

Sustainable Entrepreneurial Development and the Problems of Business Ethical Practices in Nigeria

Dr. Adeyeye Adewole

Department of General and Entrepreneurial Studies,
Ondo State University of Science and Technology, Okitipupa, Ondo State, Nigeria
dradeyeadewole@gmail.com

Abstract

The paper examines the imperatives of ethical practices for sustainable National enterprises. It uncovers challenge of ethical practices in Nigerian business activities. The paper observes that there are massive incidences of unethical business practices in Nigeria. It also observes that unethical practices have militated against the growth and development of sustainable entrepreneurial development. The paper posits that as Nigeria makes renewed attempts at encouraging the growth of entrepreneurship due to global economic uncertainties, it has become imperative on Nigerian business enterprise to take ethical practices more seriously in an emerging dispensation of global business moral order. The paper concludes by identifying critical business ethical issues that Nigerian entrepreneurs must imbibe for sustainable entrepreneurial growth and development.

Keywords: Entrepreneur, Business Ethics, Sustainable Development

Introduction

Researchers have been able to establish apparent interconnectivity between sustainable business entrepreneurship and ethical practices. Business has also been proved to be an enterprise that is grossly rooted in ethics (Ganett M.T. 1963, Badarraco J.C.1995, Olusola .J. O. 2001). This is due to the fact that the take-off point of every business enterprise is identification of societal needs. Most societal needs deal with something of good value to the society. The basic role of business enterprise is to identify something of good value and attempt to satisfy such needs profitably in a way that engender sustainable relationship that is anchored on ethical practices. Therefore, sustainable existence of business enterprise depends on how this role is performed in terms of ethical practices (Sheed & Ward 1963, Ford H. 1978, Sherwin .O.S. 1983).

Every consumer has some expectations from a business enterprise. The society is unarguably the aggregate of all available consumers. The society has some expectations from business enterprise while an enterprise also has some expectations from the society. The road to sustainability of enterprise globally is a function of how enterprises have work ethically to maintain and sustain subsisting relationship with consumers who are members of society. Of recent, there have been greater global emphases on business as moral agent especially in advanced countries. The challenge of global competition in particular has made ethics an important competitive strategy. Ethical issues have also encapsulated into the philosophy of business ethics (Cadwell1998). Essentially, business ethics is an emerging thought in business configuration and it deals with modern way of subjecting business interactive behavior to ethical analysis (David.P.W.F. (ed) 1994, Asolo.A.A.A 1998). It is anchored on what makes business enterprise subject of moral certifications in its relationships with network of stakeholders particularly consumers and the society. The implication of this is that business is now seen as capable of ethical behaviors that are given to moral analysis.

In critical term, the relationship between business enterprise and ethics has passed the stage of palpable skepticism and oxymoron. In the present dispensation, a business enterprise must endeavor to live up ethically to the legitimate expectations of both the consumers and the society in order to be sustainable. If an enterprise underrates consumer expectations, it will be to its own peril. In advanced countries, any business organization that does not consider broad ethical implications of her action would do so to her doom.

In developed societies, business morality has metamorphosed into what is commonly referred to as corporate social responsibility. With corporate social responsibility, it is now possible for business to understand and toe the lines of acceptable ethical behavior in inter and intra transactional activities.

In furtherance of this, various international initiatives have evolved in order to assist with entrenchment of acceptable moral codes of conducts for sustainable business activities. Efforts are also being made to strengthen and build capacities of all categories of business organizations towards sound moral practices. These initiatives includes Roundtables of Business Leaders from Europe, Japan and the United States (CAUX); the Coalition for Environmentally Responsible Economic (CERES), United Nations Conference on Trade and Development (UNCTAD), European Union Commission (EUC), International Labour Organization (ILO), West African Society on Business Ethics (WASBE), Social Accounting Standards (SAS) , Centre for Organizational and Professional Ethics (COPE-AFRICA) among others. While the United Nations (UN) is also working very hard to establish moral benchmark for business practices through UN Global Compact Initiative, the International Standardizations Organisation (ISO) has recently anchored ISO PC/278, a platform on Anti-Bribery Management System, the aim of which is to help businesses adopt ethical principles and zero corruption.

