



“A Study of Awareness Regarding Management Ethics Among Small-Scale Entrepreneurs”

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Abstract

Khandwa is a significant district located in the western part of Madhya Pradesh, holding special importance from historical, cultural, geographical, and economic perspectives. It is a key district of the Nimar region, and its economy relies primarily on agriculture, agro-based industries, trade, and the service sector. The majority of the local population depends on agriculture, commerce, and small-scale industries. Khandwa district was selected for this study because it is witnessing a continuous expansion of micro and small enterprises; studying the behavior of entrepreneurs regarding managerial ethics can prove useful in understanding the region's industrial development.

The objective of this research paper is to evaluate the level of awareness regarding managerial ethics among small-scale entrepreneurs in Khandwa district. For the study, a sample of 200 small-scale entrepreneurs was selected, and primary data were collected using a structured questionnaire. A descriptive research design was employed, and the data were analyzed using percentages, mean, standard deviation, and hypothesis testing (One-Sample t-Test). The results revealed that the majority of entrepreneurs hold a positive attitude toward principles of managerial ethics such as honesty, transparency, financial discipline, accountability towards customers and employees, and social responsibility. Hypothesis testing demonstrated that the level of awareness regarding managerial ethics among small-scale entrepreneurs in Khandwa district is statistically significantly high. The study also concluded that ethical management serves as a crucial foundation for the long-term success, organizational credibility, and sustainable growth of businesses. Therefore, to ensure the robust development of small-scale enterprises, there is a need to further strengthen management systems based on ethical values, training programs, and institutional support.

Keywords – Management ethics, awareness, small-scale entrepreneurs, entrepreneurship, business ethics, Khandwa district, Micro, Small and Medium Enterprises (MSMEs), ethical management, business responsibility, sustainable enterprise development.

1. Introduction

Entrepreneurship is considered the foundation of any nation's economic progress. Entrepreneurs play a crucial role in a country's industrial advancement, employment generation, capital formation, and social development. Small-scale enterprises, in particular,



