The religious background accounts for the high commitment of Ikeda and Vinoba to their respective ventures.

There is a comparable background in St Augustine's tireless quest for the requisite resources for the expansion of the church, the mobilization of state resources for the task of enhancing the enterprise, and the zeal to ensure successful
venture. In all the cases of the communitarian entrepreneur the devotion and commitment to the enterprise is almost absolute.

Ontologically, the communitarian entrepreneur’s motivations are consequent upon definitive social and economic conditions. The conditions reflected in the entrepreneur’s interest and motivations justifies the commitment to the enterprise. Not surprisingly, therefore, the communitarian’s commitment does not eventuate in the establishment of personal empires such as Bill Gates’ Microsoft, Larry Ellison’s Oracle, and Turner’s CNN. Rather, entrepreneurs in the communitarian tradition pursue the establishment of social institutions such as churches, nations, education and economic institutions that are distinctly founded and oriented to the service of all members of their society. It is the latter qualification that is critical in distinguishing the entrepreneurial practices of communitarian entrepreneurs.

In Krieger’s account of entrepreneurship, communitarian entrepreneurs are called to serve society by a voice (St Paul), and a sign (St Augustine). Thus, Krieger is right to characterize the conversion from preoccupation with ordinary affairs to the establishment and enhancement of enterprise as election and binding. Once Ikeda, Vinoba, Paul, Moses, Augustine of Hippo, and Lenin are bound to the communal good, the commitment to the enterprise is almost absolute.

In the case of St Augustine, Krieger (1986:8) cites the following account of his election:

[1] In a sermon, the bishop, Valerius...spoke pointedly of the urgent needs of his church; the congregation turned to find, as they expected, Augustine standing among them in the nave; with the persistent shouting required for such a procedure, they pushed him forward to the raised throne of the bishop and the benches of the priest, which ran around the curved apse at the far end of the basilica. The leading Catholic citizens of Hippo would have gathered around Augustine, as the bishop accepted his forced agreement to become a priest in the town.
Now, although commitment to a communitarian entrepreneurial good is a virtue, in absolute form, it is potentially foundational to practices that violate other human beings’ dignity, freedom, and rights. Thus, some of the worst horrors that have been visited upon mankind have been instituted and perpetuated under the aegis of communal good. In many cases, the devotion of the communitarian entrepreneur to what she perceives to be the good is so overarching that the self is totally absorbed in the enterprise. Although it is not incidental that this characterization of the communitarian entrepreneur reads like the Marxian characterization of soul of the capitalist, we will glide over that for the purpose of focus.

Krieger (1986:14) observes that:

Augustine...has come to see his role in terms of dreadful responsibility...and stringent authority. He has been transformed by the demands of a church and a role, so that he is deeply involved with everyday pastoral activities and with great and sometimes violent campaigns to bring the world to the church. The growth of an inclusive institution brings along with authoritarian, disciplining, sacrificial acts.

In other words, the communitarian entrepreneur’s devotion engenders violations or subversion of all interests that are adverse to the sustainability and growth of the enterprise. In principle, since such acts are motivated by the desire to ensure the establishment and enhancement of an enterprise that is deemed to derive its modus operandi and raison d’etre from the good of a specific community, they cannot violate social good. In this respect we concur with Cohen (2000: 42) that:

Individuals often appeal to standards from outside their culture when they perceive its standards unjust. If cultural relativism obtains, this cannot be an appeal to a universal standard, but only to the standards of another culture.
We can, however, from the meta-ethical level, critique the notion of social good that informs the sustenance of a particular communitarian enterprise, be it the enterprise of Ikeda, Augustine, or Konrad Adeneur. Only thus can we truly determine the status of entrepreneurial practice to social good in this tradition.

Who determines what entrepreneurial endeavors are in concordance with social good? How does she arrive at the conclusion that a particular enterprise is morally justifiable? Whichever authority determines what entrepreneurial endeavors are in concord with social good, is there a possibility that it could be misconceived?

Societies have mechanisms of electing individuals to various offices, and individuals secure certain entrepreneurial roles through such mechanisms. In cases where entrepreneurial roles are determined by social mechanisms, the nature of the enterprise to be undertaken is generally defined antecedent to the election of the entrepreneur. Yet, even when the election and endeavors are so defined, communitarian entrepreneurs tend to transcend the boundaries due to their exceptional qualities of innovation and creation.

Consequently, while the initial, foundational aspects of entrepreneurial practice in the communitarian tradition can, to a limited extent, be morally justified as legitimated by the social institutions, subsequent practices will largely be generated by the entrepreneur's innovation with or without the legitimating processes of the social institutions. Thus, St Augustine is elected to reorganize and strengthen the church in Hippo; Ikeda is chosen to succeed his tutor and mentor, Osei Toda; and Vinoba is delegated the responsibility of nurturing an incipient enterprise by Gandhi. For each one of these entrepreneurs, the election merely provided an entry point into what become overarching commitment and devotion.
In any case, although there could exist mechanisms of electing individuals into entrepreneurial roles, most communitarian entrepreneurs and their distinctive endeavors arise from necessitating conditions. Thus, Toda chose and groomed Ikeda to take the mantle of Soka Gakkai, with a clearly defined mission. And Vinoba, growing up under the influence of Mahatma Gandhi, was steeped in compassion for the poor and hence his movement to ensure that their existential conditions were transformed through education and access to land. The narratives of both Vinoba and Ikeda demonstrate the primacy of social conditions and needs in the emergence and application of entrepreneurial skills in the communitarian tradition.

Yet on several occasions in the history of mankind, social conditions and needs have been utilized as the basis of violations of other people’s integrity. In this respect berkowitz’s (1995: 8) argument about Hitler seems pertinent:

(There is) considerable historical evidence that traditional German culture—especially the well-documented prejudice against the Jews.... —made the Germans particularly vulnerable to Hitler’s terrible demagoguery.

There is validity in the argument that the pursuit for noble communal values entails dealing diversely with interests that are directly or indirectly antagonistic to those values or the process of realizing those values. In this respect, the alleged incident in the narrative of Ikeda’s entrepreneurship, involving Komeito and Soka Gakkai in trying to “obstruct the publication of a book that was critical of” the political party and the organization was not incidental nor accidental. Similarly, St Augustine’s use of state resources in the task of dealing with competitors also reflects this intrinsic feature of communitarian entrepreneurship. Motse (1995: 447ff) cites examples of Lord Ling, Lord Kou Chien, and Lord Wen as moral agents who undertook various radical measures that transformed China, but fails to
realize that the actions of these social entrepreneurs though commendable from the perspective of communal good violated the interests of the individuals who perished in the process.

However, Berkowitz is misconceived in attempting a critique of communitarianism on the basis of the excesses of Hitler because the Third Reich did not arise in a communitarian tradition, but rather was a consequence of the social-economic malaise and the ability of a clique of the elite to use the coercive machinery of the state on Germans. This objection to Berkowitz’s argument implies that not all social or communal enterprises are communitarian, although all communitarian enterprises are social oriented. The distinguishing attribute of entrepreneurship in the communitarian tradition is that it is structured by deeply entrenched mores, which emphasize the significance of community in the existential activities of each individual person. So, it is the attribute of the informative mores rather than the entirety of the enterprise that distinguishes a communitarian from a liberal or libertarian enterprise. The importance of this distinction is evident in the fact that a number of eminent social and political entrepreneurs, such as Roosevelt, Bismarck, Peter the Great, are not examples of communitarian entrepreneurs. The entrepreneurship arose from social mores that emphasized the fulfillment of the individual, in some cases the preeminence of the liberty of the individual over communal ‘Good’ And their commitment was to public good through actions that protected and enhanced the liberty of the individual, just as the public manager in a neoliberal society is charged with the responsibility of undertaking specific actions in the interest of a public good that consists of upholding liberty, the market, and self-fulfillment(Petrick and Quinn, 1997: 18-19).
While Berkowitz is right in observing that the Germans were vulnerable to Hitler's project because of the prevailing anti-Semitic culture, in terms of entrepreneurship in the communitarian tradition, vulnerability is a factor of the established mores rather than terror. In other words, a socially established tradition that de-emphasizes the individual has the potential of producing a Hitler-like situation due to a number of reasons.

