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Ethics from the Start: Embracing Professional Moral Courage in Entrepreneurial Decision-Making

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Abstract

If entrepreneurs want to create ethical organizations, moral considerations need to be embedded within the decisions they make from the onset of project creation. Prior to an ethical issue surfacing the startup founder needs to cultivate a desire to be ethical and to develop and demonstrate the requisite skills that support an ability to engage in right and/or moral behavior. Our suggested proactive approach to ethical entrepreneurship leverages extant scholarship in the areas of moral decision-making theory and positive organizational ethics. We apply these concepts by offering a process to depict how the elements of professional moral courage (PMC) can be applied as competencies to fortify a path of moral action as entrepreneurs face financial decisions. The implications of this effort underscore how the moral identity of the organization's creator helps to form the identity of their nascent company. We conclude this article with an affirmation that scholars, practitioners, and educators must help entrepreneurs think as deeply about ethics as they do about the creation and growth of their projects, along with money and markets.

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Keywords: Ethical entrepreneurship, Professional moral courage, Ethical decision-making, Positive organizational ethics, Organizational identity, Moral identity.

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1. Introduction

In the current environment of post pandemic recovery, amplified by wartime conflict, climate change, and political strife, there continues to be protracted economic uncertainty. This adds to the proliferation of ethical issues related to entrepreneurial enterprise for startup leaders and those who work for them. Entrepreneurs operate within a dynamic and competitive domain, especially in the area of financing. Startup founders are often driven by passion, risk-taking, and the determination to survive (Goodpaster, 2007; Dabor et al., 2015). Frequent challenges and pressures may blur distinctions between right and wrong. As with any business decision, unethical acts can be easily justified in the interest of attaining short-term goals.

The paradox of ethical issues in entrepreneurial ventures is that what may be 'right' for the new business may also be 'wrong' in terms of one's own moral identity. Facing such incongruities is particularly difficult for ethical entrepreneurs as they deal with competing demands relating to financial resources: their source, use, and impact. If entrepreneurs practice ethicality in making their financial decisions, they have the potential to create ethical organizations from the very start. As such, it's important that scholars and practitioners show how ethics is an ongoing choice, one that requires ongoing consideration i.e., every decision being made is a moral judgment. Startup founders must therefore develop ethical awareness, learning how to pause, reflect, and commit to exercising their moral identity from the onset of their project idea. Once embraced, a commitment to this identity *en route* to ethical action typically requires moral strength to fortify. We suggest that professional moral courage (PMC) can embolden this path; that is, the elements of PMC will bolster an entrepreneurs' ability to engage in ethical decision-making and proceed with 'right' or moral response action.

To advance these concepts, we begin by reviewing the relevant research on business ethics and entrepreneurship and then consider the challenges of financing a startup. Framing 'ethics' as a choice, we then outline the ethical decision-making path. Professional moral courage is defined and, in a step-by-step process, we outline how the discrete elements of this virtue can work as moral competencies to bolster the decision-making path. We conclude by showing how these ideas can be applied to financial startup decisions and offer practical implications.

2. Ethical Entrepreneurship

The study of business ethics and entrepreneurship continues to gain traction and scholarly interest in both academic and practitioner communities (Ogbari et al., 2016; Ajagbe & Ismail, 2014). Academics have called for more targeted research in this domain, observing that more work is needed to better understand the unique challenges presented to those who start a business venture. To support the practice of ethics in entrepreneurship, cross-discipline research can help entrepreneurs frame their financing decisions as ethical choices. Financial decisions, like every choice we make, reflect our moral identity. For startup leaders, these choices shape the identity of the organizations they are creating. Given this profound responsibility, scholars, practitioners, and educators are responsible for guiding how entrepreneurs think about ethics, going beyond the expansion of markets, innovation, and wealth generation (Scott, Borgelt, & Lee, 2014).

When starting a company some founders may be committed to creating an ethical operation from the onset. Other entrepreneurs may consider the aforementioned an aspirational ideal, one best left for non-for-profit and/or socially minded organizations. The idea of fostering ethical business practices in a new venture may be perceived as something to be undertaken once the company has taken form and some level of achievement has been established and maintained. As with the preponderance of shareholder-driven firms operating in today's market, ethics, in the eyes of an entrepreneur, may be framed as adherence to regulatory demands. Anything beyond what is required by the law may be viewed as optional or at the discretion of the entrepreneur. Scholars forecast grave consequences for humanity if we do not elevate the value of ethics in how business is conducted (Badaracco & Webb, 1995; Bandura, 1999). Complicating matters is the fact that entrepreneurial value tensions and ethical issues remain a moving target. How might entrepreneurs create ethical organizations, going beyond what is required by the law when the lines are blurred and financial pressures and the drive to succeed is omnipresent?

To begin to unpack these concerns let us consider how startups are formed and established. Kenney and Zysman (2019) noted that after the dot.com collapse the startup process changed radically. It has now become much easier to enter the public market with stock options, decreased costs, and increased speed, given the availability of open-source software, digital platforms, cloud computing, and now artificial intelligence. Rapid developments in technology prompted an increase in the number of startups designed to disrupt incumbent firms in a wide variety of business sectors. Growth in the number and size of private funding sources enabled a large number of nascent operations to incur massive losses for longer periods of time. During this period, entrepreneurs can dislodge incumbents or merge with other lavishly funded operations. With this kind of powerful ability to influence the markets, fostering a desire to consider the ethical elements of decision-making efforts can be easily overlooked, even ignored.

Business ethics is not always on the forefront of entrepreneurial concerns (see Baucus & Cochran, 2009), as corporate social responsibility (CSR) practices tend to be associated with more mature organizations. Prior literature that examines the relationship between capitalism, innovation, and ethics reflects changes that arise from new products, services, and technologies (Pearson et al., 2006). Current legal standards, along with norms and policies, may be irrelevant or applied in unusual ways. In short, existing legal regulations rarely fit or apply. Continuously emerging moral questions must be openly addressed and legitimized by society if entrepreneurship is to add value in a just and sustainable way. While a great deal of attention has been directed toward the responsible use of resources, these initiatives rarely consider the characteristics of startups (Retolaza, Ruiz, & San Jose, 2009). Most methods of applying social responsibility target medium to large operations, firms that have very different qualities than newer companies and/or startup operations.

Those involved in creating an entrepreneurial venture need to consider that they are part of a much broader economic ecosystem. Recognizing a duty in this regard, an ethical startup leader must assume responsibility for the organization they are building. Given that an entrepreneur has a demonstrative influence in the development of the ethical climate and culture of his/her organization, it is essential that business ethics is valued, modeling the associated principles applied to govern daily actions (Sekerka, 2016). Dabor et al. (2015) suggest that a path to entrepreneurial venture creation is a template for what is deemed desirable, appropriate, and ethically acceptable, which is then transferred broadly. New ventures can impact the ethicality of industry and consumption, thereby influencing broader markets beyond their own. This, in turn, can impact business and society writ large. An ethical entrepreneur is one who mindfully takes into account the systemic consequences of his/her actions, recognizing the power of business development to create positive change (see Webster, 1975; Sekerka, Comer, & Godwin, 2014).

