The promotion of ethical entrepreneurship in the Third World: Exploring realities and complexities from an embedded perspective

Crispen Karanda a, Nuria Toledano b,*

a International Centre for the Development of Entrepreneurial Communities, 371 Portglen Road, Borrowdale, Harare, Zimbabwe
b University of Huelva, Plaza de la Merced, 11, 21002 Huelva, Spain

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Abstract Ethical entrepreneurship has become a global concern. Its promotion presents meaningful implications for entrepreneurs in both developed and underdeveloped countries. This article explores the supportive approach to ethical entrepreneurship in the Third World with a case study of one of the older NGOs in Zimbabwe that implements support programs for enhancing ethics-driven entrepreneurship. We give attention to the influence of context in the understanding of ethical entrepreneurship and provide guidance in its interpretation via the notion of embeddedness, which helps to clarify how the meaning and the measures to promote ethical entrepreneurship are shaped by the culture and values people share in contexts characterized by extreme poverty. Based on narrative interviews, informal conversations, direct observation, and secondary sources, findings show that the general success of support programs depends on the integration of the measures into local people’s expectations of what ethical means in the context of entrepreneurship.

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* Corresponding author
E-mail addresses: ckaranda@icdesiec.org (C. Karanda), toledano@dem.uhu.es (N. Toledano)

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1. Reconciling ethics, entrepreneurship, and the Third World

Both entrepreneurship and ethics are recognized as inseparable paradigms for the 21st century. Some decades ago, however, they did not seem to have much in common. The enterprise culture in the 1980s portrayed entrepreneurship as the solution to the greatest socioeconomic problems. But the focus was placed only on the creation of economic value while ethics was disregarded as irrelevant. Nonetheless, as corporate moral scandals expanded around the world, there has been widespread acceptance that the traditional enterprise culture can no longer provide the prosperity and goodness that today’s society desires. In fact, it has become generally accepted that entrepreneurship cannot work well unless it is ethics-driven entrepreneurship (Harris, Sapienza, & Bowie, 2009; Power, Di Domenico, & Miller, 2017).

The increased global interest in promoting a more ethical entrepreneurship is clearly reflected by the growing number of articles currently appearing in scholarly journals and popular press (Branzei & Abdelnour, 2010). Yet, most of the contributions turn back to a Western point of view (Chikweche & Fletcher, 2017). Ethical questions are normally addressed through the lenses of developed countries but, unfortunately, authors rarely draw on contexts characterized by extreme poverty.

In 2013—the year of the latest comprehensive data on global poverty—about 767 million people were struggling to live on less than USD $1.90 a day (World Bank, 2016). Most of these people are concentrated in African, Asian, Latin American, and Middle Eastern countries, which often are referred to as the global South or the Third World (Solarz, 2012). In addition to extreme poverty, other prominent challenges facing these countries often include chronic unemployment, low national skill, poor education levels, high rate of HIV/AIDS, constraints in basic service provision such as access to clean drinking water or electricity, and poor governance in addressing such problems (Shafik, 2016). Not surprisingly, there is also limited entrepreneurial activity and it is not strange to find a number of local nongovernmental organizations (NGOs) helping to fill markets or institutional gaps (Olthaar, Dolfsma, Lutz, & Noseleit, 2017). Such active roles, however, might only be understood from the perspective of their relationships with other constitutive groups in society (e.g., aid donors, global NGOs, political movements) who become influential actors by providing not only financial support but also guidance to the NGOs. This has been clear with the growing concern about ethical entrepreneurship in Western economies (De Leon, 2011; Tesfayohannes & Driscoll, 2010; Wempe, 2005); NGOs from developing and underdeveloped countries are voicing such concerns, driven in great part by demands from Western donors despite the fact that the ethics of entrepreneurship had not initially received the same attention than in the West (Azmat & Samaratunge, 2009; Shafik, 2016).

As organizations promoting responsible and ethical entrepreneurial practices, many NGOs are involved in external development interventions. But as they are part of the societies in which they operate, they are also driven by the concern for advocating solutions that are valued and sought after by local people. Difficulties in grasping this paradox are a result of disregarding the complexities and local realities of the context. Hence, the purpose of this article is to explore some of these realities to better understand the phenomenon of ethical entrepreneurship and its promotion in the Third World. To do this, we focus on the case of one of the older NGOs in Zimbabwe that implements support programs for enhancing an ethical, sustainable, and socially responsible entrepreneurship. Zimbabwe currently has one of the poorest economies in the world (World Bank, 2017), so the case study can bring some useful insights about what ethical entrepreneurship is meant to be and how it emerges in challenging contexts such as the Third World. Nonetheless, by focusing on Zimbabwe we do not pretend to trivialize the wideness and heterogeneity of the Third World. The decision to deal with Zimbabwe under such an umbrella is made for analytical reasons meant simply to acknowledge the fact that despite Third World’s heterogeneous character, it does share some characteristics that make it different from developed countries and most of the regions from the North.

To further facilitate the discussion, we will first look at the background in the literature on the ethics of entrepreneurship in the context of developed and underdeveloped countries. Moreover, as we assume that the implementation of any support measure might be affected by local understanding, a framework based on the notion of embeddedness (Granovetter, 1985; Zukin & Di-Maggio, 1990) will be used to gain insights to our interpretations. This framework will be explained before we present the case study and analyze its main characteristics. Finally, we will conclude by commenting on the main implications that come from the case.