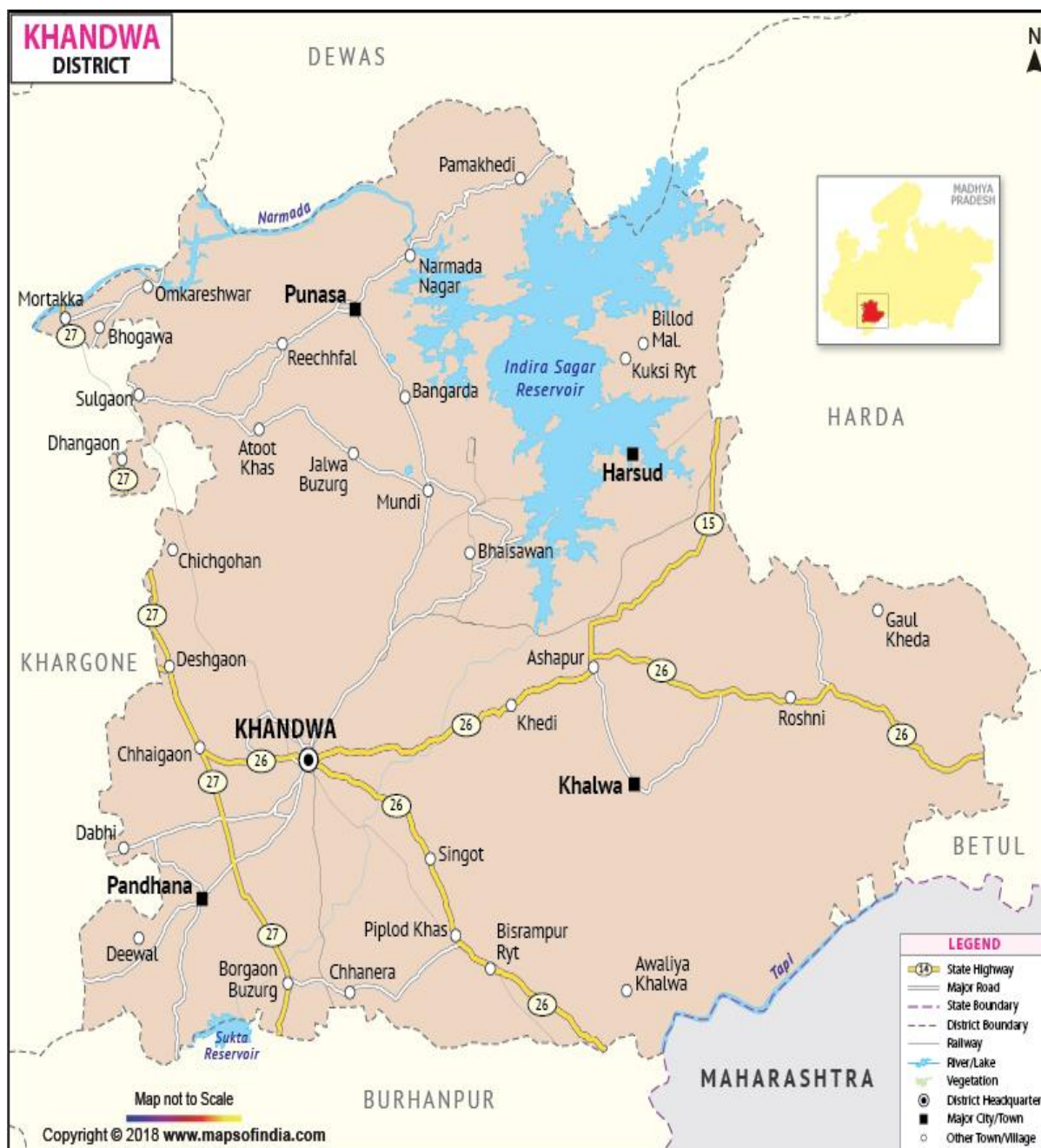
accelerate regional economic growth by effectively utilizing local resources. In a developing country like India, small-scale enterprises not only strengthen the production and service sectors but also provide self-employment opportunities in rural and semi-urban areas.

In the contemporary business environment, the objective of a business is no longer limited to merely earning profits. Today, expectations such as social responsibility, transparency, honesty, responsible decision-making, protection of workers' rights, safeguarding consumer interests, and environmental conservation are also associated with business operations. The foundation of all these aspects is management ethics. Management ethics refers to the moral principles, values, and behaviors that guide entrepreneurs in conducting their business and making decisions.

Management ethics plays a vital role in enhancing a business's credibility, long-term success, and competitive edge. Enterprises that adopt ethical management practices enjoy greater customer trust, stronger employee commitment, and an enhanced social reputation. Conversely, while unethical behavior may yield short-term gains, it ultimately damages both the organization's image and its long-term survival.

Khandwa district is a significant agricultural and commercial district in Madhya Pradesh, hosting a large number of micro and small enterprises. The success of these enterprises depends not only on economic resources but also on their management practices and ethical values. With this in mind, the present study analyzes the level of awareness regarding management ethics among small-scale entrepreneurs. Specifically, the study evaluates the state of ethical behavior across key management functions such as planning, organizing, controlling, coordinating, and directing.

In today's competitive global business environment, merely providing quality products or services is insufficient for an enterprise's success; conducting business based on ethical values, transparency, honesty, and responsible behavior has become essential. Small-scale entrepreneurs, in particular, operate amidst limited resources, intense competition, shifting market conditions, and rising consumer expectations. In such a context, managerial ethics not only strengthen the business's credibility and reputation but also play a pivotal role in fostering long-term trust among customers, employees, investors, and society. Although the government implements numerous schemes to promote entrepreneurship and support Micro, Small, and Medium Enterprises (MSMEs), there is a relative scarcity of studies regarding small-scale entrepreneurs' awareness of managerial ethics, the actual adherence to ethical principles, and the impact of these ethics on business success.



