

ENTREPRENEURIAL DEVELOPMENT IN NIGERIA AND PROBLEMS OF BUSINESS ETHICAL PRACTICES

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Abstract

The paper focused on entrepreneurial development in Nigeria and problems of business ethical practices. It stressed that entrepreneurship is today a global phenomenon and that it has contributed to economy's growth both in developing and developed countries. This is why government focus all over the world is encouraging entrepreneurs in setting up small scale businesses. The paper posits that unethical business practices exist in the Nigeria business environment and that this has lowered development of businesses and also brought untold hardship to many people. It identifies unethical practices in businesses to include false and exaggerated claims, distortion of facts, sales of expired products, over pricing, concealing dark side effects of product and services, plagiarism of marketing messages, exploitations and many more. The paper concludes that unethical business practices have made businesses to collapse. It recommends that organizations should encourage its staff to uphold ethical values and that government agencies put in place to sanction businesses that behave unethical should take appropriate actions whenever organizations act otherwise, among others.

Keywords: Entrepreneur, Development, Ethics, Business Ethics.

Introduction

Entrepreneurship is increasingly regarded as an important activity in every nation. It is a global phenomenon today as it has contributed immensely to economies both developed and developing. Entrepreneurship and small business have always formed the backbone of every economy; they provide the zeal for growth and development of many nations. Lohor and Nguwap (2017) stated that the health of every economy requires the birth of new enterprises in substantial number which can challenge existing ones in such a way that triggers innovation. However, the birth of new enterprises can only be possible with the existence of entrepreneurs that will undertake ventures with the aim of bringing about improvement and development.

Entrepreneurs are known to be self employed and they contribute in an immeasurable way towards the creation of jobs, wealth, poverty reduction and income generation. They are seen to be pioneers of positive change and improvements; they initiate ideas and undertake to execute those ideas to logical conclusion. That is why government policies in Nigeria today are focusing on encouraging the development of entrepreneurship that will in turn aid development of the country.

Development according to <https://www.sid-isreal.org>, is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components. It could be regarded as an event that constitutes a new stage in a changing situation. It is widely used to refer to a specified state of advancement or growth. It could also be used to describe a new and advanced idea or product, or an event that constitutes a new stage under changing circumstances. Generally, the term development describes good change.

Concept of Entrepreneur/Entrepreneurship

Oduma (2012) stated that there is no much dissimilarity between entrepreneur and entrepreneurship. What appears to be the difference between the two concepts is that while entrepreneur is describing the person or the business, entrepreneurship refers to the process of generating ideas; it connotes action rather than static events. An entrepreneur is however defined by Akpan in Asouquo (2017) as a person who possesses the ability to recognize and evaluate business opportunities, assemble the necessary resources to take advantage of them and take appropriate action to succeed. Also, Osuala in Oduma (2012) opined that the process of bringing together creative and innovative ideas and combining them with management skill in order to use people, money and resources to meet identified needs, thus creating wealth best describes the functions of an entrepreneur. Eyitayo (2001) stressed that the essence of the entrepreneur lies in what he calls “the spirit of initiative”. The entrepreneur must demonstrate great ingenuity for he is the economic agent who promotes the evolution of the economic process. He similarly contends that the efficiency of entrepreneurs is of paramount importance in the drive for economic development of a nation. Ultimately, it will prove to be the means by which a developing nation like Nigeria can lift herself from underdevelopment.

Entrepreneurship as a concept has a lot to do with how several activities are carried out in an organization for effective operation such as to identify business opportunities, to make choice of business opportunities, to decide on the form of business organization, selection and

blending of enterprise resources for maximum utilization. It includes good leadership, motivation of employees, coordination and monitoring, assumption of risk of different dimensions (Nnaji and Ahmed 2017). Also, Garba (2010) describe entrepreneurship as a means of providing employment and income generation in a country. This is true because entrepreneurship not only creates employment but increases the wealth of a nation and encourages the ownership of businesses. A country which encourages and supports entrepreneurs' activities will not suffer gross unemployment. Entrepreneurship no doubt is very significant to the growth and development of economies.