Behaving ethically has therefore become an important issue that is germane to business growth and sustainability. Most societies are now more conscious of ethical implications of their business operations and activities. In Canada, for instance, the Canadian Business Social Responsibility (CBSR) will like to know whether a particular business in Canada upholds ethical principles of fairness, good corporate governance and social responsibility year in year out. In the United States, business organizations are periodically subjected to ethical analysis in terms of relationship with customers. Consumers are also been encouraged to demand for and assert their rights. In other parts of Europe, issues such as environmental pollution; business involvement in consumer friendly activities are examples of activities that attracts moral scrutiny.

In practical sense, searchlights and concerns on business morality covers important issues of business moral responsibilities to network of relationship both within its operational milieu and in broad societal contexts. The implication of this is that as business operates in the society, there is evolving moral criteria upon which business actions are being ethically evaluated. Businesses that uphold ethical practices are assured of increased and continuous patronage. Businesses that are unethical their operational activities however, risks being blacklisted. This predictable effect of this is an eventual decrease in patronage. When business suffers decrease in patronage as a result of unethical practices, it means that the future of such business is not secured while sustainable growth and development cannot be guaranteed. For this reason, there is a close relationship between ethical practices and the assurances of future business growth towards enhanced sustainability.

X-Ray of Unethical Practices in Nigerian Business

Surprisingly, ethics is not taken seriously in Nigerian business terrain despite the critical importance of ethical practices for sustainable growth and development. The average Nigerian business sees business and ethics as oxymoron. A study on ethics in Nigeria business has clearly indicated that 98% of Nigerian businessmen agreed that they have engaged in one form of unethical practices or the other (Asolo, 2001). Other research study indicates that Nigerian businesses are rated worse in ethical practices (Oguechi, 1998, Asolo, 2008). It also indicates that unethical practices in Nigerian business terrain are multifarious and multidimensional. It includes short-changing of consumers by businesses, product-adulteration, over-pricing, shareholders manipulation, tax evasions, bribery, product misinformation, sales of expired goods etc. (Asolo, 2000). The perception of an average international investor is that an average Nigerian business man is not trustworthy. (Fafowora. O. 1998). It is not surprising therefore that Nigerian business do not have sustainability potential. Businesses in Nigeria are founded on wrong principles that are devoid of strong ethical anchor. Strong ethical anchor can assist Nigeria businesses to grow and blossom into unforeseeable future (Ekanola A.B.2005). Most Nigerian businesses are guided by narrow selfish interest. They often do not consider ethical implications of their intra and inter transactional behavior on critical stakeholders' that include consumers, society and the environment.

Unethical business practices in Nigerian business terrain have therefore become a major disincentive to the growth and sustainable development of existing and potential businesses. Apart from the fact that absence of core-ethical principles exposes Nigerian existing businesses to growth retardation, honest potential investors who might want to invest in Nigerian businesses are easily discouraged (Purmis A. 1994, Asolo A.A.A. 2006). Nigeria currently has high rate of dead businesses. Most businesses die because they basically abandoned ethical principles from the onset. The challenge is now much more on prospective young entrepreneurs who are also being discouraged to operate in an unhealthy and unethical business environment. The business environment has become too hostile for young and upcoming entrepreneurs.

With the ongoing efforts by Nigerian government at promoting entrepreneurship due to factors such as reduced revenues from crude oil and the need to harness entrepreneurship potential towards sustainable national growth development, there is critical challenge of mandatory incorporation of ethical principles into business practices as a way of enhancing sustainable entrepreneurial development in Nigeria. There is no doubt that entrepreneurship has been globally acclaimed as antidote to growing unemployment. It is capable of instigating growth towards sustainable national development. Beyond the call by government for inclusion of entrepreneurship into the curriculum of Nigerian educational institutions and the momentary policy directives by Central Bank of Nigeria (CBN) for commercial banks to develop Entrepreneurship Support Schemes (ESS) in their financial intervention mechanism, there is strong and urgent need for enterprises in Nigeria to imbibe ethical practices as compulsory operational requirements in order to attain sustainable entrepreneurial growth and development.