Vallaster and her colleagues (2019) found that much of the prior literature on ethical entrepreneurship addresses stakeholder management. These studies often acknowledge that entrepreneurs can build and maintain ethics within their infrastructure by openly communicating and working through ethical issues with their respective stakeholders (Tenbrunsel, Smith-Crowe, & Umphress, 2003). This research often includes topics that address corporate social responsibility (CSR) and social entrepreneurship. As with business ethics in general, there can be a tendency to direct ethical concerns in entrepreneurship to these arenas. The role of CSR in the field of ethical entrepreneurship represents a dynamic concept, one that reflects discourse on the moral responsibility of organizations towards attending to the natural environmental and social impact of their business activities. A founder's commitment to becoming a B-Corporation and/or adopting a triple bottom line approach (performance achieved by ethical means, considering the impact of business on people and the planet while striving to make a profit) demonstrates to employees, customers, investors, and other stakeholder groups that moral strength is built into the core of the new business (Vallaster, Kraus, Kailer, & Baldwin, 2018). Adopting socially responsible metrics fosters transparency, credibility, and trust, assets that have value in our global entrepreneurial economy (Tokarski, 2009).

Retolaza and her colleagues (2009) outline a formula for how to inculcate CSR into a business startup. Their work suggests that entrepreneurs need to identify their potential stakeholders and what each of these constituents expect, based on their interests, needs, and concerns. This exercise requires consideration of the potential conflicts of interest between different stakeholders and the firm's goals, illuminating varying expectations among stakeholder groups. It is important to establish the level of difficulty in the nascent firm's ability to address these competing demands. In working through stakeholder tensions, striving to determine and engage in the best 'right' action, entrepreneurs can frame organizational performance goals in a responsible manner. This sets the stage for their corporate image, which can translate into reputational credits, enhanced performance, and market share over time (Miles & Covin, 2000; Minor & Morgan, 2011).

Despite the value of being ethical, the harsh reality is that when big bets are made and huge revenues are at stake, firms that do not adopt ethical standards may survive and outperform those that do (e.g., Treviño, 2006). Startup founders can make vast sums of money in the short-term through unethical means, amounts that can far outweigh any penalty they might incur for quick ill-gotten gains (Brown & Mitchell, 2010). An overlooked element of ethical entrepreneurship is the fact that ethics remains a professional choice; one that comes up over and over again. Through everyday decision-making, founders influence multiple sectors within society. The reverberations of a startup can have far-reaching consequences, given its ability to disrupt and shift personal and social norms (e.g., Alphabet, Amazon, Meta, and Tesla) (Etzioni, 1987). A palpable ongoing concern is that entrepreneurs may be unaware of and/or ill-prepared to face the ethical issues surrounding their venturing activities, even when willing to do so.

Scholars in positive organizational ethics argue that an individual level approach is needed, whereby business leaders learn to tackle their competing value tensions explicitly through personal development (Sekerka, 2022; Sekerka, 2016; Sekerka, Comer, & Godwin, 2014). This means proactively acting in the best interest of the operation's immediate survival as well as its long-term success. To demonstrate moral strength on a sustained basis an entrepreneur will need to bolster their own moral identity and build the moral identity of their organization. We believe this is a crucial consideration for entrepreneurs as they deal with acute financial demands, tackling both the cognitive and emotional forces that challenge their obligation to be ethical in how they go about creating their organization. Startup founders will need to learn how to recognize they are immediately role-modeling behaviors for those who will be working with and for them.

3. Financing a Startup

Ethical challenges for startups arise from the inception of the organization, particularly surrounding financial matters. Given the business environment is extremely volatile, evolving, and complex, entrepreneurs must anticipate tough ethical issues related to financial resources. Ethical considerations shape the foundation of a startup project's funding (from self-financing to venture capital fundraising). The remoteness of investors and not knowing where the money actually comes from (e.g., pension funds and other venture capital investors) presents an example of an immediate ethical challenge regarding responsible custodial use. Venture capitalists usually demand some level of control; again, this can impose ethical risk. Ethical variables and their assigned level of import can change as outsiders assume key decision-making roles. Startups may be receiving funding from owners (i.e. the startup leaders themselves), insiders (i.e. friends and family), and/or outside investors (e.g. venture capital, banks, etc.). This financial capital also takes the form of debt or equity (Robb & Robinson, 2014).

Most startups are initially financed by their founders, either from personal or family savings or wealth, or by incurring debt (Shane & Venkataraman, 2000). The Federal Reserve's survey of small business financial activities revealed that in the first two years of a startup's life approximately half the funding takes the form of equity (48%), while the rest (52%) is debt (Berger & Frame, 2007). Equity financing from venture capital serves as an accelerant to the firm's growth. Most venture-backed startups are designed to grow quickly in order to get bought out or go public (Griffith, 2019). There is intense interplay between how a startup receives its funds (source) and subsequently deploys those funds (use) and the ultimate ramifications of those decisions (impact).

In a dynamic environment, one that is constantly shifting, entrepreneurs need to withstand the pressure that drives ethical tensions from a variety of external threats and opportunities. To maintain their moral identity, they'll need to learn how to navigate situational contexts that present competing needs, demands, and values. More specifically, we observe a lack of transparency regarding the ethical issues embedded within the role of an entrepreneur and monetary decision-making. Entrepreneurs and their startup organizations operate in an environment of heightened uncertainty (Alvarez & Barney, 2005). This makes anticipating the ethical issues and the struggles they create difficult to perceive and predict (Hannafey, 2003). The nature of disruptive technologies, coupled with rapid growth, adds uncertainty and complexity to the startup crucible (Christensen, Raynor, & McDonald, 2015).

There is a compression of time between when a startup receives financial capital, uses that financial capital, and how that financial capital impacts the organization and the market. Sources for capital received come with their own set of ethical issues embedded within them. For example, the extent to which the entrepreneur relies upon his/her own finances and/or 'insiders' (family, friends, etc.), may increase the desire to be a good steward of those resources, thus more inclined to act ethically. On the other hand, a startup leader that depends upon insider funding may be more inclined to take risks in order to provide a return on that investment or in some more nebulous way, justify the trust of their relatives. One study found that entrepreneurs are more inclined to rely on financing from friends and family when the risk for their operational startup is high (Au et al., 2016). This suggests a willingness to engage in greater risk-taking when using insider financial capital. This may correspond with wanting to quickly establish a profit, rather than taking time to focus on ethical decision-making.