First, issues of the moral permissibility of the entrepreneurs' practices and the goods of her entrepreneurship fail to arise, partly due to the overarching psychological and epistemic constraints of the enterprise. Second, the practices and goods of a communitarian enterprise derive their moral status to its members from their socialization and cultural norms and, therefore, critical appraisal can only arise from outside the epistemic constraints of the communitarian tradition or from a few perceptive and sagacious members.9 Due to this reason, and the fact that the specific body of beliefs that a society subscribes to is contingent, Bell's view that "communities cannot be constituted by deeply held beliefs that are wrongheaded or evil," (Berkowitz, 1995) is untenable. Indeed, according to Cohen (2000: 42) "communities (or nations or cultures) often have value commitments that they should not". Third, the positive alignment of the communitarian enterprise with the political and, consequently, the coercive instruments of the specific society, will tend to eliminate dissent (Krieger, 1996: 46; McCormick, 2005:3).

However, there are definite moral issues that arise in the communitarians practice of entrepreneurship when the interests of the enterprise and the continued presence of the entrepreneur are in conflict. The cognitive and in some cases psychological dimension of this situation is epitomized by the inability of the entrepreneur to perceive conflict between on one hand his continued presence and
control of the enterprise and on the other hand its ability to efficiently and
effectively achieve socially viable ends. Yet the boundary between the cognitive
and moral is fairly thin, since apprehending the ‘ought’ in a specific moral context
is crucial to a moral as opposed to a psychological response. And granted our
argument throughout the preceding chapters of this thesis that intellectual abilities
are virtues, we must appreciate the positive significance of understanding,
prudence, creativity, level-headedness, and wisdom. But, again, some of these
auxiliary virtues of rationality are prone to psychological tendencies. The
significance of tradition with respect to the interaction between the moral,
intellectual, and psychological dimensions of the entrepreneur is reflected in the
fact that, notwithstanding the traditional view that greed is a vice, it is endorsed as
a virtue in the liberal and libertarian framework. This view of greed contradicts the
generalization that greed is a vice “because (it) erodes the natural volitional
readiness to act ethically” (Petrick & Quinn, 1997:102). Indeed, in asserting that it
is conceived as a vice in ‘the traditional view’, Petrick and Quinn are endorsing our
thesis that the tradition of moral agency determines what is morally permissible. In
the communitarian tradition, greed is a vice, irrespective of whether it is rational or
irrational. And granted the socialization of moral agents in this tradition, it is
bound to be limited to aberrational status, and to be encountered as unambiguously
morally impermissible.

Granted our thesis, when conflict arises between the continued presence of
the entrepreneur and the ability of the enterprise to serve communal Good, the
communitarian entrepreneur is morally obliged to hand over the leadership of the
enterprise to an appropriate individual. The very same virtues of devotion and
commitment that enable him/her to overcome various impediments in the span of
his reign compel him/her to leave, rather than destroy the enterprise. In this respect, the communitarian tradition distinguishes emphatically between possessiveness and devotion. Yet, no discourse draws the distinction in starker colors as Vlastos' commentary on Plato's conception of love (Vlastos, 1982). Although Plato is distant in time from the present, his moral philosophy is, according to Karl Popper, 'collectivist or political utilitarianism', and therefore pertinent to this account of entrepreneurship. Krieger (1981: 61-90) too provides a suitable account of the virtue of devotion in the case of motherhood. Krieger's account echoes the Biblical woman who, confronted with King Solomon's judgment that her child is divided between her and another claimant, offered to give up her claim.

So, instead of the characteristic possessiveness of the libertarian and liberal tradition that is exemplified in the elevation of greed into a virtue, the communitarian tradition cultivates devotion. In this respect, the relationship between the individual and the enterprise is reversed from entrepreneur's possession of the enterprise and the goods of entrepreneurial goods to enterprise possession of the entrepreneur. The communitarian entrepreneur's commitment to the enterprise is a factor of devotion and this arises from the fact that the communitarian tradition socializes its members to be steeped in this virtue and, in effect, to engage in practices that advance communal good with zest.

As we saw in the introduction, communitarian moral principles prescribe the moral agent's commitment to social good and define social good as a value. The virtue that enables the entrepreneur to pursue and attain this value is devotion.
4.4.3 WORKERS, SHAREHOLDERS, CUSTOMERS, AND STAKEHOLDERS

The communitarian tradition is highly critical of practices that exploit, manipulate, or objectivize other human beings (Fromm, 1973: 223). It is, therefore, argued that entrepreneurial practices should seek to enhance social good, which is diversely encapsulated in the interests of the workers, shareholders, customers, and stakeholders (Marx, 1844: 279; Fromm, 1967: 28; Etzioni, 2005: 4).

In terms of management and economics this prescription means that the acceptable utility analysis must include social, spiritual, and intellectual goods that accrue to the members of the specific community from an entrepreneurial practice. Granted our earlier observations on how communitarian entrepreneurs are generally elected, holistic utility analysis should form the rational basis for transcending the established boundaries of the communitarian enterprise.

The entrepreneurships of Ikeda and Vinoba are distinctly devoid of dichotomizations of owners of capital and workers. In positive terms, the entrepreneur perceives the workers as shareholders and stakeholders. Consequently, while the three concepts are treated separately in the liberal and libertarian tradition, the communitarian tradition inclines to a conception of all human beings as stakeholders and shareholders in the ventures that occur within their societies (Temari, 1994: 48). Even when a distinction is asserted, the emphasis on communality means that the entrepreneur in the communitarian tradition will be ethically aware and sensitive to the overall welfare of her employees (Mente, 1981: 132).

Accordingly, the primary basis of Ikeda’s engagement with members of the Soka Gakkai International does not exactly fit the liberal and libertarian bifurcation
that is expressed in the concepts of worker, shareholder and stakeholder. Similarly Vinoba’s entrepreneurial programme of kanchan-mukti (freedom from dependence on gold, i.e. money) and Rishi-Kheti (cultivation without the use of bullocks...) involved working with millions of human beings across India in the pursuit of social goods.

Yet to the extent that the communitarian entrepreneur must engage all the resources of the enterprise in meaningful and efficient practices, he/she must employ the virtues of judgment and foresight in handling the workers, shareholders, and stakeholders. This means that the communitarian entrepreneur, like the liberal and libertarian entrepreneur must heed the dictates of rationality in order to derive value from the respective resources of the enterprise. Vinoba’s enterprise, of generating opportunities and resources from the individual members of the villages that he dealt with, hinges on the specific content of his addresses to the diverse audiences. In converse terms, we are arguing that if Ikeda had failed to identify the right potential member for the role of nurturing Nichiren Shoshu in United States, the intention of expanding Soka Gakkai would have failed. In this sense, all the principles of Sun Tzu are as critical to the success of communitarian, as to the liberal and libertarian entrepreneur. To illustrate this argument, let us sample three principles of Tzu, which are pertinent to the entrepreneur in dealing with members and other stakeholders. Tzu asserts:

We cannot enter into alliances until we are acquainted with the designs of our neighbours.
We are not fit to lead an army on the march unless we are familiar with the face of the country—its mountains and forests, its pitfalls and precipices, its marshes and swamps.
We shall be unable to turn natural advantages to account unless we make use of local guides. (Tzu, 1981:44)
The communitarian entrepreneur, intent upon attaining certain goods for his/her community, seeks to understand the strengths and weaknesses of the competing enterprises. Ikeda achieved this through the appointment of Masayasu Sadanaga as the national director of the Nichiren Shoshu Academy and the latter’s change of name to George M. Williams. Thus, although the realm of entrepreneurship and warfare are distinct, the principles of mobilization of resources and maneuvering of troops are similar. Communal-orientation of the entrepreneur does not negate the necessity of planning for the attainment of the venture’s goals. The communitarian entrepreneur’s operationalization of Tzu’s principles are cognitively calculated to achieve a specific future for the community and the entrepreneurial practices reflect volitional propensity towards communal good and aversion to objects and instruments that antagonize the future of the community. Still, it is important that we determine the degree of aversion to personal gain and this hinges on the meaning of social good.

