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## **Journal Entry 3**

### **Why do ethics matter in entrepreneurship?**

In entrepreneurship, ethics plays a very important role. A business that performs good ethics is known to be a good business. Any business that performs good ethics will be seen as trustworthy and instill confidence in investors and customers. As an investor or customer, it would not be wise to place your trust in a business that has a reputation of being unethical. A business should always make sure that their standards, procedures, and practices are well within the law. This prevents a business from being in legal trouble where their reputation may be affected. Even though some measures that a business might take are well within the law, it does not make these practices right. For example, it may be legal not to pay employees what they are worth, but it is morally wrong not to do so.

### **How does my own personal budget relate to an entrepreneurship budget?**

Both personal and entrepreneurship budgeting are similar because they follow the same principle. The end goal is to craft and follow a plan where one can manage their income and spending. If an entrepreneur or an individual fails to practice budgeting, this could lead to serious financial problems. Another way that both personal and entrepreneurship budgeting are similar is due to the fact that individuals and entrepreneurs sometimes set goals that are not realistic or

reachable. If these goals or objectives are not reachable, both individuals and entrepreneurs will face major financial problems going forward.

### **Why do we need budgets?**

To ensure that a business is financially stable for years to come, one must practice or develop the skill of budgeting. If budgeting is not implemented well within a business, that business is setting themselves up for failure. A business should always know where they stand financially. By knowing where you are financially, this prevents a business from overspending. Overspending therefore leads to financial problems which includes a business going bankrupt. Budgeting is also critical when it comes to crafting a business plan. In order to craft a successful business plan, a business must know how much they earn and how much they have lost.

### **What is social entrepreneurship?**

Social entrepreneurship focuses on generating solutions to combat social problems. In other words, social entrepreneurship strictly focuses on social change where one believes they can make a difference in the world or in their community. An entrepreneur may want to create a business that helps people who are in need. By creating this business, an entrepreneur may market their products at an affordable rate in order to target the less fortunate. This will result in a business making a difference in the world while generating revenues at the same time.

### **What are the most significant legal issues entrepreneurs face?**

Entrepreneurs from time to time face a variety of different legal issues. It does not matter how big or small a business is; all businesses are subjected to legal issues when standard procedures and compliances are not followed. One of the most common legal issues entrepreneurs often time face is getting sued for misinformation. This happens when customers believe that they are

led to buy a product that was falsely advertised. Business also faces significant legal trouble when it comes to taxes. Businesses that fail to record proper monetary details of their business may face severe penalties from the government.