



BUSINESS ETHICS: A PANACEA FOR REDUCING CORRUPTION AND ENHANCING NATIONAL DEVELOPMENT

AKPANOBONG, UYAI EMMANUEL, Ph.D.

*Department of Vocational Education,
Faculty of Education, University of Uyo
Email: uyaiakpanobong@gmail.com*

Abstract

In recent times there are scandals of unethical behaviours, corrupt practices, lack of accountability and transparency amongst public officials, political office holders, business managers and employees in the country. Therefore, there is an urgent need for public sector institutions to strengthen the ethics of their profession, integrity, honesty, transparency, confidentiality, and accountability in the public service. The paper further attempt to discuss the need for business ethics and some practices and behaviours which undermined the ethical behaviours of public official with strong emphasis on corruptions causes and preventions, conflicts of interest, consequences of unethical behaviour and resources management. The paper also outlined some measures on how to combat the evil called corruption in public service and business organizations. It is concluded that if all measures are taken into consideration the National Development may be achieved.

Keywords: Ethics, unethical, transparency, accountability, corruption.

Introduction

In every business organization, there must be a laid down rules, values norms, order and other guiding principles which may be in form of ethics. The essence of this is to guide both the employer and the employees in achieving the organizational goals and at the same time help in checks and balances. Luanne (2017 saw ethics as the principles and values an individual uses to govern his activities and decisions. Therefore, Business Ethics could be described as that aspect of corporate governance that has to do with the moral values of managers encouraging them to be transparent in business dealing (Chienweike, 2010). The type of business ethic that looks at how businesses should act with a society is sometimes referred to as corporate social responsibility. It takes into consideration the feelings of customers in fashioning our services of goods that is given out to customers. It also takes into account the interest of other stakeholders.

Fernando (2009) stated that business ethics are related issues of what is right and what is wrong while doing business. The constituents of business ethics include adherence to truth, commitment to justice and public integrity. Investopedia.com (2017) termed Business Ethics as proper business policies and practices regarding controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities. This ethics are often guided by law, while other time provide a basic framework that business may choose to follow in order

to gain public acceptance such as honesty, integrity, transparency, accountability,



confidentiality, objectivity, respectfulness, obedience to the law and loyalty.

Corruption according to Investopedia (2017) is dishonest behaviour by those in positions of power, such as managers or government officials. Corruption can include

giving or accepting bribes or inappropriate gifts, double dealing, under-the-table transactions, manipulating elections, diverting funds, laundering money and defrauding

investors. One example of corruption in the world of finance would be an investment manager who is actually running a ponzi scheme. Business Dictionary.com (2017) defined corruption as the wrongdoing on the part of an authority or powerful party through means that are illegitimate, immoral or incompatible with ethical standards. Corruption often results from patronage and is associated with bribery. Development is

critical and essential to the sustenance and growth of any nation. A developed country is

the one that can provide qualitative life for her citizenry. Slideshare (2017) saw National

Development as the ability of a country or countries to improve the social welfare of the

people such as providing social amenities like quality educations, potable waters, transportation, infrastructure, medical care etc.

Ethics, Honesty, Integrity and Transparency

Chapman (1993) defined ethics as the basic principles of the right action and rules of conduct. These principles may include efficiency, professional discipline, dignity, equity, fairness impartiality, courtesy in the discharge of duties and public-spiritedness. Business Ethics therefore, covers issues such as fair dealings with the labour force, suppliers, competitors, clients, customers as well as impact on business activities on public health and environment. It also implies that all businessmen whereas should maximize profit, maintain a good reputation and ethical standard that will not conflict with the goal of profit maximization. Honesty, Integrity and Transparency are the Touchstones of Business Ethics according to Fernando (2009). It is observed that the ethical corporate behaviour is nothing but a reiteration of an ancient wisdom that "honesty is the best policy". The collapse of some businesses in recent times comes as a result of lack of practice of basic principles of integrity by the managers, lack of transparency in operations leading to accounting, which could ensure safety and protect the interest of all stakeholders. Transparency therefore promotes accountability and provides information for citizens about what their government and its agents are doing as well as information to the company managers, customers, employees and investors.

