

# Virtues and Temptations in Entrepreneurial Relationships: Learning from Christian Narratives

NURIA TOLEDANO

University of Huelva, Huelva, Spain

CRISPEN KARANDA

International Centre for Development of Entrepreneurial Communities

University of the Witwatersrand, Johannesburg, South Africa,

**ABSTRACT:** The essence of entrepreneurship has to do with a social practice in which multiple stakeholders, interests, and values are in conflict. Entrepreneurs will have to develop certain moral habits to assure the creation of truthful relationships among the different groups of interest involved in the business. In their attempts to perform virtuously this task, temptations often come raising moral questions and dilemmas. In this scenario, the morality embedded in religious writings can be helpful to bring relevant criteria to the current context. This paper aims to reflect on this issue from a dual view: firstly, by bringing to the discussion the theoretical ideas arising around religion-economic relationships from both Christian and economic perspectives; secondly, through the inspiration offered by Christian narratives, such as those included in the Epistle of James.

**KEYWORDS:** economics, entrepreneurship, Epistle of James, morality, narrative, religion, virtues

## INTRODUCTION

In the core of entrepreneurship are entrepreneurial relationships. In essence, entrepreneurship has to do with a social practice that takes place on changing and unpredictable environments (McMullen & Shepherd, 2006), where multiple stakeholders, interests, and values are in conflict (Venkataraman, 2002) and, consequently, where ethical issues are ever present (Hannafey, 2003). Its protagonist, the entrepreneur, unlike a business person, is involved in the discovery and exploitation of new opportunities (Shane & Venkataraman, 2000), which may end up in the creation of a new business or in the modification of one already existent (Guth & Ginsberg, 1990); in any case, new entrepreneurial relationships would be emerging.

Seen in this way, in addition to the knowledge and techniques applied to get the best entrepreneurial transaction<sup>1</sup>, what truly matters is how virtuous the entrepreneurs become in their behaviors (Fontrodona et al., 2013) — that is, how their decisions affect positively the participants that relate to the practice itself. Two important considerations should be made in this respect. First, the notion of “virtue” implies the creation of long-term

and truthful relationships since it is understood as the long habit (disposition) of acting uprightly with insight into what is good. This means that the entrepreneur repeatedly makes wise choices when faced with dilemmas that have conflicting alternatives each with good and bad aspects (Weber, 1995). To do this, he or she will have to develop certain moral habits and social virtues that are crucial in the business arena, such as the ability to associate spontaneously in a just and truthful relationship (Toledano & Karanda, 2015). Second, the idea of “practice” requires a certain kind of relationship amongst those who participate in it. Indeed, the fact of entering into a practice has been identified with the notion of entering into a relationship, which includes not only its contemporary practitioners but also those who have preceded them (MacIntyre, 1981).

Because entrepreneurship is understood as a social practice that entrepreneurs may choose to perform virtuously, there is a chance of studying it from an ethical and moral perspective. On one hand, the entrepreneurs’ ethical qualities turn out to be essentials, since they condition in some way their actions and decisions (Weber, 1995). On the other, they are significant because they are

embedded in their conversations so that through entrepreneurs' narratives, they build the trust needed among the stakeholders (Möllering, 2002). It is in this context that narratives have started to gain attention in business and management literature, not only as a way for identifying entrepreneurs' intentions and behaviors (Downing, 2005; Weber, 1995), but also as a business-learning tool from which moral lessons can be extracted (Toledano & Karanda, 2017).

There is a huge diversity among narratives. However, Christian narratives are one of the clearest examples of narratives acting as devices of moral teaching (Rodgers & Gago, 2006). Their power lies in providing a context to convince, encourage, reaffirm, and challenge understandings by placing a particular moral issue in a greater context of "fidelity, integrity, courage, discovery, empathy, fear, anger, and hatred" (Camery-Hoggatt, 2007, 777). Moreover, since Christianity has been one of the strongest religions in the Western world (Kim et al., 2009; Rossouw, 1994), many of its narratives have become familiar for its inhabitants, whether Christians or not. In this article, we turn our attention to some passages from the Epistle of James to read them in the light of entrepreneurial relationships and learn about entrepreneurs' virtues and temptations. Although this is not a first attempt to consider the Epistle of James as a source of moral teaching (Hubbard, 1980; Malina, 1987; Drakopoulou Dodd & Gotsis, 2007; Gotsis & Drakopoulou Dodd, 2004), in bringing it to the entrepreneurship field, we may identify fresh ideas to reflect on it from the perspective of entrepreneurs' ethics and morality.

The paper is structured as follows: First, we will review the traditional ethics of entrepreneurship from a Christian perspective as well as the contemporary theoretical frameworks that study the ties that bind religion and entrepreneurial transactions. Second, we will present the main features of narratives as an interpretative approach. Third, we will summarize the main socioeconomic aspects that surround the Epistle of James and discuss the relevant lessons that can be learned from it. Finally, we will present the main conclusions and implications.