What is Ethics?

Newton and Ford in Ikelegbe (2018) pointed out that ethics is an issue of growing concern and important to business activities. Value questions are never absent from business and moral responsibility is the first characteristic demanded by the general public from the manager in any business undertaking, therefore a good knowledge in ethical reasoning is the best preparation for business growth and development. The word ethics according to Nwagboso in Ikelegbe (2018) is synonymous with morality, including both the science of good and the nature of the right. It involves doing the right thing in the right manner. Stainer and Steiner in Aluko, Odugbesan, and Osuagwu (1998) define ethics as the study of what is good or bad, right and wrong, just and unjust, it is the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. It is prevalent in all profession as it guides, regulates, directs, modifies, and controls the actions and inactions of people at work, in business and in their professional area. In today's business activities, promotion of good ethical behavior and goals is good business and helps in building a healthy nation.

Ajibolade in Igboke and Akandu (2018) stated that the consequences of the many cases of unethical behaviours have underscored the importance of ethics in organizations. There is therefore the need to tackle corruption headlong and make significant inroad into issues of transparency and good ethical behavior in businesses, otherwise economic growth and development will elude a country like ours. For any nation to attain development, efforts must be made to strengthen and build capacities of business organization towards sound moral practices. Such a country must be predicated on transparency and must be seen to be so internally and externally, by individuals and countries which are involved in business dealings with them. Ikelegbe (2018) stated that examples abound in Nigeria of issues concerning ethical practices in business which directly affect the consumers and the general public. Such instances where bakers use ingredient /chemical like potassium bromate in bread production and bakery products which will likely harm consumers is an issue of unethical business practices, others include shortchanging of consumers by business owners, product adulteration, over pricing, shareholders manipulation, tax evasion, sales of expired products, product misinformation, bribery, blackmail, witch-hunting, cover-up activities and so on.

Ethical Business Practice and Entrepreneurial Development

Business activities are undertaken by persons of various ages, education and social or professional backgrounds. The hierarchy of values is different though there are known ethical

values such as honesty, fairness, mutual respect and many others. Any business owner who builds his/her business on ethical values will reap the benefits derived by such business. According to Ezimma and Ikon (2008), there is no doubt that ethics should be an important part of business activity as it contributes greatly in regulating unethical practice that might bring about litigation and setbacks to the growth and development of the business.

Business ethics refers to contemporary organizational standards, principles, sets of value and norms that govern the action and behavior of an individual in the business organization (Igboke and Akande, 2018). Such standards are laid down and followed tenaciously by handlers of the firm in order to regulate employee behaviors and to do what is right by employees and managers. Ekwue and Azu (2017) asserted that ethic of entrepreneurs and small business in general is especially important due to the unique role of the entrepreneur in the organization, as they are the core handlers of the organization. They form the business or the managerial staff of the small and medium enterprises (SMEs); they manage people, employees, finances and relationship between the stakeholders. The entrepreneurs have a major influence over the reputation of SMEs and they shape the working comfort of the people employed in such businesses.

In 1998, Aluko, Odugbesan, Obadamosi and Osuagwu stated that the level of moral decadence in most societies have attained alarming dimensions, that the reports of mismanagement, misappropriation and embezzlement of funds among those saddled with managerial responsibilities through the fraudulent award of contracts with all kinds of “kick backs” both in public and private sector was the order of the day. Today, the situation is not different; there is therefore a general concern about the quality of ethical conduct in all types of organizations in several countries of which Nigeria is not an exemption.

Development in any business can only be achieved if the enterprise is involved in processes that will create growth, bring about progress and positive changes that will reflect on the economy and the wellbeing of all citizens. Entrepreneurs that wish to be successful must uphold ethical standard, this is what the staff will learn to practice. Value-based leaders do more than merely following rules and regulations. Their conscience dictates that they do what is right, this will help in developing the business.