By contrast, entrepreneurs that rely more on outsider financial capital face a different set of ethical challenges. First, the distance between the entrepreneur and the originating supplier of financial capital may reduce the desire to act as a moral steward of those funds. Case in point, depositors are the source of funds for bank loans and limited partners such as pension funds and other accredited investors. These resources provide capital for nonbank financing such as private equity, hedge funds, and venture capital. The identities of these contributions are unknown to the entrepreneur, thereby devoid of social connection and social obligation to the funding sponsor. This foundation sets the stage for potentially decreasing the level ethical commitment and increasing the level of unethical risk exposure assumed by the entrepreneur. This is a type of agency risk or problem of asymmetric information where the incentives of the entrepreneur do not align with the incentives of the financial capital source (Proksch et al., 2016). Even if the moral identity of the entrepreneur is robust, if a commitment to ethics is less stalwart among the startup's external financiers (or vice versa), there is certainly the potential for ethical tension. Venture capital exerts some element of control over the projects they invest in (Hellman, 1998). This raises the possibility that the ethics of the outsider will in some way drive the ethics of the entrepreneur. Venture capitalists can seize control through their actions as members of the board, which is likely to occur at some point, if the startup fails to meet its financial performance goals (Denis, 2004). In fact, outsiders can even remove the entrepreneur and/or CEO of the startup if performance wanes (Hellman, 1998). The ethicality of securing external funding will present competing demands, interests, and values that may challenge the fortitude of the founder's moral identity. This might also increase the risk of less ethical awareness.

As the startup grows a new set of ethical issues emerge related to human capital. Growth means adding employees. Expansion alters human dynamics within the organization and amplifies ethical challenges. Some scholars have observed that when a startup reaches and exceeds fifty employees, complex ethical issues begin to emerge (Procopio, 2019). For example, conflicts between original employees and new hires may cause strain, as varying perspectives, and level of commitment to ethics shift (Procopio, 2019). Treating employees ethically, such as attending to work-life balance concerns, can favorably impact employee commitment in a startup (Yang, Guan, & Pu, 2019). As the organization grows, a strong moral identity demonstrated by its founder can potentially help mitigate some of the organization's growing pains, which can be brought about by ignoring ethical risks (Sekerka & Benishek, 2021).

The more financial capital a company raises the more it has to use and, in that sense, the source of financial funds fuels the usage of those funds. While one would naturally assume more capital is better, that is not always the case. Using a large dataset of firms from the Kauffman Firm Survey (KFS), Cavarretta & Furr (2011) established that having more financial and human capital led to more variability in the outcomes for startups. That is, there's a greater chance of financial success, but also a greater chance of financial failure. In the case of human capital this suggests a possibility of organizational conflict and the ethical challenges that come with managing additional staff. An entrepreneur used to dealing with a few employees may be caught off guard by new and emerging ethical challenges associated with bringing on more people. Often overlooked is how startup leaders and the organization they create will treat their employees. There is evidence to suggest that entrepreneurs create jobs, but they do not always create quality jobs (Litwin & Phan, 2013).

Entrepreneurship is often characterized by the concept of innovation and disruption. The excitement, determination, drive, and pressure to discover and succeed can also contribute to rule-bending and rule breaking behaviors (Brenkert, 2009; Sekerka & Zolin, 2007). New businesses are designed to accomplish things and/or create needs that existing companies have not yet realized. Disruptive innovation may be the objective of entrepreneurs and a core motivation for their startup (Christensen, Raynor, & McDonald, 2015). Thus, by definition, founders have a disproportionate impact on shareholders outside the firm. One explanation for the disproportionate effect is that outside sources of money, such as venture capital, often invest in these types of big bets/high stakes innovative markets (Nanda & Rhodes-Kropf, 2013). When backed by big monied funders, entrepreneurs and their startups can sustain losses for longer periods of time, in an attempt to supplant established firms (Kenney & Zysman, 2019).

From an ethical lens this poses a risk to society. Any major ethical lapse by these disruptive firms may become magnified due to the large financial resources that they deploy. Case in point, the fraud and mismanagement committed by FTX, a fintech startup and its founder, Sam Bankman-Fried, likely cost its investors billions of dollars. Some entrepreneurs have recognized this issue and reject outside money and the pressure to grow too fast (Griffith, 2019). Still, the combination of outside sources of money, the use of it to grow quickly, and the capacity of that money to disrupt, forges the potential for rapidly evolving ethical challenges. With financial demands and ethical issues posited within the volatile startup environment, maintaining ethics in entrepreneurship relies upon an understanding that the choice to be morally sound is embedded within every decision the startup found makes.

3.1 Ethics is a choice

Entrepreneurs face thousands of choices where the interest of the firm and the value of ethics compete for supremacy (Robinson, Davidsson, van der Mescht, & Court, 2007). When broaching the ethical elements of starting a business entrepreneurs may not see the idea of organizational creation as an ethical concern i.e., an issue requiring attention prior to the emergence of problems (Carasco & Sign, 2003; Adegbuyi et al., 2015). Most would agree that startups are novel growing entities presenting unusual and emerging issues. As such, there is hardly a simplified rubric to determine a ‘right’ way, ‘right’ answer, or ‘right’ way of acting. Providing entrepreneurs with an understanding that ethical reflection is a professional duty sets the stage for thinking about ethical issues before they emerge. While decision-making models do not provide answers, they can increase awareness of responsibility and foster a greater understanding of what supports an ability to proceed with ethical action (or what might thwart one’s desire to proceed with moral fortitude). Worst case scenarios of what happens when startups are born irrespective of ethical reflective judgment are omnipresent. The WeWorks organizational fiasco showed how desire and greed compromise values and endorse rationalizations to the point of ruin (Juetten, 2019).

While self-interest perpetuates avarice, the idea of making money and being ethical are not mutually exclusive. Accepting a fiduciary duty to advance shareholder value does not preclude a respectful regard for people and the planet in how success is achieved. Quicker profits may appear to come to those who relegate ethics to cost efficiencies, marketing campaigns, regulatory demands, and legitimating practices that benefit earning statements over ethical performance. And yet, we know that ethical leaders and those who work for them, have the ability to choose to be ethical in concert with profitability. Startup founders have an opportunity to consider the purpose of their organization, the strategy of how performance goals are achieved, and how the organization will explicitly support ethics throughout its operations. To navigate how ethics are embedded within an entrepreneur's decision-making path we leverage Rest's (1986) framework.

Figure 1 (below) illustrates a modified version of this ethical decision-making trajectory, underscoring the importance of maintaining a *desire* to engage in ethical action (Sekerka & Bagozzi, 2007). Even if an entrepreneur wants to be ethical, their desire to do so varies, based on personal traits, situation, and context, along with a host of other influential variables (Treviño, 1986). Ethical decision-makers need to work at sustaining their commitment toward wanting to be ethical by framing ethical action as a personal and professional goal (Sekerka, 2016). While useful as a starting point for reflective discourse, decision-making models posit issue identification as the first step. Rather than seeking out the ethical elements within every choice, decision-making is often prompted *after* the issue emerges in response to legal, financial, and/or other negative concerns. In short, most people deal with ethics as a reaction to a problem rather than a preemptive or proactive approach.

