

6-30-2014

## Sustainable Entrepreneurship in Asia: A Proposed Theoretical Framework Based on Literature Review

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### Recommended Citation

Racelis, Aliza D. (2014) "Sustainable Entrepreneurship in Asia: A Proposed Theoretical Framework Based on Literature Review," *Journal of Management for Global Sustainability*: Vol. 2: Iss. 1, Article 4. Available at: <https://archium.ateneo.edu/jmgs/vol2/iss1/4>

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# SUSTAINABLE ENTREPRENEURSHIP IN ASIA

## A PROPOSED THEORETICAL FRAMEWORK BASED ON LITERATURE REVIEW

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**Abstract.** Entrepreneurship is increasingly being recognized as a significant conduit for bringing about a transformation towards sustainable products and processes. Emerging literature on ethical entrepreneurship has developed a new model of entrepreneurship as a calling to endow resources with new value; it is the ethical aspect that would make such a construct *authentic sustainable entrepreneurship*. One of the first steps in entrepreneurial training and maturity in the area of sustainability is to develop models for sustainability communication and reporting. This article presents a revised assessment model for sustainable entrepreneurship in Asia, which consists of five domains, namely: *economic, social, ecological, cultural, and ethical*. The insistence on the inclusion of *ethics* is motivated by the fact that it is the obligation of businesses to be accountable for their environment and for their stakeholders in such a way that ethics forms one of the legs on which entrepreneurship, if it is to be sustainable, stands.

**Keywords:** ethical entrepreneurship; entrepreneurship in Asia; quintuple bottom line; sustainable entrepreneurship

## BACKGROUND

### *Sustainable Entrepreneurship*

For many years and with increasing visibility, the management of leading companies have been core drivers of sustainable development. Sustainable development has been defined as “development that meets the needs of the present without sacrificing the right of future generations to fulfill their needs” (WCED, 1987: 43). Sustainable development requires sustainability innovation, and entrepreneurs who can achieve environmental or social goals with superior products or processes that are successful in the marketplace of mainstream customers. With their actions and behavior, sustainable entrepreneurs and sustainability managers are substantially shaping markets and society. Thus, actors and companies making environmental progress with their core businesses can be called sustainable entrepreneurs, whereas the actions and behaviors of such actors in commerce can be called “sustainable entrepreneurship” (Schaltegger & Wagner, 2011). The main goal, therefore, is creating sustainable development through entrepreneurial activities.

When entrepreneurs set out to undertake such sustainability initiatives, there are bound to be many opportunities and challenges. Entrepreneurs face a gamut of economic, socio-cultural, and ethical problems and challenges, some of which are described here. They deal with uniquely complex moral problems related to: 1) basic fairness, 2) personnel and customer relationships, 3) distribution dilemmas, and 4) other challenges (Hannefy, 2003). While these issues seem to be in the legal and economic realm, they involve ethical concerns, chief among which are: 1) human dignity and human rights issues, 2) a harmonious way of living together in just, peaceful, and friendly conditions, 3) corruption, especially in the supply and customer chains, 4) financial and operational pressures which heighten the incentive to engage in expedient behavior (including dishonesty), and 5) whether the business and the professional are becoming ethically good, i.e., laden with values and practicing the virtues (Morris, Schindehutte, Walton, & Allen, 2002; Garriga & Melé, 2004; Raeesi, Dastranj, Mohammadi, & Rasouli, 2013).

In the context of global business, organizations wishing to stay competitive in global markets have had to achieve appropriate ethical and social responsibility standards given the cross-cultural and international nature of their businesses. Studies point to the importance of maintaining a high level of ethics in a global marketplace not just for financial success but in order to sustain consumer loyalty as well. This emphasis on the ethical—rather than just on the economic—resonance

of entrepreneurship has attracted the attention of both researchers and practitioners, thus highlighting entrepreneurship and ethics as interwoven processes of value creation and management (Clarke & Holt, 2010; Okoro, 2012).

In this current phase of radical social change, one that calls for a new approach to reflecting upon anthropogenic environmental problems as well as on the challenge to improve the ability of humans to coexist in the world, international groups and regulatory agencies calling for the measurement and assessment of companies' *sustainability ratings* have emerged, and from therein arose the study and practice of sustainability communication and reporting (Godeman & Michelsen, 2011). Regarding sustainable entrepreneurship reporting and communication, some of the challenges include: the measurement and assessment of the degree of environmental or social responsibility orientation in the company, along with its environmental and social goals and policies, the organization of environmental and social management, and the communication of environmental and social issues (Schaltegger & Wagner, 2011).

A more concrete challenge in this area is the set of domains which the measurement and assessment tool should encompass. In this regard, a lot has been learned from the "triple bottom line" concept (Elkington, 1997) which suggests three different (and quite separate) bottom lines: 1) the traditional measure of corporate profit—the "bottom line" of the profit and loss account, 2) the bottom line of a company's "people account"—a measure in some shape or form of how socially responsible an organization has been throughout its operations, and 3) the bottom line of the company's "planet" account—a measure of how environmentally responsible it has been.