Unethical Business Practices in Business

Unethical business practices abound in Nigeria and this has brought about underdevelopment in entrepreneurial activities. Fafowara in Ikelegbe (2018) stated that the perception of average international investor is that Nigeria businessmen are not trustworthy. Adewole (2015) citing Asoro in a study on ethics in Nigeria business indicated that 98% of Nigeria businessmen agreed that they have engaged in one form of unethical practices. Asoro (2000) asserted that unethical practices in Nigeria business terrain are multifarious and multidimensional; this is because most businesses are founded on wrong principles that are devoid of strong ethical anchor.

Akpo, Aduma, and Uniah (2016) stated that unethical business practices in Nigeria take the following forms:

1. Making false, exaggerated and unverified claims.

In a bid to compel potential and existing customers to buy their products or services, some businesses use false statements, exaggerated benefits, or make unverifiable claims about their offers. This is common in the weight loss industry where marketers convince potential buyers that a particular product can help them shed so-and-so rounds of weight within two weeks which will never be.

2. Distortion of facts to mislead or confuse potential buyers.

This is another unethical marketing practice. A typical example is when a food processing company claims that its products are sugar-free or calories-free, when indeed they contain sugar or calories. Such a company is only trying to mislead potential buyers, since they are unlikely to buy the products if it is made known that they contain sugar or calories.

3. Concealing dark sides effects of products or services

Unethical marketing practice is rife in the natural remedies industry, where most manufacturers deceive potential buyers that their products have no side effects because they are “*made from natural products*”. But in reality most of these products have been found to have side effects, especially when used over a long period. In fact there is no product without side effect. It’s just that the side effect might be unknown. It is better to say “there are no known side effect” than to say “there are no side effects”.

4. Bad mouthing rival products

Emphasizing the dark side of your rival’s products in a bid to turn potential customers towards your own products is another common but unethical marketing practice. Rather than resort to this pull him down strategies, emphasis should be on those aspects that make your offer stand out from the rest.

5. Using women as sex symbols for advertising

The rate at which even reputable brands are resorting to this unethical marketing practice is quite alarming. If you observe TV, billboard, and magazine adverts, there is something common to most of them. A half-naked lady is used to attract attention to the product or service being advertized. While it might be intuitive to use models in advert for beauty products and cosmetics, having half naked models in advert in generator, having machinery, smart phones, and other products not strongly related to women is both nonsensical and unethical.

6. Plagiarism of marketing messages

Though, some business owners and sales persons engage in using the exact marketing messages of their competitors to market their own products or services. Creativity is huge part of marketing, and using other business’ marketing messages just passes you off as being creativity bankrupt and fraudulent.

7. Exploitation

This involves charging for much more than the actual value of product or service. For marketing efforts to remain with ethical limits, the prices of your offers must be equal to or less than the value they give the buyer. If the value is less than the cost, it's unethical.

8. Demeaning references to races, age, sex, or religion

Ethical marketing must be devoid of all forms of discrimination. If your marketing message contains lines that place people of certain age range, sex, religion, nationality, or race at a higher level than others, then you are crossing the bounds of ethical marketing.

Why Ethical Problems Occur in Business

Ethical challenges occur in businesses because people are not always fair in their dealings. The factors that can cause ethical problems in business includes:

1. Lack of Integrity

Integrity is the adherence to strict moral or ethical codes as to show business are carried out. Are the business owners or managers honest in their dealings? Are they fair to customers, stakeholders and the general public? Do they misrepresent facts and data for personal gains? Do they care about how their employees should act? Do they have established ethical codes of conducts that guide and regulate both management and workers? Integrity is the hallmark of every business, if it is missing, then there must be integrity issue which will in turn bring setback to the growth and development of the business ventures (<https://study.com/academy>).