## BACKGROUNDS AND THEORETICAL FRAMEWORK

### Christianity and Ethical Aspects in Entrepreneurship

While business scholars have only recently begun to realize the relevance of ethics and religion to the entre-

preneurial context (Cornwall & Naughton, 2003; Dana, 2010; Fontrodona et al., 2013; Hannafey, 2003), in the past such relationships were not unnoticed in literature and religious writings. Adam Smith (1723-1790), with his *Theory of Moral Sentiments* [(1984) 1759], and Max Weber (1864-1920), with his works on economy and religion, are said to be in the origins of the study of religious-economic relationships (Carr, 2003; Newbert, 2003). Indeed, many claims about the positive economic consequences of religion have been associated with Max Weber's [(2005) 1905] *The Protestant Ethic and the Spirit of Capitalism* (Iannaccone 1998, p. 1474).

According to Weber's (2005) thesis, the religious traditions of Protestants enhanced the social desirability of entrepreneurship and contributed positively to the advent of modern capitalism. Particularly, Weber (2005, pp. 123-124) stressed the influence of the Calvinist ethic on the entrepreneurial spirit. He came to the conclusion that the religious values embedded in the Calvinist moral code, like the idea of "asceticism" and the features embedded in it (such as industriousness, ability, obedience, discipline, responsibility, and honesty), led to striving for profit and, through its reinvestment, to wealth accumulation (Weber, 2005).

Correspondingly, Catholicism, especially after the Counter-Reformation, has also developed a social tradition that connects the entrepreneur's work to a moral and religious vision of the enterprise. This branch of Christianity has emphasized the links of ownership to the common good, the creation of goods and services to genuine needs, the distribution of wealth to the needs and merits of those who contribute, the conception of the work to the development of the worker, and the organizational life to a community of work (Percy, 2010). In addition, Catholicism has dedicated a great part of its teachings to warn earnestly against entrepreneurs' temptations. The larger Catholic tradition acknowledges that the human being is a fallen creature whose capacities have been maimed by his sinfulness (Kennedy, 2007, p. 171). As a result, everything, including entrepreneurial relationships, has the potential to be damaged by this reality. The possibility of creating businesses with a view to gaining control over the poor and furthering entrepreneurs' own plans for world domination are some of the threats envisioned in the social and economic Catholic teaching (Booth, 2007), from which the encyclical *Rerum Novarum* stands out as one of the most remarkable contributions (Keneddy, 2007; Percy, 2010). In the time when Leo XIII issued this encyclical, 1891, the outlook that prevailed on economics

denied any correlation with morality; thus, personal gain was considered the only valid motive for economic activity (*Mater et Magistra*, 1961 #11). Against this attitude, the Church identified the ideal business with a true human community governed by the principles of social justice and charity (*Mater et Magistra*, 1961 #39, #91).

Similarly, some of Leo XIII's successors, also concerned with the dangers that selfish behaviors may provoke within the private enterprise, wrote about the problems that were being generated in the economic arena. Yet, in spite of warning about the dark side of the economy and businesses, the writings also acknowledged their virtues, especially the relevant role that the firms had to play in the community (Kennedy, 2007, pp. 166-167). For example, Pope Benedict XVI, while still Cardinal Ratzinger, recognized the importance of complementing the market's inner rationality based on efficiency with a maximum of ethos so that specialised economic understanding may enter appropriately the service of the right common goals. The whole idea then points to the fact that the market rules would function only when a moral consensus exists and sustains them (Ratzinger, 1986).

From the considerations noted above, it may be possible to envisage an evident connection between Christian beliefs and right entrepreneurial behaviors. However, evidence of such link has not been found in the practice (Angelidis & Ibrahim, 2004; Longenecker et al., 2004). Yet, there appears to be an important positive connection between having a high degree of religiosity and disapproving of questionable ethical behaviors on entrepreneurial relationships (Carswell & Rolland, 2004; De Noble et al., 2007). Then Christianity, in some way, seems to matter to the ethical practices of entrepreneurship. To get a better understanding of such connection as well as its meaning in the current entrepreneurial context, it is helpful to use Douglass North's (1990, 2003, 2005) institutional approach and his reflection on how its past evolution constrains the choices we make today and tomorrow —what is known by "path dependence."<sup>2</sup>

### **Entrepreneurs' Ethical Behaviors from an Institutional Perspective**

If it is important to realize that there is a certain connection between religious beliefs and values and some economic behaviors, it is perhaps more significant to understand how that connection takes place. In this respect, the works of the Nobel Economic Prize Douglass North (1990, 2005) can be relevant since he analyses the relationships between behavioral beliefs and the evolu-

tion of specific institutional and organizational structures (Salimath & Cullen, 2010). But before explaining this, it is important to distinguish clearly what he means by institutions and organizations.