### ***Significance of the Study***

Sustainable entrepreneurship, although an influential concept for business and policy, is in need of a fundamental transformation in order for it to reduce the detrimental environmental and societal impacts created by our currently unsustainable business practices. Within this context, entrepreneurship is increasingly being recognized as a significant conduit for bringing about a transformation towards sustainable products and processes, with numerous high-profile thinkers advocating entrepreneurship as a panacea for many social and environmental concerns. There remains, however, considerable uncertainty regarding the nature of entrepreneurship's role in this area, and the academic discourse on sustainable development within the mainstream entrepreneurship literature has been sparse to date. It is the objective of this article to

contribute to such academic discourse, particularly with regard to the ethical aspects of sustainability reporting and communication (Dean & McMullen, 2007).

The traditional business model defines entrepreneurship as endowing resources with new wealth-producing capabilities; however, emerging literature on ethical entrepreneurship has developed a new model of entrepreneurship as a calling to endow resources with new value. The difference lies in the ethical and values-laden properties being demanded of today's businesses (Miller, 2005). When the economic, environmental, and social motives come together in the business action of the entrepreneur, along with the internalization of the fiduciary, stewardship, and moral responsibilities to future generations, then we can speak of *authentic sustainable entrepreneurship*. The normative elements that should be found in such entrepreneurial activities include production of socially desirable products in a socially desirable manner, and advancement of the health and well-being of those affected by such, all within a values-driven framework (Hodgkin, 2002). The next section discusses in-depth what is meant by an *ethical* and *values-driven* framework.

Entrepreneurship is an inescapably ethical activity—whether one views it from the societal, organizational, or individual level, entrepreneurial action has powerful ethical dimensions and implications. In addition, entrepreneurship has emerged as a distinctive area of academic inquiry, with unique problems and questions that can be productively studied in their own right. Clearly, there are fundamental reasons to take the ethics of entrepreneurship more seriously, and this article is a contribution to such discourse (Dunham, 2005).

### ***Literature Review: Teasing Out the Missing Link***

It is a well-known fact that social entrepreneurship arises chiefly from the reality that environmental and social degradation results from the failure of markets; in fact, the entrepreneurship literature argues that opportunities are inherent in market failure. A synthesis of such literature suggests that environmentally and socially relevant market failures represent opportunities for achieving profitability while simultaneously reducing environmentally degrading economic behaviors. It also implies conceptualizations of sustainable and environmental entrepreneurship that detail how entrepreneurs seize the opportunities that are inherent in environmentally relevant market failures. Four types of market imperfections (inefficient firms, externalities, flawed pricing mechanisms, and information asymmetries) contribute at once to environmental degradation but also provide significant opportunities for the creation of radical technologies and innovative business models. These oppor-

tunities establish the foundations for an emerging model of sustainable entrepreneurship, one which enables founders to obtain entrepreneurial rents while simultaneously improving social and environmental conditions both locally and globally (Dean & McMullen, 2007).

In the context of globalized business, economic behavior is no longer the individual company's sole domain. Business action has increasingly come to affect and be affected by the actors and companies in the global chain; thus, legal, operational, ethical, and other challenges necessarily arise (Andersen & Skjoett-Larsen, 2009). That being said, the domain and characteristics of *sustainable entrepreneurship* have now been made clear to us: the core motivation is to contribute to solving societal and environmental problems through the realization of a successful business, while the main goal is to create sustainable development through entrepreneurial corporate activities. The role of economic goals is both as a means and as an end, while the organizational development challenge is from a small contribution to a large one for sustainable development (Schaltegger & Wagner, 2011).

It appears that the various fields of entrepreneurship are overlapping with each other, but with each having its own main primacies. For instance, all categories of entrepreneurship are required to survive economically. Furthermore, while social entrepreneurship focuses on contributing to social or public welfare and creating social values, green or environmental entrepreneurship concentrates on handling environmental or ecological issues (Majid & Koe, 2012). Thus, sustainable entrepreneurship lies at a certain nexus that makes it more complicated and challenging, out of which emerge new aspects that have not been thoroughly highlighted. One of these is the *ethical* aspect which shall be further explicated in the remainder of this article.

## **SUSTAINABILITY REPORTING/COMMUNICATION AND THE TRIPLE BOTTOM LINE**

During the 1970s and 1980s, many parts of the world were marked by the many debates concerning the environment and its problems. These debates were triggered, among others, by the report of the "Club of Rome" in 1972 and a few years later by the "Global 2000," which was published in 1980 by the Council on Environmental Quality. During this period of time, it became clear that humanity was entering a phase of radical social change that was calling for a new approach to anthropogenic environmental problems, and also with improving humanity's ability to coexist in the world. Based on these and subsequent events, the concept of sustainability was developed. Sustainability describes an ethi-

cally motivated concept, referring to a form of economics and lifestyle that does not endanger our future. Sustainability communication's chief concern, then, is an understanding of the world that is of the relationship between humans and their environment, into social discourse, and that develops a critical awareness of the problems about this relationship and then relates these to social values and norms. Global ecological dangers abound, and these trends overlap, interlink, and reinforce each other, thus leading to severe economic, ecological, social, and cultural distortions both in individual regions as well as worldwide. The consequences of such developments worldwide can only be met if humans assume their responsibility and reshape their relationships with each other and the natural world. This requires a social process of mutual understanding that deals with both the causes of these developments and their possible solutions. In other words, it is a process of communication and mutual understanding which is also known as sustainability communication (Godeman & Michelsen, 2011).