What does social good entail in the interaction between the entrepreneur and members of his/her community? In Vionoba’s case social good entailed ensuring that the goods of his venture were equitably distributed to the members of the various villages. While in Ikeda’s case the priority of social good necessitated raising capital through donations for construction of the temple, establishing educational and cultural institutions for the purpose of ensuring that the venture’s main good, peace, was available to as many people within Japan and the entire world. Thus, there is ample justification for the view that:

Central to many communitarians’ philosophy is the concept of positive rights.... These may include free education, affordable housing, a safe and clean environment, universal health care, a social security net, even the right to a job. To this end they generally support social programs, free public education, public works programs, and laws limiting such things as pollution and gun violence. (Wikipedia)
What this citation means is that the communitarian entrepreneur is morally obliged to pursue the actualization of positive rights or the facilitation of the realization of the members' *telos* (Cohen, 2000: 44). Vinoba's land movement represents the case of actualization of the members' rights to humane livelihoods. On the other hand, Ikeda's Soka Gakkai, committed to the propagation of peace, represents the entrepreneur's facilitation of the realization of positive rights insofar as peace is a necessary condition for such rights as life, property, and association.

It is worth noting that even though entrepreneurship of the communitarian tradition might eventuate in the production of material and even financial rewards, the entrepreneur's practices are could be appreciated in non-monetary terms. Thus, the entrepreneur might be celebrated, revered, and her virtues extolled. This assertion affirms Honneth's (1995) view that intersubjective conditions and recognition is an important aspect of our personhood and that this accounts for diverse strivings to gain it within the definition of one's horizon.

The entrepreneur's rational decisions are moral insofar as they are informed by cognitive and volitional readiness to design or acquire instruments and utilize them for purposes of actualizing the community's Good. Thus, the decision schema of the communitarian entrepreneur ought to be structured by the community's Good. The condition for communitarian decision-schema in entrepreneurship is an appropriately constituted individual. The link between the consideration of the individual and the decision-schema implies the significance of character in the practice of entrepreneurship in the communitarian tradition. In contrast with the liberal and libertarian persona that is atomistic and therefore inclined to primarily intend instruments and goods that enhance the self, the
communitarian persona is communistic and therefore inclined to primarily intend instruments and goods that enhance the community. Moreover, due to the transient nature of the liberal and libertarian persona, the concept of character only applies to both in the weak sense. For this reason, we concur with Petrick and Quinn (1997: 100) that:

Character admits of degrees of developmental integrity; that is, strong characters identify with commitments that provide continuity and unity through the course of life, through conduct that reflects espoused principles, through regular self-assessment and control. Well-developed, expansive characters routinely exercise their virtues (intellectual, emotional, social, and moral) to add depth to their moral resolve. Strong characters have strong intentions to act ethically; they are ready to act morally...

It is our submission in this thesis that the strong sense of character is more pertinent to the communitarian entrepreneur due to the stability of communal interests, the necessity of entrepreneurial goods that serve those interests, and the devotion of the entrepreneur to the community’s Good. Of course, it will be argued that devotion to the Good that is communal could require variation rather than stability in certain circumstances; and that, indeed, the nature of all entrepreneurial undertakings requires fluidity rather than solidity. Since opportunities for entrepreneurship arise from such factors as demographics, perception, mood, meaning, and new knowledge, flexibility (Drucker, 1986: 32:34) is an important virtue. Yet, for a number of reasons, flexibility is not intrinsically a virtue and there are limits on the extent of variations that an entrepreneurial practice can accommodate in the communitarian tradition. Thus, Ikeda’s ecumenical dealing with other religions should not result in loss of identity, because this would render the enterprise worthless to the community.

Variation and the entailed flexibility are not contraries of stability and consistency. In fact, a stable and consistent base is necessary for meaningful
variation and flexibility. With respect to entrepreneurship in the communitarian
tradition, this means that whereas the entrepreneur should be flexible in the choice,
mobilization, and use of resources, she should ensure that each specific choice and
use serves the Good. Thus, beneath the appearance of disorder, the adept
communitarian entrepreneur should strive to create and sustain order (Tzu, 1981:
32). Irrespective of the diverse entrepreneurial practices and consequent goods, the
meaningfulness of them all arise from communal Good. The consequence of this
link between entrepreneurial practices and goods and communal Good is
entrepreneur’s perception of taxation “less as a case of being used for others’ ends
and more as a way of contributing to the purposes of a community (Sandel, 1986:
45; Temari, 1994: 49).

Another consequence is that communitarian entrepreneur pursues fair
distribution of the goods of entrepreneurship due to the tradition’s account of the
significance of social capital in entrepreneurship. Thus, beyond Putnam’s
(1957:17) argument that social capital is important for building and maintaining
democracy, we can argue that it is equally vital for the formation and enhancement
of the enterprise. Yet, Putnam’s view reflects a striving towards communitarian
ethos in the liberal and increasingly libertarian social space, and consequently
attempts to justify communal good on the basis of its significance to the enterprise.
More aptly would be a conception of the individual-community axis in which the
individual’s pursuits are intrinsically oriented towards communal good. For if the
entrepreneur engages in practices that recognize and, therefore, augment social
capital, the ethos informing his practices would not be communitarian.

In the relationship between the entrepreneur and the worker-shareholder-
stakeholder, the argument for the social basis of all human practices means that the
distribution of goods should take into account the interests of the wider society. Thus, whereas the libertarian concern is with the interests of the specific individuals, in their specific categories, the communitarian concern is with the good of the society. Communitarian theorists justify this moral requirement in diverse but essentially similar terms. The Marxian justification is that goods of entrepreneurial practice are a consequence of social processes and therefore the distribution and consumption these goods should be social rather than private. Dhamasiri (1995: 454), another communitarian theorist, justifies the moral requirement on account of Buddhist conception according to which “everything owes its existence to everything else. ...Because my existence is dependent on the rest of the universe, I naturally owe a debt and an obligation to the rest of the universe.”

There are a number of theoretical and practical problems related to this concept of social good. Theoretically, with respect to sense and reality, it seems plausible to argue that there is no such thing as social good. In other words, that the furthest that we can go in trying to determine the ontological basis of the concept is to point to an amalgam of individual interests. Due to this theoretical problem, the communitarian entrepreneur is bound to have difficult in determining the social good that her entrepreneurial practice is supposed to serve. Unless this difficult is addressed, it is not reasonable for the tradition to expect that the entrepreneur be motivated by desire to pursue entrepreneurial practices that serve social good.

The issue of the reasonableness of the communitarian tradition’s normative expectation is diversely acknowledged in the writings of Plato, Marx, Aristotle, Hobbes, and MacIntyre and addressed through the postulation of the state, the sagacious individual, and the post-capitalistic individual.
In the communitarian tradition, the entrepreneur pursues social good in his dealings with workers-shareholders-stakeholders due either to her perceptiveness and humanness, or state (juridical) requirement. In the first case, it is presumed that the moral agent has the disposition and capacity to be perceptive and humane. In the second case, the juridical institutions, presumably made up of social-minded handlers, define the social good that the entrepreneur ought to pursue. The juridical enunciations derive their legitimacy from being embodiments of communitarian moral principles, values and virtues.

