

Law and Ethical Values: Need for More Awareness Among Small and Micro Entrepreneurs

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Abstract

A business can be described as a profitable source of income. Most people, who have financial resources, prefer to do business rather than sticking to their regular day jobs. The profits and compensation earned by the business are far more elevated, as compared to any regular job. Setting up even a small or micro business has also become a relatively easier task, and with the advent of powerful marketing mechanism through landmark and other sources, the business industry has gained momentum. More and more people are getting involved in running their small businesses.

This paper deals with ethical problems in law in the context of business operations. Since business organizations and other organizations make many statements about what is ethical, but unless the ethical norms are written into law, they are not enforceable and, to some extent, remain a matter of personal opinion, the attempt made by the authors in this paper may be discussing the issues relating to framework of Law and Ethics, whether law require the business person to make such ethical choice. The another objective of this paper is to discuss what is an ethical norm and to what extent should law require ethics in the growth and sustainability of small and micro entrepreneurs.

Keywords

Ethics, Legal Norms, Compensation, Business Mechanism, Sustainability, Gaining momentum, Organizational Strategy, Landmark Resources

I. Introduction

As per the present situation in Indian economy Indian industrial or more specifically small and medium industries are facing a problem of depression. It is not only happened in India but also all the rest of world. Due to the depression Indian SMEs having a problems of falling prices, restriction of credit, overproduction, decreased demand, and investment, low rate of awareness of IPR and Trade Related Laws and a high level of unemployment. Entrepreneurship involves multiple relationships among multiple stakeholders and entrepreneurs often encounter uniquely challenging ethical problems. The modern entrepreneur must take cognizance of all stakeholders and is required not to focus exclusively on the profit motive but also to make every attempt in knowing current legal and ethical issues in their business. This is starker in the case of small businesses where sustaining positive cash flows is sometimes their biggest daily test when they are not aware of all daily developments. The multicultural environments and unique challenges that entrepreneurs in the informal economy must deal with have resulted in an increasingly intricate set of relationships to navigate and challenges for the modern small business entrepreneur to overcome applying all such relevant law and ethical norms.

II. Law and Ethics

Law for business consists of a set of required norms of behavior. The essence of law is that it commands behavior under threat of punishment or sanction. Many laws have no particular ethical con-

tent. Many laws require ethical behavior. And, the word Ethics is originated from the Greek word "ethos" means "habit." The Greek philosopher Aristotle taught that the ethical person is one who has virtuous habits. Among the virtues are courage, temperance, honor, good temper, truthfulness and justice. Virtues can be learned through education and practice.

III. The Importance of Ethics for Entrepreneurs

Ethical behavior and integrity are essential for long-term entrepreneurial success, whether from the macro or micro perspective. Unethical behavior distorts the mechanics of the market system, which leads to an inefficient allocation of resources. Both ethics and profits are important for the survival, growth and long-term success of a company and unethical behavior gives companies and industries a bad reputation and harms their results and prospects.

IV. Essential Causes for Low Awareness on Law and Ethical Issues Among Small Entrepreneurs

A. Poor Awareness About IPR

In the changing global scenario, the issues of IPR have gained special importance for the Micro, Small & Medium Enterprise (MSME) sector. IPR protection plays a key role in gaining competitive advantage in terms of technological gains for achieving higher economic growth in a market driven economy. It is felt that IPR requires greater understanding and attention by the industry, particularly the MSME sector in India. The Indian MSME sector needs more information, orientation and facilities for protecting their intellectual powers. While majority of the countries have adopted strategies for implementing strong IPR protection for strengthening their industries and trades Indian industries, particularly the MSME are lagging behind in recognizing the importance of IPR and adopting IPR as a business strategy for enhancing competitiveness.

B. Lack of Proper Training and Education for Entrepreneurs

Entrepreneurship training and education acts as a facilitator for entrepreneurial activities, with the main focus on stimulating entrepreneurial activity and performance. The importance of entrepreneurship education and training in the areas of law, trade related laws and ethics is much invited. From an economic perspective, education is seen as a critical factor in promoting long-term employment and economic growth essentially small entrepreneurs.

C. Poor Knowledge About Global Trade Laws

The other barriers in the path of SMEs are lack of information, capability to build up an international market position and maintaining international business relations and unsatisfactory management skills. Most enterprises in this sector are more product and technology oriented than market oriented. Moreover, the lack of managers with international experience, global trade

laws and foreign language skills are another barrier in their growth.

V. Measures and Policy Implications

A. Possible Measures

1. Entrepreneur should take attention to IPR and its applications utilizing all possible resources.
2. Try to know international rules and regulations for export of their products in international market in terms of legal system.
3. Identify the applicability and use of ICT and equipment's for setting of identified industries based upon local and export market requirements to get easy process online contracts.
4. Enhance managerial skills and knowledge on prospective markets in order to enhance their competitiveness.

B. Government Should Adopt Proper Policy

1. The Ministry of SMEs should provide more comprehensive marketing support for India's SMEs to get means for their self study.
2. To develop a project sub-contracting promotion policy; increasing access to procurement by central government and international agencies projecting various legal applications.
3. Govt. should reserve rural market for SMEs and protect them from competition by the big industrial houses.
4. To promote SMEs exporters by international exhibitions in easy mode.
5. The government should give all possible help to encourage SMEs to focus on innovation and technology development.
6. The coverage of the Technology Up-gradation Fund (TUF) Scheme needs to be broadened to the entire SME sector irrespective of the product line thereby enable them to enrich in terms of legal and ethical values.

VI. Conclusion

According to the present study, especially small and medium enterprises are facing many problems in globalized market. There are a so many hurdles and internal obstacles in the Indian SMEs. But they want to be succeeding for the better economic development of India and reduce economical disparities in the economy. In order to see that the global competitiveness among small entrepreneurs Law and Ethics plays a very important role in entrepreneurship, as it provides guidance as to which personal and business practices are socially and morally acceptable and which are not. In cases where there are no rules as to the right and wrong ways of conducting ourselves or our business, ethics fills the void and provides much needed direction.

It is through awareness and appreciation of ethics that entrepreneurs desist from engaging in personal and business practices that lead to violation of human rights or degradation of the environment or bringing about gain at the unfair expense of others. Morally acceptable conduct benefits society at large, as it strives to direct entrepreneurs and their businesses to be open and honest with all stakeholders about their dealings and their products or services. In this particular study specific attention is focused on entrepreneurship and ethical behavior among owner-managers of micro-enterprises. Hence, this study explored the need for more awareness on law and trade related laws including ethics, values and moral challenges to enhance understanding of experiences in this regard in the informal sector.

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