Sustainability requirements continue to be strongly driven by both regulators and customer demands. For some years, pressure concentrated on large, often stock-listed corporations. However, it soon became clear that much of the social and environmental impacts are to be found within the supply chain. As large multinationals hand down the societal pressure they are facing, suppliers increasingly need to be transparent about the social and ecological impacts of their products and services, and need to be able to assess and improve their respective performances. This creates new challenges. On the one hand, suppliers—often companies of much smaller scale and limited (financial and human) resources—are faced with the need to deal with complex social and environmental issues. On the other hand, large companies with complex supply chains need to secure the consistency of data which they receive from their suppliers, as well as instruments for a meaningful interpretation of this data. *Environmental Management Accounting and Supply Chain Management* by Roger L. Burritt, et. al., has been helpful in this regard (Burritt, Schaltegger, Bennett, Pohjola, & Csutora, 2011).

Part of successful sustainability reporting and information systems is understanding the notion of *strong sustainability*, which aims at: 1) identifying criteria for distinguishing sustainable and non-sustainable paths, on the grounds of a consideration of arguments that are wider than merely economic ones, 2) specifying the proper scope of the discourse by setting up a framework of fields of action and application, and 3) delivering a basis for operationalization in policy and politics, performing as a “rational corrective” to clarify the diffuse discourse on sustainable development taking place in society (Godeman & Michels-

en, 2011). As mentioned above, the environmental literature has shown that the economic, ecological, social, and cultural aspects of ecology are of utmost importance. As we shall see in greater detail later, *sustainable development* is, by its very nature, an *ethically motivated normative concept* referring to a form of economics and lifestyle that does not endanger our future; hence, the framework for it seems in need of the inclusion of the *ethical* domain.

### **Criteria and Indicators**

In order to manage or influence the process of communication about sustainability, methods and instruments are necessary. These include, for example, social marketing, empowerment, instruments of participation and planning, or education. As mentioned earlier, *environmental management accounting* has come to propose concrete measurement and assessment tools and instruments for distinguishing sustainable and non-sustainable entrepreneurial paths. Criteria and indicators aim at observing progress in development at the level of the organization or the whole system and, when applicable, enable comparisons or inform decisions to be made. Criteria and indicators were first used in economic and social reporting. Indicators are common instruments for evaluating guidelines, measures, and programs. They serve the preparation for political and administrative decision-making. For a number of years, a trend toward “indicatorization” in the area of ecological management has been observed. In the late 1990s, indicators began to be developed for use in sustainability discourses and systems, and have since been developed for a number of different contexts, addressees, and purposes (Godeman & Michelsen, 2011).

### **Triple Bottom Line (TBL)**

Many extant studies on sustainable entrepreneurship have used the concept of the triple bottom line (TBL), coined by Elkington in 1994, to describe what sustainable entrepreneurship is all about. Nonetheless, there is a significant shortcoming in using TBL to describe sustainable entrepreneurship as it does not clearly mention the degree of emphasis that should be given to the domains identified in the model. Furthermore, some important domains have been disregarded in the model. As such, this article aims to propose a revised model of sustainable entrepreneurship based upon the concept of TBL.

Throughout the years that ensued, researchers suggested several fields of entrepreneurship studies, such as regular entrepreneurship, green entrepreneurship, social entrepreneurship, and sustainable entrepreneur-



ship. Based upon the concept of TBL, a number of studies have been made proposing revised models of sustainable entrepreneurship—the model of Majid and Koe (2012), for example, consisted of four domains, namely economic, social, ecological, and cultural. In order to be acknowledged as a true sustainable entrepreneur, or so the article purports, one is required to give equal priority to each of the four domains suggested in the model.

## **SUSTAINABLE ENTREPRENEURSHIP IN ASIA**

### ***Asian Characteristics***

Arguably the most striking characteristic of the Asian region is its great diversity, which may be unmatched by any other grouping in the world. Indeed, its economic, political, cultural, and linguistic diversity is greater than even that of the European Union. The rapid rise of China and India, and the establishment of the ASEAN Economic Community by 2015, provide an opportunity to attract more foreign direct investment, diversify the productions base, and expand the role of small and medium sized enterprises (Yap & Mujica, 2013; Menon, 2012).

Authentic and sustainable development in Asia necessitates working at the real solutions in order to eradicate or at least alleviate poverty. In agriculture-based economies such as the Philippines, the ultimate solutions are to be found in: countryside and rural infrastructures, quality basic education for the children of the poor as well as the education of women, cash transfers to the poorest of the poor, primary health services, microcredit and microenterprise programs, technical skills training for secondary school students, and social housing such as that provided by Gawad Kalinga (Villegas, 2011). The sustainability of entrepreneurship thus becomes all the more crucial in Asia, most especially in the so-called “bottom-of-the-pyramid” (BOP) countries, where people living under \$2 per capita income per day can hardly get hold of even the barest of necessities. The pervasive lackluster growth, environmental degradation and decline, public perceptions of cultural imperialism associated with globalization, and continued existence of severe poverty, disease, and a sense of disenfranchisement in this region cannot be neglected in the issue of sustainability (Racelis, 2012).

Small and medium scale enterprises (SMEs) are increasingly a force for enhancing national economic growth and employment in Asia. Many of the region’s government programs include policy instruments addressing SMEs. The literature indicates the positive impact of entrepreneurship as a tool for employment, innovation, and productivity growth.

Thailand is currently undertaking a strategy of technology development that emphasizes business incubation. Thailand considers SMEs as one of the principal driving forces of economic development—they play a significant role in the acceleration of economic growth. Innovations play a crucial role in Thailand's social landscape, and they are happening in various sectors across the country. In Indonesia, SMEs—especially small scale enterprises (including micro enterprises)—have historically been the main players in domestic economic activities, especially as providers of employment opportunities and hence generators of primary or secondary sources of income for many households. As a group, these enterprises have also been an important engine for the development of local economies and communities (Al-Mubarak & Busler, 2013; Mapigan & Agussalim, 2013).