North (1990) maintains a wide concept of institutions. For North (1990) institutions are the constraints that shape human interaction or, in other words, the framework within which human interaction takes place (p. 4). They reduce uncertainty by providing a stable (but not necessarily efficient) structure to everyday life (p. 6) and defining and limiting the set of choices of individuals (p. 3). They include what individuals are prohibited from doing and under what conditions some individuals are permitted to undertake certain activities (North, 1990, p. 4). They also comprise a certain type of enforcement in order to avoid their violation and punish the bad behaviors of those who violate them (North, 1990, p. 4). Besides, the effectiveness of such enforcements is vital to guarantee the development of a good society as well as to assure the virtuous relationships among its members.

Organizations also specify the constraints that structure human interaction. But unlike institutions, organizations are composed by groups of individuals bound by a common purpose to achieve objectives. The senate, the businesses, the schools, and the churches are examples of political, economic, educational, and social organizations, respectively (North, 1996, p. 2). According to North, institutions interact with organizations, and both form the institutional framework from where entrepreneurial relationships, as any other human interaction, emerge and are developed.

Additionally, institutions can either be formal or informal. Formal institutions are visible and necessary constraints to organizing human encounters. They include, among others, political rules, economic rules, and contracts. Informal institutions, in contrast, comprise codes of conduct, traditions, attitudes, values, beliefs, norms of behavior, and conventions (North, 1990, p. 4). Their function, although more subtle than formal institutions, is vital in coordinating human interactions. Indeed, North (1990) argues that while formal laws and property rights are important constraints that shape the economy's life, in business activities, the governing structure is overwhelmingly defined by codes of conduct, norms of behaviors, and conventions (p. 36).

Informal constraints or institutions are often acknowledged by its role as extensions, elaborations, and modification of formal rules. Nonetheless, they become especially important for its sanctioning social function and

## NARRATIVES AS INTERPRETATIVE APPROACHES TO MORALITY

its enforced standards of moral behavior (North 1990, p. 40). A particular convention acquires moral force when almost everyone in the community follows it, and it is in the interests of each individual that people with whom he or she deals with follow the rule, providing that the individual does too. Using Sugden's terminology (1986), North points out that what evolves in such a situation is a "morality of cooperation," (cited in North 1990, p. 41) which enables the emergence of cooperative relationships on a voluntary basis. In this scenario, North (1990) concludes that individuals make choices based on subjective models derived from and influenced by ideological beliefs embedded in great part in their traditions — including religious traditions (p. 19). Therefore, from these informal institutions, people are propelled to link past and future in order to know how to interpret and reinterpret the available information to make the best decisions every time. In the entrepreneurial context, such maximizing behavior results from learning by doing and investing in the kinds of skills and knowledge that will pay off (North, 1990, p. 79).

North (2003) specifically alludes to the theme of traditions as the cultural heritage of humans. By that he means a set of beliefs inherited from the past and carried forward over the generations (North, 2003, p. 4). It is path-dependent in the sense that the inheritance acquired — the learning — is deeply embedded, becoming the first thing that constrains people's abilities to make choices. Indeed, they are the basic lens through which people interpret their institutional framework. In the roots of that system of beliefs, North places those constraints that become embodied in religions since religion has been the dominant organized belief structure of the pre-modern world (North, 2005, p. 135). In this context, he argues that it was the Christian religious framework of the Middle Ages, along with the wider institutional context of the medieval western world (formal institutions and enforcement mechanisms included), that provided a hospitable filter that led to adaptations congenial to economic growth (North, 2005, p. 135).

Thus, according to North's (1990) institutional framework, we may conclude that, in some manner, there might be an indirect dependence of economic rules upon religion, even though in the entrepreneurial contracts dealt currently within secular contexts, there appears to be nothing left to religious terms. Then it may make sense to renew the essentiality of religious ethics and commitments, for which it may be relevant, among other things, to look back to the sacred narratives that support them.

The field of narrative studies is acknowledged for being multi-vocal, cross-disciplinary, and extremely diverse theoretically and methodologically. The interdisciplinary bricolage in narrative research is in great part responsible for the wide variation in how to conceptualize what is narrative, how to study it, and why it is important as material, method, or route to understanding social phenomena, or all of these (Andrew et al., 2008).

In this paper, we consider narrative as discursive material that offers insights about events and how they are experienced (Hinchman & Hinchman, 1997). We particularly make use of it to learn about entrepreneurial virtues and temptations. In fact, in the field of entrepreneurship, narratives have become recognized as one of the most appropriate approaches to study entrepreneurial topics in their social dimension (Stayart & Bouwen, 1997). Human experience infuses the data that constitutes the primary topic of study. They are assumed to be individual, internal representations of phenomena — events, thoughts, and feelings — to which narrative gives external expression (Andrews et al., 2008; Elliot, 2005).

The centrality of the subjective experience in narratives make them appropriate for considering the moral dimension embedded. Narrative provides us with specific ways of imagining how the moral aspect of human behavior is created, as well as how adaptable the narrative identities are in engaging with the contingencies, ironies, and solidarities of living in the world (Massey, 2010). For instance, choosing who one is in terms of what one does, when the choice is a difficult moral one, is choosing who one is going to be and the kind of moral life one is going to live. From this perspective, we are emphasizing that who we are is also a matter of where we stand in relation to what is good and what is right; in other words, it is a matter of how we orient ourselves toward the good; it is a question of our location in moral space (Taylor, 1989).