It is the position of this paper therefore that if Nigeria is to maximize the benefits of entrepreneurial activities, enterprises in Nigeria must cultivate ethical practices in their operational praxis. The problems of unethical practices have caused the death of many businesses. The lack of ethical practices has militated against Nigerian entrepreneurial development. Far more importantly, the features of emerging economy included global outlook in which success oriented businesses and entrepreneurs must take on character of international posture and the major imperatives for global entrepreneurial operation is ethical practices. The exigencies of global business moral order has also make it mandatory for enterprises across every nation (Nigeria inclusive) to operate within the confines of ethical expectations both in local and international contexts. The sustainable development of Nigerian entrepreneurship therefore must begin to acquire ethical characters.

The Challenge of Integrating Ethics Practices for Sustainable Entrepreneurial Development

The take-off point is for business to understand and implement ethical principles as part of the current efforts at re-inventing Nigerian entrepreneurial practices for growth and sustainable development. There are needs to lay greater emphasis on adequate understanding and implementations of ethical business practices by Nigerian businesses. Ethical business practices enjoin enterprises to understand their expected roles in relation to business stakeholders. It also enjoins businesses to work very hard in order to satisfy and sustain expectations of broad spectrum of stakeholders which include consumers, suppliers, government, environment, society, labor/workforce and shareholders. By so doing, enterprises shall be assured of continuous growth and development. In Nigeria for instance, stakeholders' expectations are diverse. Success-oriented entrepreneurial development program therefore must include effective aggregate of stakeholder's expectations and manage those expectations in a way that stakeholders would continually support enterprise activities (product and services inclusive). Some ethical expectations of stakeholders, which enterprises and entrepreneurs must understand, imbibe and manage effectively in order to attain desired growth and sustainable entrepreneurial development in Nigeria, are as follows:

Responsibility to workers

- Payment of fair wages
- Provision of safe working environment.
- Create opportunities for workers' representative.
- Equal and available opportunities for training & promotion.
- Adequate/regular capacity building opportunity.
- Cordial management/employee relationships.
- Fair treatment of workers.

Responsibility to the Competitors

- Fair Competition.
- Use of defensive instead of destructive competitive strategy.
- Promotion of fair and favourable business climate.
- Encourage responsible competition.
- Level playing field which include free entry and exist.

Responsibility to the Consumers

- Quality services at reasonable prices.
- Avoidance of sharp or unethical practices.

- Adequate consumer product information.
- No product misrepresentation.
- Respect for consumer's right of choice.
- Avoidance of activities that may undermine the consumer.

Responsibility of the shareholders

- Disseminate timely information on business state of affairs.
- Protect and ensure safety of capital invested.
- Fair treatment to all categories of shareholders.
- Ensure adequate return on capital invested.

Responsibility to the Environment

- Resource conservation
- Commitment to adequate maintenance of natural ecosystems.
- Prevention of harmful discharge of industrial wastes.
- Minimization of air, land and water pollution.
- Maintain clean and safe environment.

Business Responsibility to Government

- Payment of relevant taxes/levies.
- Supports government activities.
- Undertakes research and development to enhance the growth of the society.
- Contributes towards government developmental programs.
- Provides basic needs of the society.
- Sponsors events and other complimentary activities of government.

Responsibility to the Community

- Maintain cordial relationship with general public especially in the local area of operation.
- Assists in providing economic, social, and physical infrastructure.
- Engage in corporate social responsibility program.

Conclusion

There is on-going tendency in modern entrepreneurial practice to adjudge whether businesses behave ethically or not based on established business ethical responsibility benchmarks. The result of ethical profile of business has becomes powerful yardstick for deciding whether one should deal with such a particular business organization either as investors or as consumers. The benefits of ethical practices on business enterprise development include among others; good business image, loyal customer and more importantly the guarantee of sustainable enterprise activities. Ethical business practices give businesses the assurance of dealing with happier and confident stakeholders. There is also assurance of profits over a long period of time due to business focus on quality needs of consumers. As efforts towards repositioning entrepreneurial activities for sustainable Nigeria national development intensifies, the inculcation of ethical values into operational activities within the context of stakeholders' expectations have become indispensable. The role of ethics play in order to make business fulfill mandate and attain success cannot be over-emphasized. When enterprises attain desired growth through adoption of ethical principles, such growth eventually rubs on national sustainable development praxis.