In Central Asian countries such as Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan, entrepreneurship and small business development are essential in the economic transformation from a centrally planned economy to a market-oriented economy. In Cambodia, with regard to the issue of improved access to safe drinking water and sanitation (one of the key aspects of the millennium development goals [MDGs]), and where the overall incidence of diarrhea was reported in 20.4% of children, local entrepreneurs treat, package, and sell safe drinking water in order to achieve a reduction in acute diarrheal disease among young children (Lee & Tai, 2010; Hunter et al., 2013).

The Philippines, on the other hand, has continued to demonstrate a development puzzle. Despite abundant natural and human resources, its development record pales in comparison with its neighbors in East Asia. There is a need to grab opportunities to attract more foreign direct investment, diversify the productions base, and expand the role of small and medium sized enterprises. Some of the major challenges the Philippines continues to face are a low investment rate and a lack of entrepreneurship. Bangladesh, home to the highly-successful Grameen Bank by Professor Mohammad Yunus ([www.grameen-inf.org/index](http://www.grameen-inf.org/index)), is a banner story for revolutionary “social business”—the idea of unleashing human potential through the redesign of the existing socioeconomic system. Through Yunus's style of small-scale microcredit and microfinance, social business objectives (such as education, health, technology access, and environment) and financial and economic sustainability were simultaneously achieved (Yap & Mujica, 2013; Sardana, 2013).

### ***Sustainable Entrepreneurship Considerations in Asia: Specific Cases***

Some Asian studies on sustainability and entrepreneurship show that environmental sustainability orientation in small firms is a multi-

dimensional construct with three facets, i.e., awareness of, actions for, and appreciation of environmental sustainability, thus challenging the conventional view that resources determine the extent of the environmental sustainability orientation (ESO) of small firms. In another study of the contours of entrepreneurship in China and India, the authors carry out a broad historical sweep with sensitivity to cultural values and mindsets, and find out that entrepreneurship and its positioning in the global economy indeed make up a complex fabric in India and China (Menon, 2012; Dana, Mueller, & Pio, 2008).

The growth of the firm is the strength that is fundamental to a nation's economic growth. By incorporating the theory of entrepreneurship with strategic management, a Taiwanese study found that entrepreneurship learning is essential in order for the firm to accumulate dynamic capabilities and create sustainable competitiveness. Since every firm is different, the analytical framework developed in the study helps advance our knowledge of various factors initiating firm creation and of the disparate ways for a fledgling business to grow into a global corporation (Chiang & Yan, 2011). In a study of the current status of social entrepreneurs in Korea as well as subsequent policy issues for them, findings included putting emphasis on follow-up management and evaluation, a suggestion for a standard model for social entrepreneur promotion projects, and a proposal for specific guidelines for detailed education operations (Kim & Yoon, 2012). A more general study of the *miracle cases* of Bangladesh via its Grameen Bank as well as the Bangladesh Rural Advancement Committee (BRAC) Bank tells us that the "4 Cs of successful sustainable entrepreneurial activity"—1) Compatibility, 2) Connection, 3) Communication, and 4) Commitment—indeed play out (Makhlouf, 2011).

For the sake of economic development and sustainability, as these cases and examples show, it seems urgent—apart from sustainability requiring a sharper understanding of the interdisciplinarity of the issue—to focus on the management and evaluation of entrepreneurial sustainability projects, as well as on improved depth and breadth in entrepreneur promotion and education. The very idea of "sustainability" consists of the issue of intra- and intergenerational distributive justice and encompasses duties towards currently living generations and future ones regarding different goods, with a special focus on natural resources. Thus, the term sustainability *in se* points out ethical presuppositions, and when applied to the work of entrepreneurs contributing to economic development, it then becomes clear that there is a need for education and evaluation of entrepreneurs in the matter of ensuring that their work rests on ethics as an important leg on which

scholarship and the practice of entrepreneurship ought to stand (Gode-man & Michelsen, 2011).

Since this article is focused on sustainability communication and the development of a more comprehensive sustainability assessment tool for entrepreneurship which will necessarily include the *ethical* component, the remainder of this article will proceed by discussing the centrality of ethics in various communication measures and tools for sustainable entrepreneurship.

### **ETHICS: THE MISSING LINK**

Entrepreneurship is an ethical activity of pressing importance as it significantly influences the sort of lives we will lead in the future. Furthermore, the distinctive nature of entrepreneurial action leads to a distinctive set of ethical problems and obligations (Dunham, 2007). When the ethics of sustainability is not properly and sufficiently discussed, sustainability could mean anything from “exploit as much as desired without infringing on future ability to exploit as much as desired” to “exploit as little as necessary to maintain a meaningful life.” It is widely accepted today that true sustainability includes valuing ecosystem health, human needs, economic development, and social justice. Ethics of care and concern for specific aspects of the common good seem crucial in both large and small- to medium-sized firms, as do the personal values, character, and leadership of the owner or manager of the firm (Vucetich & Nelson, 2010; Racelis, 2012; Melé & Hoivik, 2009).