One manifest example of narratives that act as devices of moral teaching is embedded in Christian writings. Within them, the Epistle of James emerges as one of the most significant works in terms of narratives that depict virtues and vices in entrepreneurial practices. Although the social concern of the Epistle aroused in the Greco-Roman world of the first century and locates its roots in the Hellenistic period (Maynard-Reid, 1987, p. 13), this New Testament's book demonstrates the contemporaneity of the Scripture. For instance, in the Epistle, the connec-



tion among the factors that affect the entrepreneurial reality (e.g., economic, ecological, political, cultural, religious) are clearly depicted. Moreover, examples of moral failures among entrepreneurs are also narrated. This proves that the temptations and conflicts that accompany the entrepreneurial practices were active then as they are now. But it also reveals that many problems, even though they were thought to be connected, were tackled and continue to be tackled independently. Keeping in mind these issues, we will turn now to what we can learn from the Epistle of James in this regard, by focusing on one of the passages where nasty entrepreneurial behaviors are clearly depicted and the ways of virtuosity for entrepreneurs' actions are suggested: the section 4:13-5:6.

### EPISTLE OF JAMES' INSIGHTS

In this paper, the section 4:13-5:6 of the Epistle of James will help us to learn some moral lessons from dilemmas that entrepreneurs face in their business life. In the line of Weber's (2005) work, the Catholic social teaching, and the contemporaneous thesis of Douglas North (1990, 2005), the focus on entrepreneurial relationships will enable us to consider the economic interactions not detached from religious beliefs or informal institutions, but rather embedded in them. Moreover, reading the narrative from a relational perspective provides additional insights to raise fresh issues that guide our quest for understanding the attitudes that lead to unethical or virtuous entrepreneurial practices from a Christian point of view.

Here is the text under consideration:

*Come now, you who say, "Today or tomorrow we will go to such and such town, spend a year there, doing business and making money." Yet you do not even know what tomorrow will bring. What is your life? For you are a mist that appears for a little while and then vanishes. Instead you ought to say, "If the Lord wishes, we will live and do this or that." As it is, you boast in your arrogance; all such boasting is evil. Anyone, then, who knows the right thing to do and fails to do it, commits sin. Come now, you rich people, weep and wail for the miseries that are coming to you. Your riches have rotted, and your clothes are moth-eaten. Your gold and silver have rusted, and their rust will be evidence against you, and it will eat your flesh like fire. You have laid up treasure for the last days. Listen! The wages of the laborers who mowed your fields, which you kept back by fraud, cry out, and*

*the cries of the harvesters have reached the ears of the Lord of hosts. You have lived on the earth in luxury and in pleasure; you have fattened your hearts in a day of slaughter. You have condemned and murdered the righteous one, who does not resist you. (James 4:13-5:6, Holy Bible, NRSV)*

The section makes it clear that James' theology is intertwined with the social narrative dwelling in a kind of "orthopraxy" (correct action) (Brown, 1969; Hubbard, 1980). Throughout this passage, the apostolic letter subtly exposes James' perception concerning God, humanity, and life-taking as an example that could be a common experience among businessmen in the first century and assesses it from an ethical perspective. Particularly, James' approach leads one to place the problem in the context of human relationships and human-God relationships and to reflect on them from the perspective of entrepreneurial virtues and temptations. The whole suggestion in James' passage is that when entrepreneurs are unanchored from their relationships with God, they are not content with doing good business. Rather, they are led to a passion and insatiability for "more money" that risks their moral character and the potential virtuosity that may flourish through the business. Within this framework, three important lessons may be extracted from the narrative in terms of intentions, plans, and responsibilities of the entrepreneur. In order to make them visible our focus will be put on: 1) what the text says, 2) where it can be found in the current entrepreneurial context 3) how it fails, and 4) why it fails from a Christian perspective. We present these lessons in the following sub-sections.

#### Entrepreneurs' Intentions Versus God's Intentions

Several insights on entrepreneurs' intentions can be found in the section 4:13-5:6 of the Epistle of James. From the passage, it becomes clear that their commercial practices were only propelled by the accumulation of personal wealth. James questions the folly of the entrepreneurs' intentions (the merchants in the narrative) by making reference to the futility of life, its uncertainties, and its transience (v. 4:14). He highlights that human life, and consequently all that one does during his or her lifetime — including business practices — ultimately depend on the Lord's will (v. 4:15). This serves James to join upon one only prism both religious and economic rules; that is, the informal and formal institutions that from North's (1990) perspective constrain human behaviors. Additionally, James highlights the sinfulness that involves arrogance, warning in this way about the need for dismissing it (v. 16).