Confidentiality:

Confidentiality in the workplace has both casual and legal meaning. In some instances, it refers to not discussion internal going- on with co-workers. In other instances, it refers to not sharing trade secrets and other company's information with



competitors, the press or anyone outside the company or organization. The ethical duty of confidentiality refers to the obligation of an individual or organization to safeguard entrusted information. Government of Canada (2016) asserted that the ethical duty of confidentiality include obligations to protect information from unauthorized access, use, disclosure, modification, loss or theft.

Accountability:

As an individual or business there is need for a level of accountability to ensure your life or business. Accountability is for the entire workforce. Everyone has to account for what they do, how they do it and why. It is pivotal for proper corporate governance. There can never be proper governance of a business without clear accountability structures. Hulme and Sanderatne (2008) viewed accountability as the processes by which those who exercise power whether as governments, as elected representatives or as appointed officials, must be able to show that they have exercised their powers and discharged their duties properly. Accountability is therefore an ethical virtue, since ethics concern principles and rules that govern the moral value of people's behaviour. Improving ethics is crucial to enhance accountability and vice-versa.

Importance of Ethics in Business

Ethics concern an individual's moral judgments about right and wrong. Decisions

taken within an organization may be made by individuals or groups, but whoever makes

them will be influenced by the culture of the company. The decision to behave ethically

is a moral one, employees must decide what they think is the right course of action. According to ACCA (2014), ethical behaviour and corporate social responsibility can bring significant benefits to a business in the following ways: attracts customers to the firm's products which means boosting sales profits, make employees want to stay with the business, thus reducing labour turnover and therefore increases productivity, attract

more employees wanting to work for the business thus, reducing recruitment costs and enable the company get the most talented employees, attract investors and keep the company's share price high, thereby, protecting the business from turnover.

When working with an organization with strong business ethics, employees are

comfortable in the knowledge that they are not by their own action allowing unethical practices to continue. A company which sets out to work within its own ethical guidelines is also less at risk of being fined for poor behaviour, and less likely to involve

in breach of law concerning required behaviour. Inspiration (2016) also showcased the

following reasons why ethics should be incorporated in the business.

Ethics lays the strategic decision making. Leaders and workers of a business



characterized by ethical behaviour make decisions that are socially acceptable. Stakeholders are allowed to participate in the decision making process. An ethical business attracts investors. A business that promotes ethics in its management and operations create an investment-friendly environment.

Ethics create customer loyalty. Reputation build on good ethics help create positive image in the marketplace. This in turn makes customers trust in product and services. Ethics lead to sustainable growth in sales. An increase in customers leads to an increase in demand. Therefore, more goods and services would be demanded and this is a key to sustainability and success in business.

Consequences of Unethical Behaviour in Business

Ethics matter a great deal when it comes to business. Many successful businesses fail because of lack of ethics. Therefore, committing to ethical behaviour is not only the right thing to do; it is also a good business. Business irrespective of the type and size act ethically to protect their image, otherwise, they pose a serious threat to the employers, employee, customers, investors and environment. Stand (N.D) stated that lack of business ethics endangers the future of any company, negative jeopardizes the public and can have many other effects on a business environment such as: insufficient community development, public danger, loss of goodwill and recklessness.

Corruption:

Corruption is one of the most serious unethical practices that undermine trust and confidence of public officials. It has really threatens the economic and political fortunes of this country. Bribery, conflict of interest and illegal deals impose heavy costs on the economy while distorting development policies and undermining confidence in public institutions. Between 2008 and 2010 Nigeria created several programmes designed to engage the citizens to buy in and own the fight against corruption and other forms of economic and financial crimes. One of such was the Anti-Corruption Revolution Campaign, ANCOR, which was designed to create awareness and spread the message of probity, integrity, modesty, moral rectitude and other values that will bring about positive changes in the country (FGN, 2012-2015). Cipe (2008) asserted that corruption is the abuse of entrusted power for personal gain. Both business and society bear the costs of corruption through:

Resource Misallocation - resources that could be put to productive uses are instead devoted to corruption. Firms waste time and resources on rent - seeking -cultivating



relationships with officials and spending on bribes.

Lower investment - foreign and domestic investors are scared off by unpredictable costs. Rampant corruption signals to potential investors that the rule of law, and thus property rights are very weak in the country, making as investments there is a risky proposition, lower investment means lower growth.

Unresponsive policies and poor administration- law makers in corrupt systems use their powers to help rent - seekers, not citizenry as a whole. Bureaucrats are not held accountable for their performance and actually have incentives to delay services in order to extract bribes.