4.4.4 OBJECTIONS TO COMMUNITARIAN ETHREPRENURIAL ETHICS

A preliminary objection to the communitarian tradition is that it cultivates a persona that has the disposition to generate rather than accumulate values for the needs of other human beings (Marx, 1844). Accumulation of values is critical to entrepreneurial capacity in the sense that the disposition to venture must be backed by relevant intellectual, material and technical resources in order to be actualized. If, therefore, it is true that the communitarian tradition orients the individual to generate values but not accumulate, then there are bound to be difficulties.

The ability to acquire and preserve resources is an integral virtue of entrepreneurship. Indeed, the main challenge of the entrepreneur in any tradition is to determine the appropriate resources for the preservation of her enterprise. This means that accumulation of resources is intrinsic to entrepreneurship, just as it is intrinsic to meaningful and progressive human live. An entrepreneurial practice is the activation of resources that must of necessity antecede the act. Now, with respect to entrepreneurial practice in the communitarian tradition, there is sufficient evidence to justify the assertion that accumulation of resources antecedes
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the generative entrepreneurial practice. The Biblical parable of the master who gave talents to his servants and his pleasure with the one servant who invested it and tripled it affirms the significance of accumulation in the Christian communities. Similarly, the Jewish rabbis “recognized the productiveness of capital and the general usefulness of commercial lending practices” (Greene, 1997:24). Thus, the argument that the communitarian tradition cultivates a persona that has the disposition to generate rather than accumulate values is baseless.

In any case, it is vital to interpret Marxian principle that “from each according to his ability, to each according to his needs”, as an endeavor to establish a society in which the needs of all members are fulfilled. The principle is a bulwark against social injustice, rather than a basis for subverting the accumulation of values.

The second objection is that although the communitarian individual is conceived to be oriented towards social good, unless emphasis is placed upon the entire humanity, there is no basis of morally prohibiting the communitarian entrepreneur from being crafty and manipulative in dealing with human beings who are not members of her society. Indeed, the communitarian entrepreneurs identified in this study engage in successful entrepreneurship insofar as their communities are concerned by dealing craftily and manipulatively with ‘other people’. Thus, whereas the entrepreneur in the liberalism and libertarianism is self-centered and manipulative (Posner & Schmidt, 1984; Jackall 1988), the communitarian entrepreneur is communal-centered and manipulative. For this reason, communitarian entrepreneurship is open to the same criticism that Cavanagh et al (981: 366) level against the liberal and the libertarian traditions:

This calculative emphasis defines theoretical debate over ethics in terms of the desirability of outcomes and tends to ignore the value of the activities, processes, and behaviors involved, independent of
Thus, communitarian concern with the effects of the individualistic ethic that is the hallmark of libertarianism and to certain extent liberalism merely shifts the focus of “the ethics of effectiveness” (Horvath, 1995) from the individual to the community. The focus on utility leads to utility analysis that might as well be the operations of a Machiavellian prince in the cloak of a communitarian entrepreneur. The tradition does not bar Ikeda, Augustine, Lenin, and Vinoba from engaging in activities of deception, fraud, and coercion as means for securing communal good. At the prescriptive level the communitarian tradition implicitly endorses deception, bluffing, fraud, and coercion in the pursuit of entrepreneurial goods that enhance communal good.

However, at the meta-ethical level, the moral permissibility of deception, fraud, and coercion must be argued and justified. The epistemological resources of the tradition must address the question of whether communal good is necessarily good. Can the communitarian tradition, contra-Moore’s view that good is indefinable, assert that in the communitarian tradition good is equivalent to communal interests? Intuitively, this would be an excursion into a cul de sac because we can immediately conjure situations in which we will be confronted by cases of a communal good or goods that are not intuitively good. Thus, although entrepreneurial deception might yield benefits to our community, we could be committed to the view that it is morally wrong for the entrepreneur to deceive. Since the communitarian tradition cannot make a plausible defense of deceptive or coercive entrepreneurial practices on the basis of intuition, it must either resort to analysis or empirical justification. In other words, the tradition’s theoretical
resources must either demonstrate that the *definiens:* "the social good of the communitarian tradition" are analytically derivable form "good" or collate a set of attributes of the tradition's "social good" that are in tandem with "good". The first option leads to an insignificant tautology that renders our concern with communitarian social good, particularly as manifested in entrepreneurial practice *vis-à-vis* good trivial. The second option is problematic because it requires an a priori concept of good, which takes us back to moral intuition.

Thus, while it is a tautology to assert that the practice of the communitarian entrepreneur par excellence is in concord with social good, the same cannot be asserted with respect to the practice of the communitarian entrepreneur and good. Therefore, the question of the status of the entrepreneurial practice of the communitarian agent *vis-à-vis* good is not an analytical question, but rather a synthetic one that has to be resolved using the intuitions of the specific moral community. That is why we can conceive communitarian entrepreneurial practices that violate good.

Moreover, unlike the entities that are amenable to pure thought such as numbers and geometric figures, in this case we are dealing with nebulous entities such as 'brotherhood', 'neighbor', and 'all beings' that are open to diverse extensional and intensional interpretations. So, for example, who is the entrepreneur to treat as her brother? Is brotherhood an aspect of lineage, or is it an aspect of nationality, or is it an aspect of neighborhood?

One way out of this situation is to have legislative definitions of all such terms, and socialize all members of the respective communities to understand brotherhood or neighborhood in specific terms. This means that the search for an unambiguous predication leads to the idea of a language community. This is
almost in concord with Rorty's view that the definition of personhood and decency is a matter of transient consensus (Cohen, 2000: 53). However, our position does not share Rorty's position that the contingent intuitions are bereft of metaphysical notions of personhood, good, and justice. The assertion of transient consensus and contingent intuitions does not exclude the existence of metaphysical notions. Indeed, even in the 'traditional' past, metaphysical notions have always been derived from the consensus and intuitions of the people. In any case, contingent intuitions and transient consensus presuppose a particular notion of personhood.

Although Rorty thinks that "humanity" is too broad for the moral agent to identify with, he argues:

The right way to take the slogan "we have obligations to human beings simply as such" is as a means of reminding ourselves to keep trying to expand our sense of "us" as far as we can.... We should stay on the lookout for marginalized people—people whom we instinctively think of as "they" rather than "us." We should try to notice our similarities with them. The right way to construe the slogan is as urging us to create a more expansive sense of solidarity than we presently have.

Although this citation provides a good communitarian response to our question it emanates from Rorty's commitment to solidarity motivated by desire to perch liberalism off the neurotic obsession with Cartesian foundationalism and universalism. For this reason, it reflects the contest of traditions within the liberal tradition that we asserted at the closure of chapter two, and aptly defines itself as ironist because it neither accepts the assumptions of the liberal nor those of the communitarian traditions. Yet Rorty's position is not in any significant way different from the communitarian response to the issue of the definition of community. Thus Sandel (1996: 343) argues:

To affirm as morally relevant the particular communities that locate us in the world, from neighborhoods to nations, is not to claim we owe nothing to persons, as fellow human beings. At best, local
Therefore, the inclusion of other human beings in the entrepreneur’s moral consideration is a consequence of her humanistic virtues that transcend the immediate neighborhood or nation. Motse (1995: 447) foresees a major objection to the implicit postulation of universal love in the following form: “... universal love may be magnanimous and righteous, but how can it be realized? Universal love is impracticable just as carrying Mt. T’ai and leaping over river.” It is vital for us to appreciate the fact although most communitarian theorists incline to conceptions of community that are inclusive of all human beings, communitarian societies manifest exclusivist tendencies in the definition of justice and obligations. In any case, the inclusion of all human beings in the definition of justice and moral obligations leads to the objection that is unrealistic, because it is not feasible to require that entrepreneurs in the communitarian tradition should be cognizant of all human beings.