In the current entrepreneurship field it has been broadly acknowledged that the creation of wealth should not be seen as a trivial goal (Kennedy, 2007). In fact, the creation of wealth is one of the features that characterize entrepreneurship, which moreover justify the attention that it has generated in all contexts and disciplines (Shane & Venkataraman, 2000). However, pursuing this goal fails as soon as it becomes the unique reason for creating the business; this approach is clearly censured in the Epistle, as it is condemned today according to the social Catholic teaching (Booth, 2007). Wealth itself is not considered evil, but it is the relationship that the entrepreneurs maintain with it that is perceived as sinful. Accumulation of personal wealth, then, should not be the reason for becoming an entrepreneur, but an effect that may come about as a result of a virtuous entrepreneurial activity, as was noted by Weber (2005) referring to the entrepreneurs who belonged to the Calvinist religion.

In sum, from the Epistle perspective, a single materialistic view to create a new business is not compatible with a virtuous approach in the entrepreneurial relationships. The disconnection between the two goals becomes obvious because the temptations associated with money; they, in turn, could lead to sins such as avarice, dishonesty, or unfair dealings that would destroy any truthful relationship.

### **Entrepreneurs' Plans versus God's Plans**

A second pertinent entrepreneurial insight regards the preparation of creating the new business. Specifically, James' narrative serves to critic the way in which the entrepreneurs are preparing strategic planning and thinking about where to establish the new business, for how long, and with what results (v. 4:13). This leads us to pose questions concerning the role that business plans should play in the entrepreneurial relationships as well as the way to creating an environment of honesty in entrepreneurial exchanges.

Currently, entrepreneurs' plans are part of the common tasks that entrepreneurs do before they commit themselves in entrepreneurial relationships (McFarlane, 2006). In this sense, they are seen as rational things to do; they are supposed to be the correct thing to do. The main reason is because today there will not be a financial actor who brings capital to a new business without examining a business plan. But in addition to getting financial resources, plans are also considered as the previous path that leads to the establishment of contracts that will regulate the relationships between the entrepreneur and his or her stakeholders. Put it differently, they shape the form that

afterwards will adopt the formal institutions in North's (1990) terminology. However, its use, as James presents it, makes the entrepreneur fail from a moral perspective.

The principle that underlies James' critic in the narrative is that entrepreneurs are each meant to pursue freely their means to make their businesses profitable. But here the vices arise since they can be tempted to serve their own interest at the expense of others. These objectifying plans are the servant of strategic thinking that addresses entrepreneurs to embroil themselves in calculations that try to control other factors and people. From this passage the lesson that is derived is that the error involved in the pattern of thought of the entrepreneurs has to do, in great part, with the disconnection between their spiritual and material practices. In Christian words, entrepreneurs' plans must harmonize with God's plans. This harmony may be brought about consciously through a Christian faith and the commandment of "love others as one self." In secular contexts, the harmony might be tried to attain by pursuing virtues practices based, for instance, on the idea of impersonal benevolence or natural sympathy (virtues that for Christians would be given by God). However, a society related only horizontally, as it is depicted by the plans of the entrepreneur, would make it difficult to embrace a kind of relationship that finds its foundations on love and freedom rather than on fear and control (Möllering, 2002). This was the central argument of Max Weber's (2005) *The Protestant Ethic and the Spirit of Capitalism*, which showed that trust, which in his opinion was critical to economic life, arose historically out of religious habit rather than rational calculation. According to Weber (2005), the early puritans, looking for glorifying God and renouncing the acquisition of material goods as an end in itself, developed certain moral habits and social virtues that were crucial in the business arena. He specifically highlighted the ability to associate spontaneously in just and truthful relationships, which he thought was made possible by their faith and total dependence in God (Weber, 2005). Similarly in the narrative, acknowledging the situation of dependence upon God appears to be the corrective way that James prescribes for the rashness of merchants as well as the encouragement tool that he gives in order to learn how to avoid presumptuousness in businesses and turn their lives to God.

### **Entrepreneurs' Responsibilities Before Stakeholders and Before God**

Another important insight concerning the virtuosity and vices in entrepreneurial relationships regards the entre-

preneur's responsibility. Concerning this topic, the narrative identifies the entrepreneur with a rich person (v. 4:17-5:6) while the idea of "responsibility" means to be persons of integrity — that is, people who are consistent in all that they know and do (v. 4:17). James holds the belief of the great reversal to express the punishment that irresponsible entrepreneurs will receive (e.g., the rich oppressors and exploiters will die in their prosperity and wealth).

Seen in the light of entrepreneurs' responsibilities in the 21st century, we find that certain controversies of the narrative are in some way akin to current entrepreneurial debates. As it has been clear from the last economic crisis, egoistic tendencies that lead entrepreneurs to dismiss responsibilities with their activities have been clear in corporate scandals and moral miscarriages in entrepreneurs' behaviors (Sikka, 2009). This aspect has also been criticized from the religious arena where entrepreneur's self-interest has often been seen as a sign of temptation that leads to vice and takes the form of materialistic practices (Booth, 2007). Particularly, what the narrative shows, which is still challenged in current entrepreneurial relationships, is the duality of motivations that can fight in entrepreneurs' minds at the time of making moral decisions and assuming their responsibilities. On one hand, they might be tempted to behave irresponsibly by taking advantage of the stakeholders. On the other hand, they might overcome the temptation and be moved to behave with responsibility for the general good, as Christian faith advises and as it was understood in the origins of capitalism and the entrepreneurial activity (Weber, 2005). Depending on the moral responsibility adopted by the entrepreneur and not on the wealth made with his or her entrepreneurial exchange (e.g., extracting as much as possible from the workers and giving them the least in return), he or she will end up with divine reward or punishment. James sees this result as given by God, and, therefore, the motivation for acting virtuously in entrepreneurial relationships would be linked to the motivation for obeying God's will. Then, there would be a sense of being responsible before the Creator and at the same time a desire to avoid the eternal punishment.