This study was undertaken to evaluate the actual state of managerial ethics among small-scale entrepreneurs, determine the extent to which ethical principles are followed in business operations, analyze the relationship between managerial ethics and enterprise success, identify the ethical challenges encountered during business operations, and—based on the findings—provide useful suggestions and a foundation for policy formulation regarding government policies, training programs, and local-level entrepreneurship development.

2. Statement of the Problem

The Government of India is implementing numerous schemes for the development of Micro, Small, and Medium Enterprises (MSMEs); however, many small-scale enterprises continue

to face management-related challenges. There is a lack of adequate research, particularly regarding aspects such as ethical decision-making, financial transparency, treatment of workers, consumer satisfaction, and social responsibility within these businesses.

The core problem addressed by this study is to determine the level of awareness regarding management ethics among small-scale entrepreneurs in the Khandwa district and to assess the extent to which this awareness influences the success of their businesses.

3. Review of Literature

The quality of any research depends on its literature survey. A literature review assists the researcher in understanding the conceptual background of the subject and identifying previous studies, research trends, and research gaps. The present study examines national and international research related to small-scale entrepreneurship, management ethics, enterprise development, business leadership, financial management, and organizational behavior.

- In a study conducted on women small-scale entrepreneurs in Chennai, Tamil Nadu, Premila and **Maria Nevis Soris (2015)** found that financial assistance, training, and family support are key determinants of entrepreneurial development.
- According to **Pandian and Rao (2015)**, while entrepreneurship development programs in India have provided momentum to small and medium enterprises, the lack of financial resources and management efficiency remains a significant challenge.
- **Venugopala and Rao (2015)**, in their study of small-scale entrepreneurs in the Anantapur district of Andhra Pradesh, concluded that business ethics form the foundation of long-term success and that enterprises adopting ethical practices were found to be relatively more successful.

Similar studies have highlighted that ethical leadership, effective management, risk management, training, the use of digital technologies, and employee participation are crucial pillars of success for small-scale enterprises. A comprehensive analysis of these studies reveals that management ethics is a central concept in entrepreneurship development; however, there was a lack of sufficient empirical research on this subject specifically regarding small-scale entrepreneurs in the Khandwa district. This research gap formed the basis of the present study.

4. Objectives of the Study

1. To study the level of awareness regarding management ethics among small-scale entrepreneurs in Khandwa district.

5. Hypotheses

H₀: The level of awareness regarding management ethics among small-scale entrepreneurs in Khandwa district is not significantly high.

H₁: The level of awareness regarding management ethics among small-scale entrepreneurs in Khandwa district is significantly high.

6. Research Methodology

The present study is based on an exploratory and descriptive research design, employing both qualitative and quantitative research methods. The primary objective of the study was to

assess the level of awareness regarding management ethics among small-scale entrepreneurs in the Khandwa district of Madhya Pradesh. To achieve this objective, Khandwa district—where various micro and small enterprises operate—was selected as the study area. The study utilized both primary and secondary data. For primary data collection, the researcher designed a structured questionnaire and gathered information from 200 small-scale entrepreneurs in Khandwa district through direct interviews and personal contact. The collected data underwent classification, tabulation, and statistical analysis to test the study's objectives and hypotheses. A sample of 200 small-scale entrepreneurs was selected to gather information on various dimensions of management ethics, such as honesty, transparency, accountability, compliance with regulations, and business conduct. Additionally, secondary data sources—including books, theses, research papers, government reports, records from the Department of Industries, and published as well as unpublished literature—were utilized to provide a theoretical and factual foundation for the study.