Motse’s responses to this objection are either insufficient or irrelevant to the defense of transcendent obligations and conception of the Good. Rulers are scarcely the appropriate counterfactuals to the objection that transcendent obligations and conception of the Good is feasible. Practices undertaken out of prudential considerations such as the pursuit of the rewards of virtue are not exactly what should be considered as manifestation of universal love. Moreover, Motse’s citations of instances of various Chinese people undertaking difficult activities hardly provides a sufficient basis for arguing that universal love, and by extension transcendent obligations and conceptions of the Good, is possible.
While the focus of some versions of the communitarian tradition is entirely or mainly on human beings to the exclusion of none human entities, the Buddhist version includes the whole of nature in defining the obligations of the moral agent. Thus Dharmasiri (1995: 455) observes that:

> From the fact that nature treats us rightly, it follows that we should treat nature rightly. Buddhism strongly believes that morality is the best way to communicate with nature because morality is the nature of nature. If we mishandle or mistreat nature we are bound to get back our due.

However, the Jewish tradition of communitarianism defines the obligation of the entrepreneur in what appears to be a Periclean manner granted she should only be just to fellow Jews. In other words, the entrepreneur who uses all her intellectual and technical resources to attain an important object is morally justified. Manipulation could be justified in terms of the goods that it ensures to the community of the entrepreneur. In this respect, the communitarian tradition would appear to fail to offer a holistic moral basis for the entrepreneur and in effect fail to guide the entrepreneur. The critical question is: why should the communitarian entrepreneur perceive all other human beings, and not other creatures and entities, as her unconditional aim in the practice of entrepreneurship? Although Arendt argues against the Jewish state due to the possibility of it configuring anti-other sentiments, and contrary to the parochial interpretation of the Bible and Talmud, the Jewish tradition includes ethical and religious injunctions to protect non-Jews (Dorff, 1997: 33). Similarly, Buddhism (Dharmasiri, 1995: 453) includes all other human beings on account of ontological identity of the moral agent with the entire nature.

It is important, though, that we acknowledge the fact that different communitarian societies espouse varied ontological links between on one hand the individual and on the other hand fellow community members and non-community
members of the human race. Thus, the Jewish tradition espouses a stronger normative but non-ontological commitment of the moral agent to the welfare of fellow Jews than to non-Jews. This contrasts with the Buddhist requirement that the moral agent should care for all other beings that is founded on the ontological assertion of the link between the individual and others. For this reason, the entrepreneurial practice of the moral agent vis-à-vis the workers, shareholders, and customers will be determined the ontological and normative fundamentals of her community.

Therefore, despite some reservations (Presbey, Masolo, and Karp) on this conception of the moral agent vis-à-vis community, it is a fact that some communities operate on a tacit ontological identity of the individual and the community. Wiredu (1983: 8) argues that Akan morality, particularly the aspect of taboo, is founded on the belief that in case an agent breaks a taboo, she and the immediate community would be punished. Thus, the fate of the agent and the community is intertwined to the extent that the individual, in this case the entrepreneur, is morally bound to ensure that her practice is consistent with communal ethical prescriptions. However, if Wiredu’s argument that Akan morality and religion are distinct and independent, then we can also account for the prevalence of entrepreneurial practices that violate social good in Africa, tentatively, in terms of the general weakening of Africa’s religious systems.

The other issue that needs to be addressed is the status of greed in the communitarian tradition; which issues can b posed in following terms: Is greed intrinsically evil?
Granted our analysis in the last chapter, where we asserted the hypothetical necessity and moral desirability of greed in the libertarian tradition, it is clear that greed is not necessarily evil. This means that there are existential circumstances under which greed is good, such as in a libertarian society and liberalism. However, in the communitarian tradition greed is not one of the virtues of the entrepreneur, but rather it is identified as the dynamo behind individualistic pursuits for wealth and material comfort, which alienate and violate social good.\textsuperscript{13} For this reason, a number of the world's greatest religions assert the necessity of either eliminating it altogether through acts of self-purification, or perpetually waging war against it.

On the other hand, although Marx (1975) postulates its absence in his ideal communitarian society, he argues that the development of societies from rudimentary existence of bare subsistence to capitalism is a function of individual greed for property. Thus, greed is functionally necessary for the development of societies, but only in the prehistoric epochs of communalism, feudalism, and capitalism. But even then it is not morally desirable.

Another indication on greed is that of Aristotle (1985: 32), according to whom the moral agent who is properly socialized will moderate her appetites. Tamari (1997: 45) concurs with this view in her assertion that "Judaism comes therefore to train or educate the unbounded desire (Yetzer Harah) for wealth, so that market activities and patterns of consumption operate within a God given morality". Since greed is the extra-ordinary propensity to acquire or consume certain things, an agent whose appetites are moderated cannot, in the strict sense of this concept, be said to be greedy. Granted these indications on greed, how do we
account for the propensity of the communitarian entrepreneur to seek more and more ‘conquests’ for the ‘well being’ of her community?

We have already observed how, beginning with tasks that are defined by institutions, the communitarian entrepreneur transcends them by her ingenuity. Thus, Napoleon elected by circumstances to seize power in 1796 and stabilize France, becomes enamored with the conquest of the entire Europe. Yet some of the communitarian entrepreneurs, such as Paul, Augustine, and Lenin, appear to have faithfully pursued the fulfillment of their respective missions. However, if being faithful to the entrepreneurial mission is understood to mean seeking the realization of the orthodox goods using orthodox instruments, then this appearance is deceptive. The communitarian tradition, while asserting the precedence of community over the individual, does not regard the community and the entrepreneurial goods and instruments it prescribes as foreclosed (Cohen, 2000: 43-44). In fact ‘the historical process of dialectical justification’ (Cohen, 2000:44) entails and justifies entrepreneurial activities that transcend the orthodox goods and instruments.

Therefore, the faithfulness of the communitarian entrepreneur is to the goods that her community defines and asserts through dialectical justification. However, transcendence is not unique to the communitarian entrepreneur but, rather, it is the fundamental distinguishing feature of entrepreneurship to go beyond existing values and instruments. This assertion means that communitarian societies that perceive individual “uniqueness ...as deviation from the norm” could be lack history-making entrepreneurial practices.

Like the libertarian entrepreneur, the communitarian entrepreneur pursues entrepreneurial goods that have far-reaching consequences on the lives of the
members of her community tenaciously and calculatingly. Thus, the virtues of
tenacity and rationality are important to entrepreneurial practice of the
communitarian tradition. But how to we account for the prominence of the
entrepreneur in pursuing social good in the communitarian tradition, if we grant
that greed is an intrinsic vice? Tamari’s (1997:45ff) response to this question is
that “without desire no human economic activity would be possible”. It should be
noted that Tamari’s response glides from greed to desire, as if the two were
synonymous. The apparent necessity of greed, its inherent evil aside, is the basis of
Tamari’s elaborate prescription of religious training for the purpose of educating
greed.

A critical reflection on greed and desire will reveal that desire is a general
concept for psychological motivations that include sex, companionship, food,
wealth, status, friendship, and so forth. Greed is excessive psychological
motivation or propensity for any of these things. In the communitarian tradition,
desire for wealth is oriented towards the communal good and, therefore, it can
hardly be conceived to be greed.

When desire for wealth is structured not only in accordance with communal
interests or interests of others, the entrepreneurial practice that ensues is devotion.
Although devotion to the enterprise is a significant reason for the entrepreneur’s
determination, this is a virtue that should characterize all other moral agents in this
tradition. Yet, to a certain extent, the communitarian entrepreneur is elected to a
specific task by virtue of her visibly higher level of devotion to a particular value
or interest that is communally deemed to be good (Presbey, 2002:70). This means
that the virtue of devotion in the practice of entrepreneurship in communitarian
tradition is manifest at two levels: the level of the enterprise and the level of social
good. However, there is an important qualification to the assertion of levels with respect to devotion. Devotion to enterprise in the communitarian tradition, though apprehended separately, is ontologically simultaneous with devotion to social good.