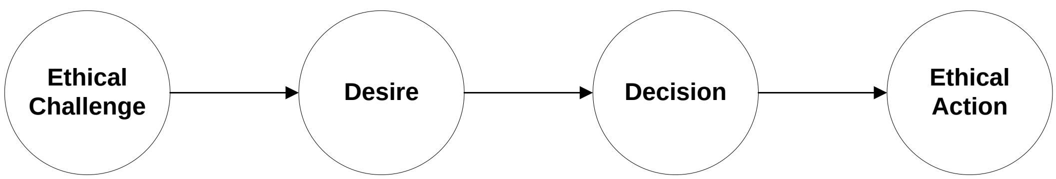

Figure 1: An ethical decision-making path to 'right' or ethical action

Ethical decision-making models typically assume a logical and deliberate effort. Rationalist approaches tend to ignore insights from social psychological and sensemaking perspectives. Sonenshein (2007) explained how a preponderance of the ethical decision-making research relies upon moral reasoning. We cannot ignore the fact that there are elements of equivocality and a great deal uncertainty in ethical entrepreneurs' financial considerations, along with emotional forces that impact their desire to act with moral strength (Sekerka & Bagozzi, 2007). Ethical decisions are influenced by affective states, moral and social self-conscious emotions, pre-factual thinking, social norms, peer influence, context, and situational variables, such as pressures, time constraints, and competing 'rights' (Badaracco, 1998; Sekerka & Bagozzi, 2007). Issue construction, intuitive judgment, and post hoc explanations may not be based upon consciously formed choices. Rather, they may be reactions that are later rationalized. Sometimes unethical behavior is simply justified after the fact (Tenbrunsel & Messick, 2004).

Essential for startup leaders, ethical awareness must become a professional practice stemming from one's moral identity. That means considering the ethical issues they will face before they are in the middle of them and/or already compelled to a current path of behavioral action. Responsible ethical leadership does not deter or postpone attending to the ethical features of conducting business. To be more aware of the ethics embedded in financial decisions, entrepreneurs need to intentionally recognize that their moral identity is the basis for their long-term reputation, along with the moral identity of the organization that they are building. Many decisions, even those related to money, are not always made with ethics at the forefront. That is the gist of the problem. Deliberateness –ethical intentionality– is exactly what's needed. Not only does the startup founder have to be aware of the ethical issues, but it is also essential that they exercise moral strength in making everyday decisions.

Scholars have inadvertently obfuscated ethics from the entrepreneurial mindset by inadvertently framing the subject matter as a problem-to-be-solved. Without the emergence of an ethical issue, one might argue that there is little need for concern. This sort of reaction-driven process posits ethics as an afterthought to startup creation and organizational development. Rather than planning for how to mitigate the occurrence of ethical issues, we end up with a renegade approach to ethics within startup decision-making. The old adage to 'ask forgiveness, not permission' is applied. In accordance with the positive organizational ethics approach, we advocate a proactive approach to entrepreneurial ethics (Sekerka, Comer, & Godwin, 2014) and new venture creation. While these ideas are present in social entrepreneurship, not-for-profit, and NGO type organizations, this approach has been underrepresented in the startup literature (cf. Svensson & Wood, 2004).

Entrepreneurs are considered effective when they demonstrate an ability to allocate limited resources and make timely critical decisions that ensure their operational survival and growth. As a result, they may fail to see the relevance of ethical considerations until a serious issue emerges. It is easy to imagine the difficulty justifying spending time on mitigating the possibility of an ethical potential when it may not blossom, nor even be relevant in the future. Positive organizational ethics suggests that the act of creating an organization is, in and of itself, an ethical concern. Financing an operation entails driving a focused and sustained commitment toward establishing the moral identity of the organization as the startup leader works to build his/her new product or service. A consciously directed approach to entrepreneurship, bolstering and building personal and organizational moral identity, calls for the application of professional moral courage (PMC). We now describe PMC and demonstrate how this virtue can be leveraged as discrete skills in service of this overarching goal.

4. Professional Moral Courage

The construct of courage has been explored in broad terms (Woodard & Pury, 2007). Described as perseverance, authenticity and zest, courage has been depicted as mental and physical bravery (Peterson & Seligman, 2004). Aristotle (c350BC) explained that it can be both an ends and means toward creating comprehensive good (1985, NE 2.6.1103). In general, moral courage reflects fortitude to face ethical issues, challenges, or dilemmas and to pursue their resolution with moral action. We know that the practice of courage is an important trait for those creating and leading organizations (Verschoor, 2003). Moral courage is an ability to consistently make ethical decisions, despite the potential for personal risk (Kidder, 2005). Kidder depicts moral courage as the intersection between principles, danger, and endurance (2005). As a management virtue, courage is considered an attribute that motivates business professionals to take the right course of action, given the ethics of their area of expertise, role, or industry (Sekerka & Zolin, 2005).

An entrepreneur creating a startup needs to value and embrace ethics in building a responsible organization. Although temptations of selfishness seem to accompany profit-driven motives, entrepreneurs can establish successful companies in a fair and honest manner. This assumes that business ethics is a part of the overarching goal structure that underwrites the firm's operations, practices, and purpose from the very start. But the financial ethical challenges put before an entrepreneur are particularly difficult, as survival of the startup is an omnipresent and potentially overwhelming concern. To help entrepreneurs understand what is necessary to render ethical decisions and actions around money, it is important to have tools that invoke personal reflection, prior to the emergence of ethical issues.

Acts of valor like speaking truth to power, coalition building in the face of adversity, and whistleblowing, all require moral courage (Grant, 2002). It is essential, however, that we also explore moral courage as an everyday practical ability (Walton, 1986), one that entrepreneurs can apply proactively (rather than reactively) as they make monetary decisions. Entrepreneurs can easily find themselves in situations that involve conflicting demands. In such cases, startup leaders may be inclined to manufacture justifications and rationalizations to support rule-bending activity to achieve their goals. Successful startups rely upon entrepreneurs to activate operational strategies that will enable their nascent organization to succeed ethically. Viewed in the context of daily work performance, the elements of professional moral courage (PMC) can fortify the entrepreneur's ability to proactively address difficult ethical challenges with ethical strength (Sekerka, Bagozzi, & Charnigo, 2009).

Empirical research has described the core elements of PMC that outline specific components that establish ethical action in response to an issue or challenge. They are: moral agency, use of multiple values, endurance despite threat, supersedes legal demands, and having moral goals. Outlined as steps (below), these elements support an entrepreneur's desire and decision to proceed with 'right' action, which can then radiate more broadly throughout the startup. We do not assume all entrepreneurs

possess a virtuous or social-inclined moral identity.
The illustrated process is for those who purport to care about the morality of their personal identity as well as that of the organization they are building. Complementing the general ethical decision-making trajectory, we illuminate a pathway that entrepreneurs can leverage to resolve their ethical challenges, risks, and threats in a courageous manner. Our treatise augments traditional decision-making theory with the presence of moral identity. Cultivating and maintaining one's will to act with PMC is a particularly demanding charge for anyone in business. We believe it's particularly critical for entrepreneurs to consciously manage their moral identity given they have a responsibility to shape the ethical environment of their organizations from the very start. A duty to build an ethical foundation of a nascent company requires moral agency i.e., an inner strength to support the entrepreneur's moral identity, which we now describe.