The ethical influences of entrepreneurship have quite immediate and individual impacts. The very process of creating new products, services, and markets is a journey with its own enormous ethical impact on the stakeholders immediately affected by the entrepreneur’s actions. Such groups of individuals support the emerging venture, place much at stake, and put themselves in a position of great vulnerability to the entrepreneur. Relationships formed and developed under such circumstances are necessarily imbued with strong ethical dimensions in terms of roles and responsibilities (Dunham, 2005).

Human rights have come to be a crucial issue in business, especially in the global market place. In addition, business contributes to the common good in different ways, such as creating wealth, providing goods and services in an efficient and fair way, and at the same time respecting the dignity and the inalienable and fundamental rights of the individual. Furthermore, it contributes to social well-being and to a harmonious

way of living together in just, peaceful, and friendly conditions, both in the present and in the future. A more humanistic approach to business and management requires that management, apart from aiming for efficiency, should also consider people in their fullness (Garriga & Melé, 2004).

Taking such a humanistic perspective, this article thus highlights the following as the major ethical concerns in entrepreneurship: 1) human dignity and human rights issues, 2) a harmonious way of living together in just, peaceful, and friendly conditions, 3) corruption, especially in the supply and customer chains, 4) financial and operational pressures that heighten the incentive to engage in expedient behavior (including dishonesty), and 5) whether the business and the professional are becoming ethically good, i.e., becoming laden with values and practicing the virtues (Morris et al., 2002; Garriga & Melé, 2004; Raeesi et al., 2013). A few examples and illustrations are given below.

**1) *Human dignity and human rights issues.*** A normative approach to entrepreneurial ethics calls for the application of social norms to business and management since social norms serve as the foundation for rules of behavior within a community. A business firm, small or large, is an example of a community of individuals who interact within the context of shared tasks, values, and goals, and are capable of establishing norms of ethical behavior for themselves. These norms are considered authentic when they are supported by a substantial majority of the members of the community, and are compatible with larger social norms such as “treat members of the community with dignity and respect.” A theoretical study has come up with the construct called “Human Quality Treatment” (HQT) which establishes what treatment is appropriate to the human condition. It was suggested that the five levels or degrees of HQT in organizations have to do with: 1) maltreatment (blatant injustice through abuse of power or mistreatment), 2) indifference (disrespectful treatment through lack of recognition of people’s personhood and concern), 3) justice (respect for persons and their rights), 4) care (concern for people’s legitimate interests and support for them in resolving their problems), and 5) development (favoring human flourishing, mutual esteem, and friendship-based reciprocity) (Morris et al., 2002; Melé, 2014).

A concrete example of disrespect for the dignity and rights of persons is when an entrepreneur, while having a magical way of building something out of nothing, engages in behaviors that negatively impact business, not to mention the people behind it: partners, investors, employees, and customers. A lack of empathy might ensue, and when entrepreneurs are under enormous pressure to produce “sales”, two things generally

happen: they develop tunnel vision and often become extremely forgetful about anything other than what they are focused on at the moment, and their type-A tendencies go into overdrive and they bulldoze their way through decisions, forgetting that actual human beings with thoughts and feelings are on the other end (Iloff, 2014).

**2) A harmonious way of living together in just, peaceful, and friendly conditions.** Humans are also social beings; they possess *sociability*, a feature related to the tendency to live together. Humans live in society, not in isolation, and often show the willingness to live together in an established order, with harmony, justice, and peace. The *ethics of care* centers on feeling concern or interest for others, especially people who have particular needs, including those who are vulnerable to the outcomes of a choice, those who deserve extra consideration. Far removed from principle-based theories (e.g., Kantianism, utilitarianism) that demand impartiality, this approach emphasizes caring relationships in each situation, arguing that this unites families and groups. Values such as care, trust, mutual consideration, and solidarity are given special emphasis (Melé, 2014). Case studies in India have shown that, in the context of the poverty-environment relationship, institutions have evolved to respond to the deteriorating environment by increasing the level of cooperation over common resources. In Pakistan, the government and the World Bank are promoting many projects based in communes (e.g., forestry, fishing, irrigation), giving the benefit of the doubt that management based on these communes works quite well, and that there is even solidarity with poorer families (Khan, 2008).

**3) Corruption, especially in the supply and customer chains.** Hefty fines, damaged reputations, and jail sentences—recent scandals prove that corruption in business does not always bring profits, yet bribery persists. Corruption distorts markets and creates unfair competition. Companies often pay bribes or rig bids to win public procurement contracts. Many companies hide corrupt acts behind secret subsidiaries and partnerships, or they seek to illicitly influence political decision-making. Others exploit tax laws, construct cartels, or abuse legal loopholes. Private companies have huge influence in many public spheres. These are often crucial—from energy to healthcare. Studies validating the Corruption Perceptions Index (CPI) have shown that corrupt practices are more prevalent today in many emerging and transitional economies, where official corruption often runs so deep that it is a hindrance to commercial activity. In several Asian countries, billions of dollars allocated to infrastructure projects are being ill-spent because unscrupulous contractors and greedy local officials are skimming funds and cutting corners. Small business owners and managers should be aware of, and educated

about, these economic and sustainability impacts of engaging in corrupt activities (Transparency International, n.d.; Wilhelm, 2002).