Now, tenacity and rationality derive their status of virtues from the commitment of the moral agent to social good. Tenacity per se is not a virtue; and rationality per se is not a virtue. In effect, the communitarian entrepreneur is morally bound to tenaciously and rationally pursue the use of instruments and in realization of goods that are in tandem with social good, and to tenaciously and rationally desist from the pursuit of instruments and goods that violate social good.

The most elevated objection to Communitarianism attacks the concept of social good, especially when it is derived from ‘communal interests’. It is argued that social good is nothing but the interests of some group of human beings who are in position to orient the social, moral, political, and economic institutions to justify their interests by invoking social good. We saw in the discourse of the libertarian tradition that theorists argue that social good is a fictitious entity that serves to cloak parochial interests of a few human beings. Thus Phillips (Berkowitz, 1995: 9) argues that:

Communitarian theorists seldom define carefully what is meant by community and rarely supply historical evidence to support their contention that community as they understand it was once widespread and vibrant.

Although we grant the plausibility of this argument, we don’t think that its plausibility means that there is no such entity as ‘social good’. The fact that ruling classes have, throughout human history, defined social good to be equivalent to their interests does not mean that it is a fiction. Perceptive communitarian theorists, such as Marx, Fromm, and Ikeda, assert a concept of social good that transcends
the narrow interests of any particular class. This is vital because narrow conceptions of social good will necessarily lead to violations of other people's interests. For example, if my concept of my neighbor is my wife and children, then I will not desist from entrepreneurial activities that violate the interests of other human beings within my existential space. And this is the crux of the problem with our citations at the beginning of this chapter: they contain ambiguities, which can and have actually been the basis of justifying practices that are antagonistic to authentic social good.

Thus, Lee Iaccoca's Pinto project at Ford (Velasquez, 2002: 73), though justified on the basis of utility to the society, was wrought with full understanding that it would violate some customers' rights. The morally unpalatable dimension of communitarian tradition is aptly represented in the justification of the Pinto:

It was not right...to spend $137 million of society's money to provide a benefit (to) society valued at only $49.15 million. ...Ford subsequently went ahead with production of the unmodified Pinto. It is estimated that in the decade that followed at least 60 persons died in fiery accidents involving Pintos and that at least twice that many suffered severe burns over large areas of their bodies, many requiring years of painful skin grafts. (Velasquez, 2002: 75)

The moral issue at stake in this case is that unless a specific act of injustice is seen in the context of a practice, it is quite easy for the entrepreneur to violate the rights of some members of her society. The ramifications of non-contextual reasoning conduce to extensive violations of such intuitive and intrinsic goods as rationality, justice, and individual integrity. In Audi's view (1997: 148) the organic nature of the entrepreneur's moral situation is aptly captured by Dostoyevsky in the following citation:

Imagine that you are creating a fabric of human destiny with the object of making men happy in the end....but that it was essential and inevitable to torture to death only one tiny creature — that baby beating its breast with fist, for instance...Would you consent to be the architect on those conditions?...
“No, I wouldn’t consent,” said Alyosha softly.

Alyosha’s response is non-communitarian and it reflects a person that is committed to justice as an intrinsic good that the moral agent, our entrepreneur, is supposed to pursue. Moreover, Alyosha’s response is also noconsequentilist in contrast with laccoca’s response that is consequentialist. Agent-neutrality, a hallmark of entrepreneurial practice in the communitarian tradition, leads to calculated violations and has the potential of engendering moral dumbness.15

Now, although this citation sounds like one of the usual brickbats aimed at utilitarianism, it is pertinent to the communitarian tradition. Cohen (2000: 56) raises it as “the question that all metaphysical (traditional, objectivist) liberals would ask” and states it in the following terms: “what justifies the inclusion of a belief...in such a consensus [as might develop in a culture, particularly if some members of the pluralist society do not accept them?]” It is possible, after all, that the moral beliefs that are endorsed and held in a particular community are rationally unjustified.

It seems that the only certain response to the issue of individual-community tension is the argument that a communitarian entrepreneur is so constituted that she perceives and pursues entrepreneurial endeavors and instruments that are in concord with communal good. Cohen (2000: 56) objects to this in the argument that a belief “having been vindicated by...a tradition...leaves a possibility that a repugnant belief or practice—one that is biased or encourages a bias—could be...vindicated through time.” In other words, there is always a possibility of communitarian entrepreneurial practice that is in accordance with the virtues and values of a particular community being rationally unjustified. The power of tradition is vindicated by the fact that only an impartial and objective assessor can
determine the rational merit of moral beliefs. Since the communitarian tradition
disavows the feasibility of objectivity and impartiality, such an assessor is equally
not feasible.

The immediate objections and observations on the communitarian tradition
constitute the basis for asserting that whereas the liberal and libertarian traditions
are characterized by heterogeneity, the communitarian tradition is characterized by
homogeneity of moral beliefs. It is imperative that we appreciate the fact that in
reality the communitarian tradition recognizes the value, not only of
entrepreneurial practices that are disclosive (Spinosa et al, 1997), but generally the
significance of the dialectic. This is an aspect of the communitarian tradition that
Cohen (2000) attributes to MacIntyre but later on asserts its absence in the
tradition.

Furthermore, if the communitarian tradition is to nurture entrepreneurial
practices that are dynamic it should of necessity identify and systematize its
fundamental maxims. Thus MacIntyre1988: 360) argues:

In systematiz'-g and ordering the truths they take themselves to
have discovered, the adherents of a tradition may will assign a
primary place in the structures of their theorizing to certain truths
and treat them as first metaphysical or practical principles. But
such principles will have had to vindicate themselves in the
historical process of dialectical justification.

Ideally the ‘first metaphysical’ truths would be entrenched in the members
that constitute a specific communitarian community. In fact, the first principles
should be positively aligned vis-à-vis the Good of the specific community. This
means that the homogeneity of the communitarian society should not be interpreted
to be a recipe for exclusionary universalism.

We must now move on and derive a model of communitarian
entrepreneurial ethics.
4.5 THE COMMUNITARIAN MODEL OF ENTREPRENEURIAL ETHICS

The emphasis on communal Good and the subordination of justice and rationality to this Good, lead to a unique model for the practice of entrepreneurship.

Figure 1

COMMUNAL GOOD

Virtues (commitment, devotion, tenacity, beneficence, and devotion)

Entrepreneurial Practice

SOCIAL GOOD
Like the model in the last chapter, this model is based on Cavanagh et al’s model (1995), but departs from it by offering tradition as the viable heuristic and hermeneutic basis of understanding and applying ethics in the realm of entrepreneurship.

According to this model, violations of social good can only arise from entrepreneurial practices that are rooted in non-communitarian virtues. In any case, it means that social good is the *terminus a quo* and *ad quem* for communitarian entrepreneurship. Yet in this tradition, as in the libertarian tradition, we can envisage violations of social good that arise, not from the contra-tradition moral characteristics, but from the fallibility of the entrepreneurs.

This conception of violations, both arising from contra-tradition moral characteristics and fallibility are presented below in model B and C.

**Figure 2, Model B**

CONTRA-COMMUNAL

GOOD

Non-communitarian moral characteristics

(Rationality, tenacity, good, justice, and commitment)
COMMunal GOOD

Entrepreneurial practice

Violation of social good
COMMUNAL GOOD

Communitarian virtues of rationality, devotion, justice, good, and devotion

Misperceived entrepreneurial instrument or object

Entrepreneurial practice

Violation of social good

All the three models and the foregoing arguments go along way in reaffirming the preliminary principles of the Communitarian tradition. It is clear that:
[T]he identity of the individual is never separable from the sociocultural environment. Identity is not some Cartesian abstraction grounded in a solipsistic self-consciousness; rather, it is constructed in and at least partially by a set of shared beliefs, patterns of behavior, and expectations. (Hord and Lee, 1995, 7-8)

CONCLUSION

Social conditions are crucial to the ethical practice of entrepreneurship in the communitarian tradition. Although this conclusion is also pertinent to the libertarian tradition, it is only affirmed by libertarianism theorists grudgingly because of the character of the libertarian moral agent that has the essential feature of an autonomous will (Kant, 1959: 7). While the libertarian entrepreneur has the liberty to deploy his productive resources or primary goods as he/she deems fit, the entrepreneur in the communitarian tradition is largely constrained by the authentic interests of the community.