Then the main lesson that can be derived is that abuse in entrepreneurial relationships will bring, in the long-term, eternal collapse and ruin. In this sense, the narrative expresses in some manner Ratzinger's (1986) thesis about the need that economic efficiency acts under the laws of morality. In other words, only by overcoming the duality of motivations, true harmony would prevail in the entrepreneurial arena. From a Christian perspective, this would be possible by the recognition of the human dependence

on God, which will make entrepreneurs immediately accountable to Him. Then the desire to fulfil the entrepreneurs' goals would coincide with the fulfilment of the responsibility towards their stakeholders.

## CONCLUSIONS

In entrepreneurship research, especially the area that explicitly aims at considering the relationships that take place in entrepreneurial practices, it seems critical to pay attention to the distinction between what is a good practice — the excellence in exchanges — or what becomes a miscarriage — an unjust and shameful unethical action. While a great part of the literature has been lavishly dedicated to analyzing the good and bad entrepreneurial practices, they have been mainly measured in terms of profit, market share, and survival (Cornwall & Naughton, 2003). However important those goals are, in the long-term, maintaining truthful and honest relationships appears to be among the foundations for the sustainable success of the enterprise (Weber, 1995). It is in this context that developing an appropriate business ethic and assuming a moral dimension in each entrepreneurial exchange becomes basic as it considers what Christian narratives may teach us about relationships, not only with God, but also with ourselves and others.

In this paper, we have analyzed the interdependence between Christian morality and entrepreneurial behaviors to improve our understanding of the context in which bad habits of entrepreneurs are supposed to be replaced by virtues. In particular, after reviewing briefly the main ideas of Weber's work in *The Protestant Ethic and the Spirit of Capitalism*, the social Catholic teaching regarding economic relationships, and the theoretical framework provided by Douglass North, we have focused on what may be learned from Christian narratives. Concretely, by bringing the theme to the context of section 4:13-5:6 in the Epistle of James, we were able to get ideas and criteria to inspire entrepreneurs in dealing with their entrepreneurial relationships. Our reading has led us to recognize how perceptions about right/wrong entrepreneurial decisions may be challenged when entrepreneurs widen the scope of their actions beyond what they can immediately obtain with what they do, to consider what they become in the long process while they are affecting other people's lives. Additionally, our discussion has illustrated the ethical dilemma that appears in entrepreneurial relationships when we look at them as realities interconnected

and embedded in a wider religious framework. Indeed, entrepreneurial practices always are influenced by ideas or beliefs, even if these are religious beliefs. From the narrative analysis, it follows that virtuous entrepreneurial practices are in some manner linked with the sense of faith in God that Christians or other religious people may have. Nonetheless, it does not mean that this is the only way to become a virtuous entrepreneur. But what the Epistle of James' main message brings us is that because of abandoning the trust in God, there may be a greater facility for the growth of vicious business relationships. And what is worse, they may not only undermine the whole economic structure but also the entrepreneur's inner heart. The struggle for virtue in the entrepreneurial arena might then be seen as the temporary and economic side in the attempt to recover the view of love that predicate the Christian faith. Noting, then, that religious and economic institutions may walk hand in hand, we may think that in order to promote more virtuous practices it might be advisable to renew the prestige of the essentiality of Christianity — in particular, its ceremonies, its traditions, and its narratives.

#### ENDNOTES

- <sup>1</sup> In this paper, we use the terms “entrepreneurial transactions” and “entrepreneurial exchanges” as interchangeable, to refer to the activities in which a new business typically is engaged, including structuring the new business in terms of their basic functions (e.g., sells, purchases, hire people), structuring a growth-equity investment in an existing company, and structuring an industry consolidation (Levin et al., 2004).
- <sup>2</sup> Path dependence means that history matters, that the choices we make today and tomorrow are constrained by the past evolution of the belief systems and institutions of the society (North, 1996). Further analysis of the term can be seen in Hathaway (2001), “Path dependence in the law” or Rixen & Viola, (2009), “Uses and Abuses of the Concept of Path Dependence.”