**4) *Financial and operational pressures which heighten the incentive to engage in expedient behavior (including dishonesty).*** Rising incidents of corruption, piracy, terrorism, and human and drug trafficking provide a case for the speedy implementation of legislation against crime, piracy, money-laundering, etc. In many developing nations, the requisite structures aimed at facilitating the identification, tracing, freezing, seizure, confiscation, and repatriation of the proceeds of crime are yet to be established. It is clear, however, that the negative impacts of such crimes can be quite dramatic, especially for entrepreneurs. Studies show, for example, that a significant number of small businesses pirate software; however, there are legal and reputational issues that cannot be discounted. Software companies have sued small businesses for different types of piracy, and penalties for willful infringement can be as high as \$150,000 per piece of software, plus attorney's fees. Beyond the legal ramifications, having unlicensed software, especially in a service-oriented business, reduces credibility and can be seen as being very unprofessional (Transparency International, n.d.; O'Brien, 2013).

As another example, multinational companies are held responsible for the environmental and labor practices of their global trading partners such as suppliers, third party logistics providers, and intermediaries over which they have no ownership. Concretely, when entrepreneurs get involved with multinationals, they cannot give in to unethical practices such as violations of union rights, use of child labor, dangerous working conditions, race and gender discrimination, etc. Other forms of blatant injustice are manipulation of people, which includes any underhanded influence on people by way of lies, deceit, or the creation of false expectations, generally to gain benefit or power, and unfair discrimination (Andersen & Skjoett-Larsen, 2009; Melé, 2014).

All told, entrepreneurship ethics has emerged as a distinct area of inquiry, with unique challenges and questions that can be productively studied in their own right. The pressure for business accountability is increasing, and this holds for its legal, social, moral, and financial aspects. Government restrictions with respect to social conduct are increasing, even in times of liberalization. Customer demands are rising with the increasing transparency of markets. On top of this, customers are asking for sustainable products. Increasing numbers of investors are not only looking at the financial performance in a corporation's portfolio, but are also valuing the way corporations meet their social responsibilities (Van Beurden & Gössling, 2008; Shane & Venkataraman, 2000).

## TOWARDS A RENEWED AND IMPROVED FRAMEWORK

The interface between ethics and entrepreneurship involves two related sets of issues. The first of these concerns the entrepreneurial context for ethics, while the second involves the ethical context for entrepreneurship. Scholars have devoted considerable attention to issues in the former area. Receiving less focus is the ethical context within which entrepreneurial activity takes place. Here the concern is with the ethical environment created within an entrepreneurial firm, the mechanisms put in place by the entrepreneur to ensure ethical standards are observed, and the ways in which unethical behaviors on the part of employees are addressed (Morris et al., 2002).

As noted above, a good first step in the entrepreneur's moral education is to have him introduced to a set of useful tools for the measurement and assessment of his effectiveness and sustainability as a businessman through so-called sustainability communication and reporting. Sustainability communication's chief concern is an understanding of the world that is of the relationship between humans and their environment, into social discourse, and which develops a critical awareness of the problems about this relationship and then relates these to social values and norms (Godeman & Michelsen, 2011). Based upon the concept of the triple bottom line (TBL), Majid and Koe (2012) proposed a revised model of sustainable entrepreneurship that consists of four domains, namely, economic, social, ecological, and cultural. Their model suggests that in order to be acknowledged as a true sustainable entrepreneur, one is required to give equal priority to each of the four domains suggested in the model. In other words, one has to be future-oriented by balancing one's efforts in making contributions towards economic prosperity, social justice, social cohesion, and environmental protection.

This article presents a revised model of TBL for sustainable entrepreneurship in Asia, one that consists of five domains, namely, economic, social, ecological, cultural, and ethical, thus giving rise to what we may call the "quintuple bottom line" (refer to Figure 1).

### ***Economic***

Although sustainable entrepreneurs should not treat profit as the sole target, being economically viable still remains the primary challenge. Indeed, researchers have also mentioned the importance of being economically viable for the survival of businesses, including sustainable businesses. In addition, studies have also stressed that sustainable entre-



preneurs should create value that produces economic prosperity together with social justice and environmental protection. In other words, there should not be a zero-sum game or trade-off between profit and other non-profit aspects, such as environmental well-being or social welfare (Majid & Koe, 2012).

### **Social**

“People” is one of the domains to be sustained in sustainable entrepreneurship. Businesses are required to deal with issues in society, such as human rights, gender concerns, and child labor. In addition, the sustainable entrepreneur has to produce “social cohesion”, which refers to fulfilling individual and community needs (Majid & Koe, 2012). Social entrepreneurship is a new construct that bridges an important gap between business and philanthropy. It is the application of entrepreneurship theory in the social sphere in order to solve social problems such as environmental issues, the income gap, and employment difficulties (Jiao, 2011).

### **Ecological**

The phrase “triple bottom line” suggests three different (and quite separate) bottom lines: 1) the traditional measure of corporate profit—the “bottom line” of the profit and loss account, 2) the bottom line of a company’s “people account”—a measure in some shape or form of how socially responsible an organization has been throughout its operations, and 3) the bottom line of the company’s “planet” account—a measure of how environmentally responsible it has been. The triple bottom line (TBL) aims to measure the financial, social, and environmental performance of the corporation over a period of time. Nevertheless, even the TBL is subject to various weaknesses which are overcome by the Inclusive Wealth Index. As Sir Partha Dasgupta, one of those responsible for developing the IWI, would explain:

If a national accountant claims the savings ratio of a country like Brazil or Costa Rica is 15%, but doesn’t take into account the natural capital, the forests being razed, then it is not a true indication of the accumulation of wealth. If depreciation of forests is deducted from savings, the picture looks significantly different. (U.N. Environment Programme, 2012)

### **Cultural**

Researchers have suggested lately that a new domain should be added to the sustainable entrepreneurship framework. For example, sustaining traditional or indigenous knowledge is important to prevent the loss of

culture and over-dependence on Western culture. Culture, then, should be concretely considered as an additional pillar in sustainability development in order to achieve harmony among issues of cultural diversity, social equity, environmental responsibility, and economic viability (Majid & Koe, 2012). In the case of Asia, the cultural factor is very important. Measurement and assessment tools have to take into account the simultaneous convergence and divergence within the Asian region, as well as those aspects related to learning, education, awareness, and marketing.