The constraint of communal interests arises from the fact that the entrepreneur derives meaning for his being and activities as a human being from society. For this reason, the virtue of rationality is not autonomous but subservient to interests of the community, which could be rational or irrational. Even when and where communal interests are irrational, productive entrepreneurship in this tradition can only result from practices that are in concord with those interests. (Horvath, 1995: 501; Taylor, 1999)

And from the above position, it follows that entrepreneurial practice derives meaningfulness and moral legitimacy from the community of needs, desires, values, and aspirations that define the entrepreneur. It is, therefore, enlightening that A. S Cua (1932) argues that “moral notions are what they are, possessing operative significance that they do, because of the ways they are employed in...
situations or contexts embedded with a cultural background that a continuing history. As critical terms for the assessment of human conduct, intentions, and desires, their intelligibility and significance depend on a just appreciation of this background."

From this follows the communitarian philosophical anthropology that is expressed in the assertion: "I am because we are; and since we are, therefore I am." (Hord and Lee, 8) This simply means that the entrepreneur's sense of being and becoming is structured by his/her belonging to a specific community of human beings. Instead of an atomized agency that employs the disposition in the service of a Good that is not necessarily a good to other human beings, the entrepreneur in the communitarian tradition a communal agency through and through. And, therefore, while the Good that is contrary to social good is an option for the entrepreneur in the libertarian tradition, only the Good that is entailed or in concordance with social good is morally permissible to the entrepreneur in the communitarian.16

END NOTES
1 The tradition is argued to have been the basis of traditional African societies by scholars such Odera Oruka, Kenneth Kaunda, and Julius Nyerere. However, it is our contention that present-day entrepreneurship in African societies is based on the motivations of the liberal, rather than communitarian tradition. Consequently, we are disinclined from including insights of entrepreneurial practice drawn from Africa-notwithstanding our physical location.
2 The reader can see W.D. Hudson's Modern Philosophy for a detailed analysis of the nexus between language and ethics. Basically the idea of a language community presupposes homogeneity, rather than heterogeneity. There fore, there should be fewer disputes in the societies that are founded on the communitarian tradition.
4 This conception applies particularly to Marx's utopia, communism, and it entails absence of conflict between man and nature. It also entails that Sullivan's reified entity in the name of environment is redundant.
Although Hobbes emphasis on the necessity of society would appear to place his discourse on ethics in the communitarian tradition, his emphasis on contract and prudence does not yield a moral agency that is committed to social good per se. Therefore, scholars who identify his discourse with the communitarian tradition are misconceived.

It is interesting that even theorists from the liberal and libertarian tradition also assert the significance of a long-term perspective in influencing the moral agency's actions. This is the case with Rand (1957) in libertarianism and Cramton and Dees (1995) in the liberal tradition.

Though there is need for a distinction between endeavors to prop individualism by asserting the value of society and real concern for a vibrant social reality.

If this principle is not accepted, then conflicts between diverse communal interests would be inescapable. Unless, of course, it is asserted that the communitarian moral agency recognizes and respects the diversity of communal interests recognition. Then the problem would determine how the communitarian entrepreneur would act vis-à-vis the communal interests of others.

We can, however, envisage that though communal interests and perceptions can become the basis of justifying violations, a visionary and benevolent entrepreneurship can ensure that violation of other people's interests do not arise.

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See Petrick and Quinn (1997) for a general conception of the significance of cognition and volition in management.

The use of a calculus such as Bentham's does not quite enable us to determine social good, because the sum of pleasures or benefits that accrue from a specific entrepreneurial practice could be high and yet misconceived in the long run. And in many cases of entrepreneurship, we have limited knowledge of the future.

The reader can see Michael Huemer (2000) for an elaborate argument on the significance of linguistic intuitions in understanding moral issues. Also enlightening, though at the meta-ethical level, is Hudson's chapter "Moral Discourse and Theories of Meaning," (1970:21-57)

This is the general view of Marx in the 1844 Manuscripts and Fromm in The Anatomy of Human Destructiveness. It is also the thrust of Macintyre's 'Virtue Ethics'.

The reader can see Rand (1957), Nozick (1977), Friedman (1986), and Phillips (1995), for detailed arguments on this issue.

See Deshen Zong's "Agent Neutrality is the Exclusive Feature of Consequentialism," in The Southern Journal of Philosophy, 2000, XXXVII, No.4

David Merrill's 'Dworkin's Equality of Resources and the Impasse of Liberalism', provides a more thorough analysis of liberty in liberalism and how it generates violations of egalitarian norms.
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

At the beginning of this research, we set out to determine the status of entrepreneurial practice vis-à-vis social good using the conceptual resources of tradition. We undertook to do so using two hypotheses, namely:

1) The primary virtues of entrepreneurial practice are determined by the social tradition in which they are deployed.

2) The primary virtues of entrepreneurs are in conflict with social good.

Our preliminary, tentative argument was that discourse on entrepreneurial ethics has not been sensitive to the significance of social, cultural and moral milieu. At this point in our endeavor we are in position to argue as follows with respect to our hypotheses and objectives:

5.2 VIRTUES AND SOCIAL TRADITION

It is true that the specific forms of entrepreneurial virtues are determined by the social tradition of the moral agent. Thus, in the liberal tradition rationality is diversely understood, due to the heterogeneous perspectives. The consequence of the diversity in the understanding of rationality is lack on unanimity on such pertinent issues as the moral responsibilities of the entrepreneur towards workers, shareholders, and society.

It is this characteristic situation that accounts for the necessity of legal and political institutions to provide some kind of order. Moreover, the tradition does not have unanimity on what liberty and justice entail in the practice of entrepreneurship. Again, this is the raison d'être for juridical and political institutions. This tradition manifests visible ambivalence towards self-interest, and is institutionally committed to
intervention mechanisms that curtail self-interest, particularly insofar as this is in form of greed.

The libertarian tradition is outstanding in providing concise definitions of all the entrepreneurial virtues. Thus, rationality is defined as the capacity to engage in intellectual, practical, and social activities in a manner that is consistent with the basic laws of identity and non-contradiction. Moreover, the entrepreneur's liberty is defined as consisting in engaging in practices that are in concord with rationality. One other distinction between the libertarian tradition and the liberal and communitarian traditions is its assertion that a key virtue of entrepreneurial practice is greed.

The communitarian tradition defines entrepreneurial rationality as consisting in the use of reason in the mobilization of resources for the benefit of the community. This definition of entrepreneurial rationality entails an unconditional acceptance of all human beings who are members of the entrepreneur's community as the worthy goal of all practices. Yet with respect to other human beings, either individually or communally, the communitarian tradition does not proscribe the use of deception, coercion, and fraud.

5.3 THE MATRIX OF VIRTUES AND SOCIAL TRADITION

It is also true that the matrix of the virtues is determined by the social tradition of the moral agent. It is with respect to the matrix of virtues that the reality and significance of traditions is most elevated. Each tradition boasts of a unique order of the relationship between the various virtues, so much so that even though such virtues as rationality, commitment, justice, honesty, and industry, are primary to the practice of entrepreneurship in each tradition their relationships are clearly dissimilar.
In the liberal tradition, the position of rationality in the order of the virtues is neither definite nor fixed. Thus, when it suits the moral agent to launch his/her entrepreneurial practice on the basis of irrational or utilitarian considerations that is done without any moral compunctions. Moreover, honesty and justice are aspects that are subject to protracted negotiations that generate opportunities of manipulation, coercion, and deception under the cloak of 'bluffing'.