#### REFERENCES

- Andrews, M., Squire, C., & Tamboukou, M. (2008). *Doing narrative research*. London, UK: Sage Publications.
- Angelidis, J., & Ibrahim, N. (2004). An exploratory study of the impact of degree of religiousness upon an individual's corporate social responsiveness orientation. *Journal of Business Ethics*, 51(2), 119-128.
- Booth, P. (Ed.) (2007). *Catholic social teaching and the market economy*. London: The Institute of Economic Affairs.
- Brown, R.B. (1969). The message of the book of James for today. *Review & Expositor*, 66, 415-424.
- Camery-Hoggatt, J. (2007). God in the plot: storytelling and the many-sided truth in the Christian faith. *Christian Scholar's Review*, 35(4), 451-469.
- Carr, P. (2003). Revisiting the Protestant ethic and the spirit of capitalism: understanding the relationship between ethics and enterprise. *Journal of Business Ethics*, 47, 7-16.
- Carswell, P., & Rolland, D. (2004). The role of religion in entrepreneurship participation and perception. *International Journal of Entrepreneurship and Small Business*, 1(3/4) 280-286.
- Cornwall, J.R., & Naughton, M.J. (2003). Who is the good entrepreneur? An exploration within the Catholic social tradition. *Journal of Business Ethics*, 44, 61-75.
- Dana, L-P. (2010). *Entrepreneurship and religion*. Cheltenham UK: Edward Elgar Publishing Limited.
- De Noble, A., Galbraith, C.S., Singh, G., & Stiles, C. H. (2007). Market justice, religious orientation, and entrepreneurial attitude. An empirical study. *Journal of Enterprising Communities: People and Places in the Global Economy*, 1(2), 121-134.
- Downing, S. (2005). The social construction of entrepreneurship: narrative and dramatic processes in the coproduction of organizations and identities. *Entrepreneurship Theory and Practice*, 29(2), 185-204.
- Drakopoulou Dodd, S., & Gotsis, G. (2007). The interrelationships between entrepreneurship and religion. *Entrepreneurship and Innovation*, 8(2), 93-104.
- Elliot, J. (2005). *Using narrative in social research: Qualitative and quantitative approaches*. London: Sage Publications.
- Fontrudona, J., Sison, A.J.G. & Bruin, B. de. (2013). Editorial introduction: Putting virtues into practice. A challenge for vusiness and organizations. *Journal of Business Ethics*, 113, 563-565.
- Gotsis, G., & Drakopoulou Dodd, S. (2004). The economic thought of St. James and the Jerusalem love community. *History of Economic Ideas*, 12(1), 7-36.
- Guth, W.D., & Ginsberg, A. (1990). Guest editors' introduction: corporate entrepreneurship. *Strategic Management Journal*, 11, 5-15.