References

- Adeyeye. A (2001) Ethics in Business: How much do Nigeria Businessmen know? *African Journal of Business and Economic Research* Vol 2 No 1&2
- Asolo A.A.A. (1998) "An Enquiry into the Morality of Corporate Business activities" Unpublished M.A. Thesis, University of Ibadan,

- Asolo.A.A. (2008) International Business, Ethical Universalism and the imperatives of a Global Moral order unpublished PhD Thesis, Nigeria University of Ibadan.
- Asolo A.A.A. (2000), Nigerian Enterprises, and Ethical Imperatives of the Next Millennium” in Jiboku, et al (eds) perspective on National Development: A Book of Reading, marvel books, Ibadan, Nigeria, ISBN 978348575, 95 – 98.
- Asolo A.A.A. (2000), “Development Problems and the Prospects of Nigerian NGO in the Next Millennium”. African Journal of Social and Policy, Development Africa Consortium Nigeria, Vol, No 2 November.
- Asolo A.A.A. (2000), “Ethical in Business How much do Nigerian Businessmen know? Africa Journal of Business and Economic Research Vol 2, No 1 & 2 Page 1-5.
- Anns Kolk & Rob. V. T. (2002) *International Code of Conduct, Trends, Sectors, Issues and Effectiveness*. Netherland, Erasmus University.
- Badarracco. J.C. (1995) Business Ethics A view from the trenches. California management Review Vol 37, No 2: 8, 28.
- Cauldwell (1998) Developing Corporate Social Responsibility, Nigeria, Daily Times of November 11.
- Colero. L. (2002). *A Framework for Universal Principles of Ethics*. <http://www.ethics.ubc.ca/papers/colero.htm> Retrieved 15/06/06.
- Cotton. D. (1984) *International Business Topic*.
- David. P W.F. (ed) (1997) Current Issues in Business Ethics, London, Routledge PP 18 – 69.
- Descartes R. (1999). *Discourse on Methods*, Donald. A. (Trans)
- Donaldson . T (1997). Fundamental Right and Multinational Duties in Bowe N.E. (ed) *Ethical Theory and Business* New Jersey, Prentice Hall.
- Dickson. P. (2003), *Global Shift: Reshaping the Global Economic Map in the 21st Century*
- Elegido, J.M. (1996) Fundamental of Business of Ethics: A Developing Country Perspective: Spectrum Book Limited Nigeria,
- Ekanola . A.B. (2005) Socio-Economic Development and the Myths of invisible hands in global market economy: Journal of Social Development in Africa Vol. 20, No 2, PP 132-154.
- Fafowora, O. (1998) Management Imperative of globalization management in Nigeria Vol. 34, No 2 April/Dec.
- Ford .H. (1978) Is Social Responsibility A Deed Issue? Business and Social Review.
- Jackson .K.T. (2000). The polycentric character of business ethics decision making in international context, *Journal of Business Ethics*, No 23, 123-143.
- Oguechi,A (1998). Promoting International Business Ethics and Integrity among Nigerian, N.I.M. publications, Lagos. Vol. 34, No 204
- Garrett. M.T. (1963) Ethics in Business, New York Application-Century-Craft.
- Onyema . M.E. (2012) Challenges and Prospects of Public Procurement Practices in Nigeria; Public Procurement Journal (BPP) 14th edition, April – June.
- Olusola J.O. (2001) Ethical Imperatives for sustainable growth in the 21st century Jiboku et’al (eds) Sustainable National Development. Problems and prospects, Marvel Publishers PP 6 – 15.
- Purnis, A “Nigeria is a Paradise of Fraud” Weekend Concord, April 16, 1994 Concord Publishers, Lagos.
- Sherwin, O.S. (1983). The Ethical Roots of Business System; Harvard Business Review, Nov./Dec.,
- Sheed & Ward (1963) Ethic in Business, New York Century Publishers PP 16-32.
- Sherwin .O.S. (1983) The Ethical Roots of Business system, Haward Business Review Nov/Dec.
- Wellman. C. (1975) “*Ethical Disagreement and objective truth*” American Philosophical Quarterly Vol.12