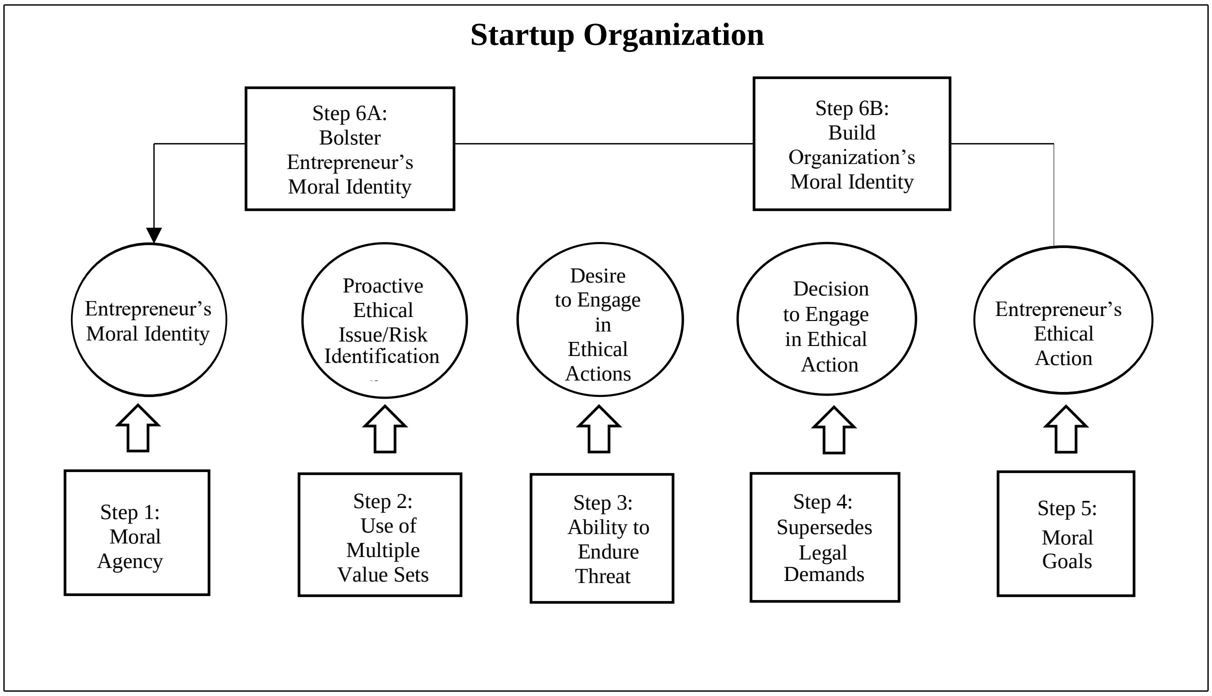

Figure 2: The application of professional moral courage supporting ethical action and building organizational moral identity

4.1 Moral agency

Moral identity is the foundation for moral agency (Weaver, 2006). It should be no surprise then, the first element of PMC is moral agency, reflecting a predisposition toward moral behavior and a persistence of the will to engage in moral or ethical response actions. The use of free will implies the exertion of choice and determination to achieve a goal. Agency reflects an initiative to influence something through one's own actions. Professional moral courage begins with wanting to be ethical and having the desire to demonstrate this behavior. Moral agency is represented by an ongoing striving to do the right thing; not just with one circumstance, but consistently in a person's everyday life (Sekerka, Bagozzi & Charnigo, 2009). Representing this first element of PMC, the entrepreneur reflects a durable pursuit of principled action. Entrepreneurs with moral agency reaffirm and enact their moral identity, demonstrating to themselves and to those they work with and for, that they are moral agents and ethical leaders.

Kohlberg (1969) explained how moral reasoning is shaped by different levels of personal moral development. Even amongst the higher levels, moral agency is challenging when decisions incorporate monetary pressures coupled with stakeholder demands. Moral agency is a reflection of the entrepreneur's broader assertion of personal responsibility, going beyond self-seeking. Because ethical responsibility involves the potential for success and failure, entrepreneurs with moral agency work to sustain their willingness to proceed with moral action. The ethical elements of a decision are not ignored, even when doing so could be beneficial to the startup or jeopardize short-term self-interests.

Entrepreneurs with moral agency are primed to respond in an ethical manner. It is consistency to strive toward right action and/or achieve a moral good. There is no internal debate about whether or not to address an ethical concern, element, or issue. This is because a global decision to be ethical has been pre-established and is a matter of course. Once aware of the ethical elements of a situation, it does not necessarily mean immediate action. It does, however, indicate an ownership of a duty to act ethically. Because of this predetermination entrepreneurs with moral agency may have a greater capacity to perceive ethical issues. Those who possess moral agency rarely debate whether or not they should be ethical in a circumstance; they already know that they will make every effort to do so. In taking ownership of ethical concerns automatically, moral agents can immediately move forward to identify and address the ethical features of the circumstances.

Taking this information together, moral agency can be represented by the following items: *I am the kind of entrepreneur who is unfailing when it comes to doing the right thing at work*; *When I do my job I regularly take additional measures to ensure that my actions do not cause and/or reduce harms to others*; and *My associates, investors, and stakeholders would describe me as someone who is always working to achieve ethical performance, making every effort to be honorable in all of my actions*.

These examples highlight how the entrepreneur's moral identity is fueled by moral agency, fostering courageous movement in the path to 'right' or ethically motivated behavior.

Step 1: Moral agency supports and reaffirms the entrepreneur's moral identity in decision-making when moving toward an ethical action.

4.2 Use of multiple values

Personal values are complemented by professional values, extending one's value system (Rokeach, 1977). Use of multiple value sets in ethical decision-making can support an entrepreneur's ability to effectively sort out and determine what needs to be addressed, holding firm to ethical principles, despite financial pressures or demands. The idea of having multiple value sets is true for everyone. Their application in support of ethical decision-making can help the entrepreneur unpack what the startup ethical issues are and how to best proceed in addressing them (Davis & Frederick, 1984). Values underwrite the principles one uses to ascertain what to do and how to go about doing it. Individuals who apply multiple value sets strive to consider what is not only good for themselves, but what is good for others as well (Sekerka & Bagozzi, 2007). This requires a resolve to include standards of moral behavior as guided by character and conscience.

This can be influenced by implicit and explicit criteria derived from one's values.