- Hannafey, F.T. (2003). Entrepreneurship and ethics: A literature review. *Journal of Business Ethics*, 46, 99-110.
- Hathaway, O.A. (2001). Path dependence in the law: The course and pattern of legal change in a common law system. *The Iowa Law Review*, 86(2).
- Hinchman, L.P., & Hinchman, S.K. (1997). Introduction. In L.P. Hinchman, & S.K. Hinchman (Eds.), *Memory, identity, community: The idea of narrative in the human sciences* (pp. xiii-xxxii). New York: State University of New York.
- Hubbard, D.A. (1980). *The book of James. Wisdom that works*. Texas: Theta Books.
- Iannaccone, L.R. (1998). Introduction to the economics of religion. *Journal of Economic Literature*, XXXVI, 1465-1496.
- Kennedy, R.G. (2007). Business and the common good. In P. Booth (Ed). *Catholic social teaching and the market economy* (pp. 164-189). London: The Institute of Economic Affairs.
- Kim, D., Fisher, D., & McCalman, D. (2009). Modernism, Christianity, and business ethics: A worldview perspective. *Journal of Business Ethics*, 90, 115-121.
- Levin, J. S., Ginsburg, M. D., Rocap, D. E., & Light, R. S. (2004). *Structuring venture capital, private equity, and entrepreneurial transactions*. Aspen.
- Longenecker, J.G., McKinney, J.A., & Moore, C.W. (2004). Religious intensity, evangelical Christianity, and business ethics: an empirical study. *Journal of Business Ethics*, 55(4), 373-386.
- MacIntyre, A. (1981). The nature of the virtues. *The Hastings Center Report*, 11(2), 27-34.
- Massey, D. (2010). Identity pragmatics: Narrative, identity and ethics. In E. Milligan and E. Woodley (Eds.), *Confessions: Confounding narrative and ethics* (pp. 35-66). Cambridge: Cambridge Scholars.
- Mater et Magistra (1961). On Christianity and social progress. Encyclical promulgated by the Holy Father, Pope John XXIII, on May, 15, 1961. Accessed May 22, 2014, [http://www.vatican.va/holy\\_father/john\\_xxiii/encyclicals/documents/hf\\_j-xxiii\\_enc\\_15051961\\_mater\\_en.html](http://www.vatican.va/holy_father/john_xxiii/encyclicals/documents/hf_j-xxiii_enc_15051961_mater_en.html)
- Maynard-Reid, P.U. (1987). *Poverty and wealth in James*. Maryknoll, N.Y: Orbis Press.
- McFarlane, D. A. (2006). Entrepreneurship: Successfully launching new ventures. *Journal of Applied Management and Entrepreneurship*, 11(3), 90.
- McMullen, J.S., & Shepherd, D.A. (2006). Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. *Academy of Management Review*, 31(1), 132-152.
- Möllering, G. (2002). Perceived trustworthiness and interfirm governance: empirical evidence from the UK printing industry. *Cambridge Journal of Economics*, 26(2), 139-160.
- Newbert, S. (2003). Realizing the spirit and impact of Adam Smith's capitalism through entrepreneurship. *Journal of Business Ethics*, 46, 251-261.
- North, D. C. (1996). Institutions, organizations and market competition. In keynote address to the Sixth Conference of the International Joseph Schumpeter Society, Stockholm (pp. 2-5).
- North, D.C. (1990). *Institutions, institutional change and economic performance*. Cambridge: Cambridge University Press.
- North, D.C. (2003). The Role of Institutions in Economic Development. Discussion Paper Series. No. 2003.2. United Nations Economic Commission for Europe, Geneva, Switzerland, p.1-10. Accessed at 01/05/2015. [http://www.google.es/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCAQFjAA&url=http%3A%2F%2Fwww.unece.org%2Foes%2Fdisc\\_papers%2FECE\\_DP\\_2003-2.pdf&ei=skXNU7HAAcab1AX6l4CACw&usq=AFQjCNEs38sku2D1HzS3Wz73JvADkArL4g&bvm=bv.71198958,d.d2k](http://www.google.es/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCAQFjAA&url=http%3A%2F%2Fwww.unece.org%2Foes%2Fdisc_papers%2FECE_DP_2003-2.pdf&ei=skXNU7HAAcab1AX6l4CACw&usq=AFQjCNEs38sku2D1HzS3Wz73JvADkArL4g&bvm=bv.71198958,d.d2k)
- North, D.C. (2005). *Understanding the process of economic change*. Princeton, NJ: Princeton University Press.
- Percy, A. (2010). *Entrepreneurship in the Catholic tradition (Studies in Ethics and Economic)*. Plymouth, UK: Lexington Books.
- Ratzinger, J.C. (1986). Church and economy: responsibility for the future of the world economy. *Communio*, 13, 199-204.
- Rixen, T., & Viola, L. (2009). *Uses and abuses of the concept of path dependence: Notes toward a clearer theory of institutional change*. International Summer School on the Logic of Self-reinforcing Processes in Organizations, Networks, and Markets.
- Rodgers, W., & Gago, S. (2006). Biblical Scriptures underlying six ethical models influencing organizational practices. *Journal of Business Ethics*, 64, 125-136.
- Rossouw, G.J. (1994). Business ethics: Where have all the Christians gone? *Journal of Business Ethics*, 13(7), 557-570.
- Salimath, M.S., & Cullen, J.B. (2010). Formal and informal institutional effects on entrepreneurship: A synthesis of nation-level research. *International Journal of Organizational Analysis*, 18(3), 358-385.

- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *The Academy of Management Review*, 25(1), 217-226.
- Sikka, P. (2009). Financial crisis and the silence of the auditors. *Accounting, Organizations and Society*, 34(6-7), 868-873.
- Smith, A. (1984 [1759]). *The theory of moral sentiments*. Indianapolis: Liberty fund.
- Taylor, C. (1989). *Sources of the self: The making of the modern identity*. United States of America: Library of Congress Cataloging-in-Publication Data.
- Toledano, N., & Karanda, C. (2015). Virtuous entrepreneurs: A rethinking of the way to create relational trust in a global economy. *International Journal of Business and Globalisation*, 14(1), 9-20.
- Toledano, N., & Karanda, C. (2017). Morality, religious writings and entrepreneurship education: An integrative proposal using the example of Christian narratives. *Journal of Moral Education*, 46 (2), 195-211.
- Venkataraman, S. (2002). Stakeholder value equilibration and the entrepreneurial process. *Ruffin Series in Business Ethics*, 3, 45-56.
- Weber, C.E. (1995). *Stories of virtue in business*. Maryland: University Press of America.
- Weber, M. (2005 [1905]). *The Protestant ethic and the spirit of capitalism*. London and New York: Routledge Taylor & Francis Group e-Library.

## ABOUT THE AUTHORS

**Nuria Toledano** is an associate professor in entrepreneurship at the University of Huelva, Spain. She has a PhD in entrepreneurship and a master's degree in Christian leadership. Her current research focuses on the connections between entrepreneurship and religion, social entrepreneurship and narratives. She has published a number of articles in international journals and participated in various European research projects. Email: toledano@dem.uhu.es.

**Crispen Karanda** is a consultant for non-governmental organizations and cofounder of the International Centre for the Development of Entrepreneurial Communities. Previously, he has taught at Robert Gordon University (Aberdeen, Scotland, UK) and worked as a visiting lecturer at the University of the Witwatersrand in Johannesburg, South Africa. His main research interest is in leadership, foreign policies, entrepreneurship, and narratives. Email: ckaranda@icdesicc.org.