2. Organizational relationship problems

If an organization does not have a clearly stated mission, goals and objectives, organizational relationship problem occurs. If there is a clear mission or objectives to be achieved, employees will need to put the company's goal ahead of their agenda.

3. Conflict of interest

This occurs when an individual or employee comes into the organization and placing his/her gains above that of the business without actually considering the harm it would cause the organization. Also, an organization may be adopting practices that are against individual ethics but for fear of losing the job, the individual may decide to carry out moderated activities. Ethical conflict causes serious harm to organization objectives.

4. Inadequate security check

Presently, businesses are not sure of their stability due to different factors and most especially the human factors in our environment, it is pertinent to state that even when employees are trusted and there is an established ethical code of conduct, there should still be checks provided in order to reduce attempts to ridicule the organization.

Inadequate security check in an organization can bring about problem of unethical situation.

5. Unethical culture

A company's culture comprises the shared norms and values among workers. In some businesses, high ethical standard and behaviors are demanded among colleagues. In a company that routinely exhibit bad ethics, employees either condone or go along with poor ethical decision or passively condone them through inaction.

Effect of Lack of Ethics on a Business

Today, many businesses do not care much about scandal nor about their reputation for lack of ethics. In most enterprises, making money appears to take precedence over ethical decision making. A lack of ethics may lead to a wealth of problems for business which Zeiger (2019) stated as follows;

1. Legal issues or fine

Business that fails to follow established guidelines can be made to face the law or to be made to pay certain fines or penalties, or to be made to face legal battles, also executives of such companies can be made to face criminal charges.

2. Impact on employee performance

Lack of ethics has a negative effect on employee performance. In some cases, employers are so concerned with getting ahead and making money that they ignore procedures and protocol. This can lead to additional paper work and careless errors that result in the task having to be done again. An employee that follows the rules may sometime feel lack of motivation which often leads to decrease in performance.

3. Employee relations are affected

When a manager or head of business exhibits a lack of ethical behavior, he faces disrespect of his employees. It is difficult to have a successful business without well respected leaders. A lack of ethical behavior can also cause tension among employees, with some employees representing those who do not play by the rules and still manage to get ahead. Unethical behavior in the workplace also has the potential to lead to lack of trust among employees, which is detrimental to a business that relies on collaboration and sense of community.

4. Damage of company credibility

If lack of ethics in business becomes public knowledge, that business loses credibility. While some businesses survive public knowledge of lack of ethics through re-imagining and advertizing campaign, many lose a key customers base. Even if a business recovers from news about its lack of ethics, it takes a lot of time and money to restore its image and consumer confidence. Customers that abandoned a company because they are dismayed by poor ethical practices will find other products and service to meet their needs.

Conclusion

Ethical issues among entrepreneurs are inherent in our daily business life. This has made businesses to collapse due to absence of integrity and lack of confidence in such businesses. Considering the fact that business organizations are faced with many challenges in upholding ethical practices, entrepreneurs/business owners and practitioners of various professions should embrace transparency, integrity and accountability in order to achieve set goals in developing their enterprise. This will help organizations to reposition businesses and reap the benefit at the long run.

Recommendations

The following recommendations are made to help organizations overcome ethical challenges as follows;

1. Government agencies put in place to sanction business that act in unethical ways should be committed in taking action on organizations that are unethical in their operations. Apart from prosecuting offenders, exploring programmes on reorientation is required to strengthen our belief in ethical core values.
2. Organizations should encourage its staff to uphold ethical values. Ethical codes should be written in specific terms, giving examples of what is regarded as right and wrong behavior in practice. Ethics programme are like insurance policy, they help in reducing the number of law suit.
3. Top management should ask for information and not just the hard criteria of profits outputs and cost.
4. Management should consider the establishment of specific organizational position where persons who feel codes are being violated can go and complain.
5. Executives in business organization should act as role models, for the lower level personal, if they do the right thing, the lower level will not want to deviate.

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