7. Data Analysis

Table 1

Demographic Profile of Small-Scale Entrepreneurs

Variable	Category	Frequency	Percentage
Age group (years)	20–30	28	14.0
	31–40	64	32.0
	41–50	58	29.0
	51–60	34	17.0
	Above 60 years	16	8.0
Gender	Male	146	73.0
	Female	54	27.0
Educational qualification	High School	32	16.0
	Higher Secondary	48	24.0
	Graduate	72	36.0
	Postgraduate	36	18.0
	Other (Technical/Diploma)	12	6.0
Type of business	Manufacturing	74	37.0
	Trading	82	41.0
	Service	44	22.0
Business experience	Less than 5 years	36	18.0
	5–10 years	66	33.0
	11–15 years	48	24.0
	More than 15 years	50	25.0
Nature of enterprise	Sole Proprietorship	132	66.0
	Partnership	46	23.0
	Private Limited	12	6.0

	LLP/Other	10	5.0
Annual turnover	Up to ₹10 lakh	42	21.0
	₹10–25 lakh	64	32.0
	₹25–50 lakh	54	27.0
	Above ₹50 lakh	40	20.0
Number of employees	1–5	78	39.0
	6–10	62	31.0
	11–20	38	19.0
	More than 20	22	11.0
Total respondents	N = 200	200	100.0

Source- Primary Data

The study included 200 small-scale entrepreneurs from the Khandwa district as respondents. Demographic analysis revealed that the largest group of entrepreneurs (32% or 64) fell within the 31–40 age bracket, while 29% (58) were aged 41–50, 17% (34) were 51–60, 14% (28) were 20–30, and 8% (16) were over 60 years old. Regarding gender, 73% (146) of the respondents were male and 27% (54) were female, indicating a relatively higher participation of male entrepreneurs in the study area. In terms of educational qualifications, 36% (72) were graduates, 24% (48) had completed higher secondary education, 18% (36) were post-graduates, 16% (32) had completed high school, and 6% (12) held technical or diploma qualifications, demonstrating that the majority of entrepreneurs are educated. Based on the type of business, 41% (82) were engaged in trade, 37% (74) in manufacturing, and 22% (44) in the service sector. Regarding business experience, 33% (66) of the entrepreneurs had 5–10 years of experience, 25% (50) had over 15 years, 24% (48) had 11–15 years, and 18% (36) had less than 5 years of experience. In terms of business structure, 66% (132) were sole proprietorships, 23% (46) were partnerships, 6% (12) were private limited companies, and 5% (10) fell under other categories. Based on annual turnover, 32 percent (64) of the entrepreneurs had a turnover of ₹10–25 lakh, 27 percent (54) had ₹25–50 lakh, 21 percent (42) had up to ₹10 lakh, and 20 percent (40) had more than ₹50 lakh. In terms of workforce size, 39 percent (78) of the enterprises employed 1–5 people, 31 percent (62) employed 6–10 people, 19 percent (38) employed 11–20 people, and 11 percent (22) employed more than 20 people. Overall, this demographic analysis indicates that the majority of respondents included in the study were educated, experienced, middle-aged small-scale entrepreneurs—primarily operating sole proprietorships in the trade and manufacturing sectors—who constitute a suitable and representative sample for the study of management ethics.

Table 2

Variables related to awareness of management ethics among small-scale entrepreneurs

S.N	Statement	Mean	SD	Order
1	I accord the highest priority to honesty in business.	4.42	0.63	I
2	Transparent dealings with customers are essential.	4.38	0.66	II

3	Ethical treatment of employees is essential for business success.	4.27	0.71	III
4	All financial transactions must be conducted in accordance with regulations.	4.31	0.68	IV
5	Compliance with government regulations and tax laws is mandatory.	4.18	0.74	V
6	Providing quality products is an ethical responsibility of the business.	4.35	0.65	III
7	Unethical means should not be used to gain unfair advantage.	4.24	0.70	IV
8	Fulfilling social responsibility is the duty of every entrepreneur.	4.12	0.77	VI
9	Environmental conservation is an ethical responsibility of the business.	4.05	0.81	VII
10	Management ethics is the foundation of long-term business success.	4.46	0.59	I

Source- Primary Data

Overall Mean = 4.28

The table above reveals a high level of awareness regarding management ethics among the 200 small-scale entrepreneurs included in the study. The mean score for all statements exceeded 4.00, indicating that the majority of respondents consider ethical business conduct a crucial foundation for business success. The highest mean score (4.46) was recorded for the statement "Management ethics is the foundation of long-term business success," while the statement "I give top priority to honesty in business" had a mean of 4.42. High levels of agreement were also observed for statements regarding transparency with customers (4.38), providing quality products (4.35), and adherence to regulations in financial transactions (4.31). Although the mean scores for statements concerning environmental conservation (4.05) and social responsibility (4.12) were relatively lower, they still reflect a high level of awareness. The overall mean of 4.28 confirms that there is substantial awareness of management ethics among the respondents.