### ***Ethical***

Businesses do indeed have a share in our common responsibility to future generations. A strong case for our moral responsibility to future generations can be established on the grounds of fiduciary duties, virtue ethics, stewardship and accountability, respect for human dignity and human rights, promoting the common good, etc. The job of a leader includes caring for others, or taking responsibility for them. All leaders face the challenge of how to be both ethical and effective in their work. It has been established that leaders ought to care for their followers, and the sustainability entrepreneur in the global marketplace is no exception (Ciulla, 2009).

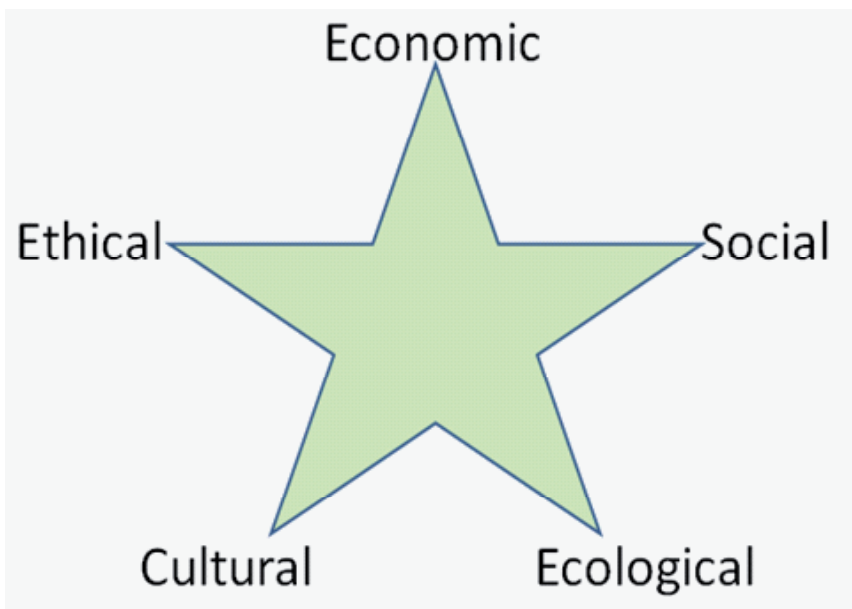


FIGURE 1: Quintuple Bottom Line

While the cases and illustrations mentioned above detail negative experiences of entrepreneurs in the ethical realm, it can likewise be shown that small business owners and managers are able to perform ethically and thus sustainably, as can be seen in the case study of a Norwegian clothing company that engages as a partner in some voluntary labor initiatives promoted by the government, employs people in marginal situations, and exerts influence for the adoption of good working conditions in its supply chain. Environmental issues and actions of solidarity, as well as ethics of care and concern for specific aspects of the common good, are being taken into serious consideration (Melé & Hoivik, 2009). An empirical study was carried out among entrepreneurs who have come to be labeled as “superlatives” because they displayed either the highest or nearly the highest percentage of affirmative responses on most of the questions regarding ethical policies and programs. For example, 96% indicated that their firm had penalties for unethical behavior, and that such was communicated to employees, 79% had a formal code of conduct, and 69% had a code that provided guidance for resolving specific on-the-job ethical dilemmas. In addition, ethics-related training was an ongoing activity (63%), a company policy manual covering ethics was accessible to employees (73%), and someone in the firm was assigned direct responsibility for ethical issues (69%). Finally, some members of this group of “superlatives” have given specific thought to developing an ethics program (38%), ethics-related training is done within the firm (73%), and ethical issues tend to be discussed somewhat frequently with employees (54%) (Morris et al., 2002).

Entrepreneurship brings about economic innovation and job formation; it contributes to innovation, development, and equitable income distribution. It has received much attention during the past decades, since new firm creation is a critical driving force of economic growth, leads to the creation of hundreds of thousands of new jobs, and its improvement can well contribute to the resolution of the unemployment crisis. However, many barriers either stop entrepreneurs from entering the market or lead their businesses to failure after they do so. In one specific study carried out in Iran, corruption and an unsupportive business environment have been identified as part of 11 major barriers to entrepreneurship. Entrepreneurs will experience difficulties in hiring a labor force, keeping them, and firing them. They will easily lose their funds and resources due to the corruption of the business environment, and the unsupportive nature of this environment will not help entrepreneurs in obtaining financial resources, which in turn destroys all possible entrepreneurial opportunities (Raeesi et al., 2013).

All told, globalization as well as changes in economic development, national or local security, and the expectations of society have influenced

how social performance is defined, and how it involves stakeholders and thus the performance of every business. Organizations large and small have been encouraged to move toward socially responsible behavior for both moral and practical business incentives. The literature on sustainability has come to show over time that it is the obligation of businesses to be accountable for their environment and for their stakeholders in a manner that goes beyond mere financial aspects. In other words, “Good Ethics is Good Business” (Van Beurden & Gössling, 2008). The entrepreneur and the realm in which he works are no exceptions to this characterization—ethics can and must form one of the legs upon which entrepreneurship, if it is to be sustainable, stands.