Exacerbated poverty - corruption lowers the income potential of the poor because there are fewer private sector opportunities. It also limits their access to quality public services such as health care and education.

Causes of corruption

Cipa (2008) listed the following as the general causes of corruption:

- i.* Unclear, complex and frequently changing laws and regulations: when laws are contradictory or required heavy interpretation, the discretionary power of officials is amplified, increasing the risk that they will make arbitrary, self-serving decisions. When laws are unpredictable, entrepreneurs do not know their rights and obligations, so they can not comply fully nor defend themselves for example against illegal inspections. Corruption then becomes a means to circumvent inefficiency and arbitrary official actions.
- ii.* Lack of transparency and accountability - when deals are made behind closed doors, it becomes impossible to assess the criteria behind decisions, whether they serve public interest and respect the law. If violators on both the public and private sides conceal their transactions, they escape being accountable.
- iii.* Low public service salaries- when officials cannot meet what they perceive as their daily needs through their salaries, they resort to corruption to supplement the income. Though the amount of salaries earn cannot stop corruption as long as the opportunities to abuse the system persist.
- iv.* Inadequate, inconsistent and unfair enforcement of laws and regulations. Even if laws to combat corruption are on the books, law enforcement can invite abuse. A weak justice system, low penalties, and high cost of compliance will render laws ineffective.



Prevention of Corruption

Workers' salaries should be increased, but all loopholes to corruption must be guided. There must be a strong focus on education, it must reinforce best business practices and alert managers and employees where to look out for corruption. This can be achieved by introducing mandatory learning such as anti-money laundering (AML) courses. Executives and management of business organizations must set a strong culture of honesty and integrity by leading by example. Corruption can be reduced with accountability mechanisms in place, this is likely to reinforce a culture that fosters ethical behaviour while holding those to account who violate the norms.

It can also be curbed by reporting whoever is involved irrespective of rank and tribes of the defaulters, although it is often overlooked by colleagues. Robust control environment reduces the risk of corruption. Human capital management functions such as hiring and promoting employees should include thorough checks.

Conflict of Interest

A conflict of interest situation arises when the personal interest of an employee is in conflict with his/her official position. This means that the private interest of the employee will lead him to discharge his duties in ways that may not be in the best interest of the organization. According to McCombs School of Business (2018), conflict

of interest arises when what is in a person's best interest is not in the best interest of another person or organisation to which that individual owes loyalty. It can also exist when a person is answerable to two different individuals or groups whose needs are at odds with each other. A primary reason for concern about conflicts of interest is that they reduce public trust and confidence in the integrity and impartiality of public functionaries. In this respect, the appearance of conflict of interest can be damaging as

an actual conflict (Kernaghan and Langford, 1990). Conflict of interest leads to divided

loyalty and in its most serious forum could result in corruption.

The following examples are some conflict of interest situations that an employee of an organisation may encounter:

- Giving advice on the strategy of bidding for a tender and contract when he/she is involved in the tendering exercise.
- Having undeclared financial interests in suppliers and contractors that do business with the organisation.
- Offering assistance secretly to the public body's competitor through taking on part – time employment or consultancy service.
- Supplying references for a candidate when he himself is involved in the examination or recommitment process.
- Undertaking negotiations with a company in which he, a relative or a close friend is a shareholder.



Conclusion

It is rather disappointing that scandals involving public official are very common in recent times especially in Nigeria. People are debating and complaining about outright corruption, lack of ethics, transparency, integrity and honesty and lack of proper accountability in public service. By public service, it involves political leaders, career public servants, business managers and employees as well. It is also important to realize that the war against corruption, an evil that threatens and weakens public officials' ethics and integrity, cannot succeed if the people have come to accept it as a way of life. Therefore public awareness needs to be aroused about the evils of corruption and its implications to the economic and social structures of the society.

Recommendations

In other improve upon the business ethics, corruption and enhance the national development in our organizations and public offices, the following recommendations are made:

- Improve workers remuneration
- Strengthen ethics or anti-corruption legislations
- Implement codes of conduct
- Improve the induction programmes
- Giver more resources and independence to investigating agencies
- Prosecute corrupt acts when necessary
- Employ staff to area of qualifications
- Implementation of an information system is necessary
- Interest in ethic education and ethical attitudes of business students should be on the increase because they are the future managers and administrators of this country.

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