The libertarian tradition provides the entrepreneur with a definite and unambiguous indication of the structure of relationship that would result in a morally permissible practice. Rationality is the primary and foundational virtue, and therefore self-interest, greed, industry, honesty, and justice should be structured by rationality. The emphasis on rationality is so immense that the libertarian moral agent would be the appropriate metopian that Cramton and Dees (1993) discourse about and indeed the agents in game-theory economics.

On the other hand, the communitarian tradition while emphasizing the significance of rationality and industry conceives these two as emanating from social good and devotion. Thus, communitarian rationality is not unconstrained, nor is communitarian industry primarily focused towards self-interest. In this respect, while tension is a key feature of the self-interest-social good axis in the libertarian and liberal traditions, in the communitarian tradition par excellence there is no tension.

5.4 PRIMARY ENTREPRENEURIAL VIRTUES AND SOCIAL GOOD

It would appear that the primary virtues of entrepreneurs are not in conflict with social good. This impression stems from the fact that entrepreneurs exercise their respective virtues in accordance with the necessities of their social world. In the case of the libertarian tradition, the reality of social good is de-emphasized and in some cases absolutely denied. The consequence of de-emphasis or denial is that the moral
resources of the tradition do not evaluate entrepreneurial practices in terms of social good.

However, in the case of liberal tradition, violations of social good are envisaged even within the limitations of the moral resources of the tradition. Although the tendency of the tradition is towards transient and negotiated 'interests', social good is recognized as being integral to the existence of human beings. This recognition is explicit in the various contractual relationships between the entrepreneur and other human beings. The explicitness of the juridical realm or the Right and the implicitness of the moral realm or the Good, leads to a situation in which the former is the dominant and ultimate determinant of entrepreneurial practice. Aspects of social good that are not conceived within the juridical texts are generally invisible to the entrepreneur in the liberal tradition.

It is the onus of ethics to dissect the moral conditions of these traditions and critically determine the status of the respective virtues and matrices vis-à-vis social good. In this respect, this research provides a discursive basis for asserting that the source of violations of social good in the liberal tradition are not the primary virtues per se but rather the ambiguities with respect to the relationship between the self and society, and the liberal persona.

Similarly, with respect to the violations of other people's interests in the communitarian tradition, the violations arise from the constraints that socialization imposes on the moral agent. Unlike the atomistic individual of the libertarian tradition that is epitome of a threadbare social reality and that is constituted with a *modus operandi* that continues the erosion and negation of the social reality, the communitarian individual is the epitome of a weighty and definite social reality and is constituted with a *modus operandi* that sustains and even enhances the social reality.
The critical question that arises with respect to the relationship between entrepreneurial virtues and social good is: Is it possible for these virtues to be exercised in concordance with social good without sacrificing individual liberty and rationality?

It is our submission that the exercising of entrepreneurial virtues, in the liberal and libertarian tradition will violate social good. Violations arise from the fact that though the two traditions deny the reality of social good, implicitly or explicitly, except in Rand’s utopia, social good is a fundamental dimension of human existence. Likewise, save in Marxian utopia, the tensions between self-interest and social good will always be a part of the entrepreneur’s existential conditions in the communitarian tradition.

Moreover, the verdict that the primary virtues of entrepreneurs in the liberal and libertarian traditions are intrinsically in conflict with social good is inexorable. This conflict arises from the fact that these two traditions de-emphasize the social basis of ethical action, and consequently constitute personae that are metopian. In fact, the libertarian tradition is bound to constitute agency that violates social good because its principle virtue, rationality, is an instrumental virtue that can be exercised in service of good or evil. Since social good is de-emphasized in this tradition, its weight vis-à-vis self-interest is lower and therefore in a situation where the two are in conflict the entrepreneur will violate social good without any sense of guilt. The de-emphasis of the social basis of ethical action means that the family is less likely to constrain the entrepreneur in these two traditions. This possibility has a number of consequences, pertinent of which is that the entrepreneur in the libertarian tradition does not have a fundamental basis for long-term considerations in her entrepreneurial practice. In other words, the entrepreneur who does not have a family or web of
lifetime relationships has no basis for refraining from entrepreneurial practices that have adverse consequences on humanity in the long-term.

5.5 THREE PRINCIPLES OF ENTRPRENURSHIP

The practice of entrepreneurship in the three traditions manifest certain common aspects which are captured in three principles:

a) The Principle of Sufficiency

b) The Principle of Rational Relevance Or Contextual Acceptability

c) The Principle of Appropriate Motivation

These Principle of Sufficiency states that an entrepreneurial practice must arise from adequate resource base in order for it to attain its respective goods. This principle is affirmed in the necessity of accumulation of resources antecedent to the entrepreneurial act in all the three traditions examined in this thesis. In terms of application of this principle, the entrepreneur can either directly accumulate the resources through employment, or pool the resources from interested parties through the stock market or a partnership. The Principle of Sufficiency is manifest in the fact that irrespective of tradition successful entrepreneurial practices arise from the existence of sufficient emotional and intellectual commitment to the venture. Emotional sufficiency is the psychological state of being wholesomely determined to ensure the actualization of the venture. On the other hand, intellectual sufficiency entails knowledge of the technical, strategic, and financial needs of the venture.

The Principle of Contextual Acceptability states that an entrepreneurial practice must of necessity be suitable to the existential aspects of the environment in which it is constituted. Since the existential aspects of human beings are dynamic, this principle entails constant review of the venture’s core goods vis-à-vis the market. An
entrepreneurial practice that arises or operates without observing this principle is bound to fail and this is diversely manifest in the narratives of Mixon, Hank, and Ikeda.

However, the observance of the Principle of Contextual Acceptability also entails that an entrepreneurial practice can create or define existential conditions that are suitable to its goods. Indeed, all historic entrepreneurial practices, such as those of Henry Ford, King, C. Gillette, and Lillian Katz constituted or defined the suitable existential conditions for their respective ventures.

Lastly, the Principle of Appropriate Motivation entails that the defining attribute of the entrepreneurial practice is that it should be structured by appropriate motives. Direct moral issues arise with respect to this principle from the fact that the concept of the human person entails moral motivation. This means that apart from economic or monetary motives, moral motives are an integral dimension of entrepreneurial practice. The Principle of Appropriate Motivation applies insofar as the entrepreneur must ensure that her motivations, economic or moral, are in concord with the moral indications of her specific community or social space. A case of inappropriate motivation is an entrepreneurial practice in the communitarian tradition that pursues personal gain that is in conflict with communal good. A more heightened case of inappropriate motivation is where an entrepreneurial practice is bereft of moral goals and considerations. Entrepreneurial practices that are metopian are hardly human practices. Therefore this principle asserts the necessity of moral motivation in all entrepreneurial practices.

5.6 RECOMMENDATIONS

RESEARCH RECOMMENDATIONS
We recommend systematic, empirical studies of entrepreneurial practice with the aim of testing our conclusions. Studies to test the conclusion that liberal and libertarian traditions are intrinsically constituted to engender entrepreneurial practices that violate social good should be sensitive to the salient features of these traditions.

Moreover, empirical studies could be carried out to determine the influence of social environment on agency virtues and values, both in terms of specificity and prioricity.

CURRICULA RECOMMENDATIONS

The reality and significance of social tradition has been affirmed by this study. This means that a proper appreciation of the moral elements that are bound to structure entrepreneurial practice has to take cognizant of the constitutive tradition. This study recommends curricula approach that provides learners with insight into the salient features of social traditions, because this will enhance the learners’ appreciation and handling of the moral aspects of their entrepreneurial practices.

Moreover, this approach will lead to a situation where education builds on the moral foundations of the potential entrepreneurs and enhances their capacity to rationally evaluate their moral situations and instantiate morally structured, rather than principle-conforming, entrepreneurial practices. The implementation of this recommendation should also utilize the appropriate model of the tradition of the learner.


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