## **AREAS FOR FURTHER STUDY**

### ***Refining Sustainability Communication***

A study of the current status of social entrepreneurs in Korea, as well as subsequent policy issues for them, carried out analysis of the drawbacks and policy implications of fostering social entrepreneurs. Findings included the following: social enterprises should escape from being personnel expense-centered and convert to ecosystem-centered or division-centered projects, encourage greater participation of government in fostering social entrepreneurs, and put emphasis on follow-up management and evaluation; a suggestion for a standard model for social entrepreneur promotion projects; a proposal for specific guidelines for detailed education operation according to education trainee and the objectives of social entrepreneurship. Furthermore, there is the suggestion to reduce projects with low performance, implying the need for a tighter and more meaningful entrepreneurial management accounting system via measurement and assessment tools (Kim & Yoon, 2012).

Sustainable entrepreneurship is viewed as having significant potential for alleviating many of the social ills we now face. To accomplish this mission, however, social SMEs will need to expand beyond their current footprints. The catalysts identified for such a goal to be achieved are effectual logic, enhanced legitimacy through appropriate reporting metrics, and information technology. As regards reporting metrics, a key issue confronting SMEs relates to the evaluation of outcomes. Metrics will facilitate a better assessment of program efficacy, enabling a better deployment of resources. In addition, with the demand for a social capital investment market, appropriate metrics will, by enhancing external legitimacy, facilitate access to resources. There are many examples of social enterprises adopting outcome measures, e.g., the so-called social return on investment (SROI). An extended study of such metrics and reporting will have to be carried out (VanSandt, Sud, & Marmé, 2009).

### ***Comprehensive Stakeholder Analysis***

A “heuristic approach” to stakeholder analysis that requires two mappings of the entrepreneurial constituents has been proposed. The first mapping focuses on current interactions between entrepreneurs and their stakeholders, while the second focuses on a specific issue and the stakeholders that constitute it. In effect, such stakeholder analysis requires entrepreneurs to use the complexity of stakeholder relationships in order to go beyond their cognitive limitations and thus facilitate the discovery of new opportunities. Developing a comprehensive ethical theory for corporate social responsibility that encompasses the profit motive, social demands, complete stakeholder analysis, and moral values is a demand that is being made on business ethics researchers and practitioners. If sustainable development is to mean “development that meets the needs of the present without sacrificing the right of future generations to fulfill their needs” (WCED, 1987: 43), then there is a critical need to continue discussing the ethics and morality of sustainability (Garriga & Melé, 2004).

### ***Development Policies***

Eradicating poverty, reducing environmental degradation, and achieving sustainable economic growth are some of the major macroeconomic goals in the Asian region. There are, however, serious interlinkages among these issues. A Pakistani study has found that environmental degradation hurts the poor more. There is a need for studies that deal with the social and environmental impacts of specific factors, and a need for a better understanding of institutional dynamics. A greater understanding of how levels of, and changes in, poverty relate to changes in environmental quality is needed. There is a need to understand how the levels and rates of change vary with poverty, and where the changes are taking place. More research is needed on the effects of changes in the population and on the dynamics of institutional development. A clearer understanding of how poor people depend on, interact with, and use their environment in rural and urban areas is needed. Countries, and in particular those in Asia, have to adopt open-minded and innovative policies in order to take advantage of the many existing opportunities. Some suggestions are eco-labeling schemes, organic practices, fair trade, and so forth. Academics should embark on further research into the complex poverty-environment-growth nexus. The existence of the entrepreneurship-poverty-environment nexus points to the need for making concerted efforts in development policy for mainstream environmental concerns and issues, especially given their central importance for quality of life and the sustenance of key sectors of the economy (Khan, 2008).

### **Education**

The connection between human capital development and economic development has become quite clear in human capital studies embarked upon by the Mahbub-ul-Haq Centre for Human Development, which has developed a broad index of poverty that takes into account, in addition to income, deprivation of education and health. Another measure is the United Nations Development Program's (UNDP) human development index (HDI), which includes education as an indicator of progress in human development (Khan, 2008). The contribution of human capital to the survival of entrepreneurial firms in Asia has been studied, for example, in Indonesia, where the strategy formulation for the survival and growth of entrepreneurs is driven by the vision and motivation of the entrepreneurs, which in turn is a function of entrepreneurial competence based on strategic management and moral education (Mappigan & Agussalim, 2013). Unfortunately, in many Asian countries, entrepreneurial education is not accorded the priority it needs. There is a great need to embark upon action research if the potential of entrepreneurship for poverty alleviation and social and economic development is to be unleashed.

### **Interdisciplinary Studies**

Ethical issues in sustainable entrepreneurship are clearly interwoven with legal, financial/economic, socio-cultural, and other aspects of the entrepreneur's work. The framework suggested in this paper has to be validated in real-life entrepreneurial cases. While some of the cases referred to here shed light on the continuing challenges—especially in the ethical sphere—faced by entrepreneurs trying to achieve sustainable development, there is clearly still a need for researchers in various disciplines to work together alongside practitioners in aid of entrepreneurial sustainability (Hamzah, Rusby, & Hamzah, 2013).

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