People often make judgments based on their personal convictions of what is considered right from their own perspective. We know that managers with PMC are informed by multiple value sets, including (but not limited to) personal, professional, organizational, social, and environmental values. Exercising moral strength at work means aligning personal and professional principles of right and wrong as they make decisions (Carlson, Kacmar, & Wadsworth, 2002). Similarly, an entrepreneur with PMC leverages cognitive and emotional schemas (Abelson, 1981; Gioia & Poole, 1984), prompting internal scripts associated with their various roles. These scripts help to support the application of value-based principles ascribed to various value-identities (Gecas, 2000).

Those who proceed with a moral response to an ethical challenge in business tend to draw upon multiple value sets to garner a broader perspective (cf. Sekerka, Bagozzi & Charnigo, 2009). When monetary pressures emerge, founders may be tempted to cut corners or justify an unethical act, in defiance of one of their value-identities. Adding to this crucible is the likelihood that one's internal scripts for these various roles compete for supremacy (e.g., accept money with strings attached). Entrepreneurs who proceed with moral action work to honor, sort out, and determine their value priorities, holding firm to principled action, despite external pressures to do otherwise. Using multiple values the entrepreneur has a broad reference base from which he/she has a better ability to identify ethical issues and risks.

Taking this information together, use of multiple values might be represented by the following items: *I am an entrepreneur who uses a guiding set of principles when I make ethical decisions at work*; *No matter what, I consider how both personal and professional values apply to the situation before making decisions*; and *When making decisions I often consider my role in the startup and how my core values are being applied to inform my behavior before taking action*. Toggling between multiple values gives the entrepreneur the courage he/she needs to identify the ethical features of a situation when moving to engage in 'right' or ethically motivated behavior.

Step 2: Application of multiple values sets supports an entrepreneur's ability to identify ethical issues and risks when moving toward an ethical action.

4.3 Endures threat

Financial decisions are likely to cause some issues and ethical concerns and possibly involve one or more stakeholder groups. The ability to endure an ethical threat suggests that entrepreneurs who face monetary challenges will need to have the willingness to face them in an ethical manner. When addressing financial difficulties the entrepreneur may experience fear, worry, doubt, anxiety, and trepidation. In facing a monetary ethical dilemma the entrepreneur, employees, and investors' interests may be threatened. The startup's existence may be in balance. Monetary decisions can jeopardize an entrepreneur's status among co-founders, venture capitalists, family investors, peer groups, and the broader startup community. In some cases, stepping up to address an ethical issue may not only threaten the startup, but the livelihoods of all who are involved in the new venture. Facing financial ethical issues calls for determination, grit, and moral bravery or PMC.

Entrepreneurs with PMC are aware that their character and relationships may be at risk. They effectively deal with ethical threats by managing their negative emotions and the internal struggles that come with this moral territory. Those acting with PMC sometimes acknowledge that their initial response may not be to respond ethically. As the moral muscle, self-regulation helps a them endure and proceed with ethical decisions despite any initial reluctance to do so (Baumeister & Exline, 1999). This ability is unlikely to be a natural reaction in most people, typically requiring deliberate and intentional practice. To sustain such an effort the entrepreneur needs to be aware that their initial response may be to ignore the matter, step back, or to adopt an easier path. To promote the desire to be ethical one must understand how to cultivate the motivation to act, despite difficult and even threatening circumstances (Whitbourne, 1986). The ability to endure might be represented by the startup founder saying to themselves: This is what ethical entrepreneurs do, This is what my family would expect of me, I want my family/children to know I am worthy of their respect, This is the way I would want every employee in my organization to act, and/or, This is how my mentor (trusted role-model) would handle the situation.

Solomon (1998) explains that moral courage is consistently doing what one ought to do. Internal affirmations might be framed as: *Even if I don't want to*, *No matter what*, and/or *Even if being ethical requires more/difficult effort*. As entrepreneurs work to address their tasks, they can build ethical strength through habits that support ethical responsibility and reliability. Over time this practice can become embraced as a more durable value and trait making the ability more automatic. When tough financial ethical situations emerge there have been pre-rehearsed efforts giving the entrepreneur a 'head start' at being ethical, even in the face of threat.

People can sometimes be overwhelmed by circumstances where they have to defy convention or authority. Learning how to speak truth to power (O'Toole, 2008) requires an ability to persist, in spite of one's fear (Rachman, 1990). This is particularly important in a startup when investor demands require moral fortitude from startup leaders. Entrepreneurs must learn how to endure and sustain their moral identity throughout the decision-making effort, dealing with negative and/or self-conscious emotions and any internal strife that emerges. The ability to endure a threat to self or one's business demonstrates a resolve to do the right thing, even when it feels like you're on your own or plans are not moving as one had hoped.

As entrepreneurs balance the desire to proceed with moral action alongside their competing instincts to protect the startup project, they must bolster their motivations to hold a moral line. Routine efforts to endure threat(s) need to be supported by self-regulation. In this way, entrepreneurs can fuel their desire to act ethically by standing up for their values and beliefs. As appropriately described by Rate et al. (2007), a person who exercises a moral response is unlikely to be fearless. But they are able to endure conditions that pose a threat (to self/others). They recognize the broader benefits of being ethical and recognize it outweighs their sacrifice (Hannah, Sweeney, & Lester, 2007). Learning how to endure the fear of potential failure or loss can help build a more durable form of the will to proceed with moral action. Such actions serve as a role-model to others that business ethics requires standing up for your values (Gosling, 1990).

Taking this information together, endures threat might be represented by the following: *When I encounter an ethical challenge I take it on with moral action, regardless of how it may negatively impact how others see me*; *Despite how my business may be affected, I am an entrepreneur who does not avoid addressing the ethical elements of my decisions*; and *I am the type of entrepreneur who will bring an ethical issue forward, despite the potential for negative impact*. Here we see how the entrepreneur's desire to pursue a 'right' course of action is fortified through endurance. Step 3 underscores how facing the threat of an ethical issue acts to reaffirm the entrepreneur's desire to be ethical.

Step 3: An ability to endure a threat can strengthen an entrepreneur's desire to pursue ethical action.

4.4 Supersedes legal demands

Some scholars argue that to achieve ethics in business leaders must direct their operations to go beyond the dictates of compliance and choose a moral strength-based approach (Sekerka, 2016). This necessitates doing more than what is legally required in order to ensure that ethicality is genuinely embedded within and throughout the organization. The ethical character of an organization is shaped by its founder. As others join the operation, rules/regulations are not enough to ensure ethical decision-making. Efforts to go beyond legal compliance are necessary, as pointed out by a review team who examined the impact of the Federal Sentencing Guidelines.[3] Creating a culture of business ethics means role modeling and developing moral strength within the firm, as a way of doing business (ECI, 2019). The Department of Justice and Congress (among other entities), have advised leaders to do more than adhere to legislative requirements, directing them to impose greater diligence toward the *spirit* of legal standards, not just the *letter* of the law.