Table 3

Hypothesis Testing using One-Sample t-Test

Test Value = 3.00 (Moderate level)

Variable	N	Mean	SD	t-value	df	Sig. (2-tailed)
Awareness of management ethics	200	4.28	0.49	36.92	199	0.000

Source- Primary Data

8. Hypothesis Testing

H₀: The level of awareness regarding management ethics among small-scale entrepreneurs in Khandwa district is not significantly high.

H₁: The level of awareness regarding management ethics among small-scale entrepreneurs in Khandwa district is significantly high.

According to Table 3, the mean score for awareness of management ethics among the 200 respondents was 4.28, with a standard deviation of 0.49. The One-Sample t-Test yielded $t = 36.92$ and $p = 0.000$ ($p < 0.05$), which is statistically highly significant. This indicates that the respondents' mean awareness level is significantly higher than the test value (3.00). Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted. It is concluded that the level of awareness regarding management ethics among small-scale entrepreneurs in Khandwa district is statistically significantly high.

9. Conclusion

The objective of the present study was to evaluate the level of awareness regarding management ethics among small-scale entrepreneurs in the Khandwa district. An analysis of primary data collected from 200 small-scale entrepreneurs revealed that the majority acknowledge the importance of ethical values, honesty, transparency, accountability, and social responsibility in business operations. The study also found that entrepreneurs who adhere more effectively to management ethics enjoy greater customer trust, better employee relations, organizational discipline, and long-term business stability. A positive attitude was observed among the respondents regarding various dimensions of management ethics, such as honest business conduct, financial transparency, regulatory compliance, the provision of quality products and services, and social responsibility. Hypothesis testing further confirmed that the level of awareness regarding management ethics among small-scale entrepreneurs in the Khandwa district is statistically significant and high. Although some entrepreneurs identified rising competition, limited financial resources, market uncertainties, and administrative complexities as challenges to ethical conduct, the study demonstrates overall that management ethics forms a crucial foundation for the success, credibility, competitiveness, and sustainable growth of small-scale enterprises. Therefore, in the current competitive business environment, it is essential to integrate management ethics into the business culture to ensure the robust and balanced development of small-scale enterprises.

10. Recommendations

Based on the study's findings, the following recommendations are presented—

1. Regular training and awareness programs regarding management ethics, business conduct, and corporate social responsibility should be organized for small-scale entrepreneurs.
2. Workshops and seminars on ethical business management should be regularly conducted by the Department of Micro, Small and Medium Enterprises (MSME), District Trade and Industry Centres, and industry associations.
3. Entrepreneurs should be provided with periodic guidance regarding financial transparency, tax compliance, accounting systems, and the fulfillment of statutory obligations.
4. Entrepreneurs should be encouraged to adopt a 'Code of Ethics' to promote honesty, transparency, and the protection of consumer interests in business operations.



5. Priority should be given to fair treatment of employees, safe working environments, equal opportunities, and human resource development within small enterprises.
6. Entrepreneurs should be sensitized towards ethical obligations regarding environmental conservation, prudent resource utilization, and sustainable development.
7. Business transparency and accountability should be enhanced by promoting the use of digital accounting, e-governance, and online compliance systems.
8. A mentorship system involving experienced and successful ethical entrepreneurs should be established for budding entrepreneurs.
9. Management ethics and business values should be made a mandatory part of training modules in government-run entrepreneurship development schemes.
10. In the future, comparative studies should be conducted across various districts, states, and industrial sectors to enable a comprehensive analysis of the regional and sector-specific aspects of management ethics.

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