Compliance-driven approaches can help people become aware of the rules. However, such awareness does not cultivate, support, or build the competency necessary for moral strength (Morales-Sánchez & Cabello-Medina, 2013). People can fall short of the moral baseline when ethics relies upon regulation alone. Moral actor/responders not only consider the rules, but reflect upon their purpose, going beyond compliance-based measures to consider what is right, just, and appropriate. This takes time, often requiring patience; a virtue likely to be undervalued in startup circumstances (Comer & Sekerka, 2014). However, allocating time to be proactively ethical may help to avert the development of ethical issues from emerging. Moreover, it can help establish an ethical reputation, one based upon integrity, trust, and commitment to doing the 'right' thing.

Taking this information together, superseding the legal demands to establish ethics in the startup might be represented by the following: *People who work with me would say that I do more than what is required by law to ensure business ethics in my startup, I do everything I can to ensure my decisions and actions are morally sound*; *When I go about my daily tasks I make sure to comply with the rules, but also look to understand their intent, to ensure that the 'spirit' of the law is being accomplished as well as the 'letter' of the law*; and *I believe it is important that we go beyond the legal mandates, seeking to accomplish our tasks with ethical judgment and moral action.* As in Step 3, we see how Step 4 also affirms the path to ethical action and the entrepreneur's decision to be ethical. In this case we see how the element of PMC that fuels the effort is a willingness to go beyond the rules, code, or law to achieve the ethical (moral) response action.

Step 4: Going beyond what is required by law to ensure ethicality will fortify an entrepreneur's decision to pursue ethical action.

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[3] For more information see http://www.ussc.gov/Guidelines/.

4.5 Moral goal

Entrepreneurs who have PMC are driven by more than task accomplishment. They use character strengths and virtues (e.g., prudence, honesty, and justice) throughout their decision-making process to achieve a moral goal (Peterson & Seligman, 2004). Successful performance is not just about making money, beating the competition, or establishing a new market. It is also about honoring how performance will be achieved. This involves the use of goal-setting strategies that pre-emptively consider the ethical risks and how to address them, while being mindful of the greater good. This involves a consideration of primary and secondary stakeholders and society writ large, including the natural environment.

Ethical entrepreneurs have motives that go beyond self-serving interests that influence the formation of their moral judgments. Possessing a desire to 'do no harm' and to 'do good' are a part of the founder's purpose. Moreover, entrepreneurs with PMC recognize that their actions form a profile of their moral identity. Entrepreneurs who value ethical strength in business have intentions to exercise respect and consideration for others and the larger society, which transcends their own self-interest. This requires an ability to self-reflect, pausing to examine one's own intentions and reasoning. Moreover, those with PMC consider the potential for longer-term issues or unintended consequences to emerge from one's actions. Acting with PMC in entrepreneurial activities means employing goal-setting and -striving processes toward achieving ethically-driven performance (Bagozzi, Sekerka, Hill, & Sguera, 2013).

Complimenting moral agency, entrepreneurs are primed for engagement and show a consistency in striving toward right action to achieve a moral good. Leveraging a learning feedback loop, as depicted in the ethical decision-making process (see Figure 2). The entrepreneur who has made an effort to achieve a moral goal can use experiential learning to fuel future ethical awareness (a feature of being a moral agent). Having engaged in an ethical response action reaffirms and reasserts the founder's moral identity. Entrepreneurs with PMC move to accomplish their goals by looking for the ethical elements within any given situation, even before ethical issue emerges. When problems do arise, they consider how others might see the situation. People who proceed with moral action when facing an ethical challenge think about the big picture, concerns outside of their own immediate needs. This means toggling between personal values and respect for others, while also working to see the big picture. There appears to be a constant striving to do the right thing or to achieve moral good on a broader level. Entrepreneurs with PMC are able to consider the past, present, and future, envisioning what potential actions might convey to others. Such determination is vital if the startup leader is to sustain motivation toward ethical action as a goal. When ethical strength is practiced it can become a habituated deliberate routine, it can become a part of the organization's culture.

Taking this information together, a moral goal might be represented by the following examples: *As an entrepreneur, it is important for me to achieve personal and organizational performance in an ethical manner*; *It is important for me to use moral judgment in making fiscal business decisions; I think about my intentions as I build my startup, and work to ensure my actions are based upon moral ends*; and *When I engage in action, I continue to consider how virtuous (or sound) my motives are as I continue to establish the startup's performance success*. In Steps 5 and 6, having ethical action as a moral goal provides the necessary courage to move from having a desire to act and making a decision to do so, to actually taking the appropriate action. Being a moral actor, then, sets the stage to model moral agency as a part of the startup's identity, which can influence the organization's overall culture and working environment.

Step 5: Framing ethical action as a moral goal fortifies the startup leaders' ability to target ethics as desired behavior for other organizational members.

Step 6A/B: Entrepreneurs who engage in ethical action as a sustained moral goal bolster their moral identity (A) and, by role-modeling ethical action, they build the moral identity of their organization (B).

5. Implications

Illustrating how these steps can be applied we return to ethical issues surrounding a startup's financing, considering the source, use, and impact of money. We focus on what entrepreneurs typically refer to as the *runway* period. Early on in the startup's life this is the period when it is able to survive in its current condition without a change to its revenue or expenses (Kenton, 2019). This is tied to the startup's *burn rate* i.e., the amount of financial capital the startup is spending on average (e.g., burning thorough each month) (Kenton, 2019). This timeframe is arguably the most critical and stressful for the entrepreneur. Often consumed by the goal of getting their product(s) launched, they are avidly trying to find a buyer (an exit strategy) or secure additional funding to extend the runway. The extent of this period depends on a sufficient source of financial capital. Decisions on how to use this capital are critical to the survival of the startup. The implications of this financial capital, including additions to it or exhausting it, can potentially be of great impact.

Many ethical issues for the entrepreneur take shape during this phase of development. Some relate to the concept of *escalation of commitment*. This bind is created when entrepreneurs lock themselves into a negative path of action by committing ever-increasing resources to the startup's path (Staw, 1981). When an entrepreneur experiences a setback, rather than realistically evaluating whether or not they should continue, they tend to devote additional resources to that path to try and recover. If that choice begets greater setbacks, then the entrepreneur's concerns will likely escalate, fueling the commitment to dedicate even more resources. To proactively consider ethics from the start, questions that need to be explicitly addressed by entrepreneurs during this runway period might include: *When does rational perseverance of a goal cross into a less than fully rational escalation of commitment? When does my decision to escalate become an unethical application of the source, use, and impact of financial capital?* Entrepreneurs are particularly susceptible to the elements of perseverance and crossing over toward greater unwarranted escalation. In studying such concerns, entrepreneurs score high on self-efficacy and indicators of perseverance, but also high on regret (Markman, Baron, & Balkin, 2005).

Prior research suggests that *escalation of commitment* issues tend to arise from an entrepreneur's promotion focus coupled with externalities that foster adversity within the startup (McMullen & Kier, 2016). Based on regulatory focus theory (Higgins, 1997; 1998), entrepreneurs tend to hold a promotion focus as they strive to achieve their startup success goals. But when faced with a setback, they still maintain this promotion focus to achieve, fostering an escalation of commitment, which becomes a potential moral hazard. It's an ethical dilemma, knowing if and when to continue the use of outside funding, how to apply this money, and understanding how decisions can impact employees and other stakeholders (particularly if the startup fails).

In sharing these ideas with several entrepreneurs, they anecdotally affirmed that during the runway period, there is a huge tendency to extend and extend, beyond what is appropriate, to the point of becoming unethical. Sometimes this is genuinely driven by the aspirational hopes and determination that the product in development will work. But startup leaders tend to want to 'milk' their projects. Such is the case even when there's knowledge that the project is clearly not going to work and/or the ability to deliver cannot be met. Worse still, some projects that are known to be failures are continued under false pretenses. This is tantamount to fraud and must be labeled and called out as such.

Other ethical issues can become compounded by *cognitive biasing*. Startup leaders and investors are equally vulnerable to this phenomena. Once a person commits to a project, either as a creator or investor, he/she wants to believe that their decision to do so has been a good one. This is why overconfidence is one of the most threatening characteristics to a project's survival. When paired with unrealistic promotion-oriented optimism and worries about the potential for distrust/failure, false pride and/or overconfidence can hinder a startup leader's ability to perceive ethical issues (Gudmundsson & Lechner, 2013). Those who are overconfident are likely to have high core self-evaluations and think too highly of their abilities (Judge, Locke, & Durham, 1997), often leading to decisional errors. Such cognitive biasing can be easily driven by the pressure to 'get funded,' which is palpable. Similar to sales, leaps of risk are sometimes framed as strategic maneuvers, rather than a lack of integrity. But a lack of ethics, as a result of cognitive biasing, is often associated with moral myopia (Magala, 2014). It's a kind of tunnel vision, whereby the drive to succeed may block out ethical concerns and one's moral identity.

This framework provides a tool to help entrepreneurs be much more aware of their decision-making efforts, working to avoid unnecessary ethical lapses and moral mishaps. Entrepreneurs need to be more attentive to when, where, and how they can enact their moral identity, applying it to the salient aspects within startups that tend to create ethical slack. They need to target moral agency as a personal goal, in concert with their mission to create a successful ethically sound startup. Startup ethics is a choice, one that requires commitment and self-regulation. Greater attention to this subject is needed, particularly among educators in business schools teaching entrepreneurs. Future startup founders will benefit from reflective discourse, helping them to consider how to promote their ideas ethically and to consider how capital is raised and utilized. In that same vein entrepreneurs need to be encouraged to think about their multiple value sets in connection with ethical challenges they will certainly face as they build their organization. It is important that we encourage entrepreneurial passion and perseverance in the context of ethical guidance that's channeled, framing startup success as a moral goal.

The need for PMC in entrepreneurship is essential if startup founders hope to resolve conflicts between their competing values. Value tensions will certainly emerge when goals to maintain the survival of the startup and the desire to be ethical compete for supremacy (Shepherd, Williams, & Patzelt, 2015). Adding non-financial goals, such as prosocial ethical responsibilities, can have an impact on the well-being of the entrepreneur (Kibler et al., 2019). It's important for startup leaders to think about these concerns as they design their organizations; not as an afterthought. Motivating entrepreneurs to have a desire to manage threats to their morality must be sustained; even if it means accepting that the startup project needs to end. Self-basing and moral myopia, combined with an escalation of commitment, can sway the entrepreneur's moral awareness and commitment to ethicality. This may deter or mitigate addressing decisions with moral agency. Startup founders can delude themselves into believing they need the organization to survive for the sake of their investors (source of financial capital), employees and stakeholders (use of financial capital), the broader society and marketplace (impact of financial capital). Application of PMC is an important character strength to maintain clarity and moral fortitude and to thwart and/or overcome a misguided thought process.

Resolving ethical challenges fueled by temptation, drive, bias, and escalation require more than simple adherence to compliance demands. If entrepreneurs want to demonstrate and preserve their moral identity, they need to bolster and maintain a desire and commitment to ethical action. By adopting a strength-based approach to ethics, morality can become fused into the goal-setting and striving behaviors of the employes as the organization takes form. Propelling entrepreneurial awareness of the ethical elements within every decision can help build their own ethical strength. Entrepreneurs may see startup opportunities before others; similarly, they may also be blinded by their associated ethical risks (Shane & Venkataraman, 2000). It's imperative that startup leaders understand they are likely to perceive risk differently than others due to cognitive biases such as overconfidence and the illusion of control (Simon, Houghton, & Aquino, 2000).

Educating and encouraging ethical awareness and professional moral courage requires convincing entrepreneurs to recognize and self-regulate their biases in service of their moral goals. Leveraging a proactive approach to entrepreneurial moral identity and underscoring the reputation benefits of business ethicality is often missing from entrepreneurship coursework. Optimism of serial entrepreneurs is rarely dimmed by failure despite the financial, psychological, and social costs of failure (Ucbasaran et al., 2010, 2013). Emphasizing the value of social capital by acting with ethical strength, some startup risks may be decreased (Janney & Dess, 2006). Entrepreneurs need to understand that PMC can be a valuable mechanism to build priceless social capital among their peers, investors, and society in general.

6. Conclusion

The evolving nature and rapid expansion of what it means to be responsible in business drives a profound lack of clarity regarding the concept of ethics in entrepreneurship. Given the need for more explicit discourse in this domain we considered the relevance of startup ethics and several financial ethical issues that entrepreneurs may face. Our process offers a useful tool to help entrepreneurs examine their moral identity and, in so doing, consider how ethical decision-making serves as a platform for creating an ethical organization. Given entrepreneurs need investor and stakeholder moral support, sponsors and consumers will likely need to share some commitment to ethical products and services. Governance to ensure transparency and accountability needs to be required by project investors, not just tacitly assumed.

The rewards of being an ethical company are likely to evolve over time. Personal and team satisfaction are often prominent (cf. Nerkar, McGrath, & MacMillan, 1996). Workers who feel free to act ethically and deal with others ethically feel good about themselves and their organizations. Research has shown that greater personal satisfaction translates into higher productivity and lower turnover (Noe, Hollenbeck, Gerhart, & Wright, 2017). For the entrepreneur, a reputation for ethical business practices can increase opportunities for strong partnerships and lower the transaction costs of managing relationships. Building a reputation for ethical practices can make it easier to attract and keep talent and to continue to finance the present venture –or the next one.

The overarching goal of our treatise has been to assist entrepreneurs by encouraging greater ethical awareness and to support management educators to prepare the next generation to embrace ethics as a required element embedded within every startup. We presented a viable path, from which additional research can advance research and future inquiry. Toward that end, we identified, examined, and analyzed salient literature often missing from the entrepreneurship domain. The organizing scheme provided offers startup founders a more cohesive understanding and application of what it means to be an ethical entrepreneur.

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