The Conflict Between Profit And Ethics In The Business Of Journalism In Nigeria

Odumayak Okpo, Ph.D.
Department Of Philosophy, University Of Uyo, Uyo. Akwa Ibom State, Nigeria
E-mail: odumayakokpo@uniuyo.edu.ng

Abstract
This paper argues that while profit is a rightful end of business organization, it must be achieved by ethical means. But can business be both successful and ethical at the same time? The goal of maximizing profits is often in conflict with the practice of responsible journalism. A major view that persists among business people is that business, due to its emphasis on profit seeking, is unethical. Most often the two concepts – profit and ethics – are perceived to be contradictory. This paper argues that ethics in the business of journalism leads to profits and to be successful in the long run, a news organization needs to be driven by strong ethical values, not profit.

Keywords: Profit, Ethics, Journalism, Business, Shareholder Theory, Stakeholder Theory, Conflict of Interest

1. Introduction
An underlying challenge in business decision-making remains conflict of interest. The essence of that conflict is between ethical and economic interests. Business is seen to include the pursuit of self-interest, and ethics is recognized as involving consideration of others. Interest for self and interest for others clash; therefore, business and ethics clash.

It is common to hear people say that ethics is of little concern to business people. It is said that ethics is ethics and business is business. Advocates of the free market often point out that the “ethical viewpoint in business” is a contradiction. Morality does not, should not or cannot have any business in business because man is greedy beyond redemption or because systemic pressure is relentless (Liedekerke and Dubbink 273).

Profit is without question important to every business organization. But the concentration on profit to the exclusion of ethics has been the cause of much business misconduct. Historically, profit-as-the-bottom-line has been the “ethical yardstick” for business (Fritzsche 725). However, in the last three decades, there has been a growing consensus amongst scholars that profit should not be the sole focus of any business and that more emphasis ought to be placed on stakeholder values (Yong 775).

The media, like virtually many things in capitalism, Okunna asserts, “are profit-oriented because media content is considered more or less a commodity for sale, just like other commodities in a capitalist environment” (88). Journalists have always claimed that they feel obliged to report the truth. Truth in journalism is primary. More and more journalists and editors today have turned their attention away from the public’s interest in news and views to the promotion and generation of wealth for their publishers. They are willingly compressing news to enlarge the space they give to advertisements. The output of journalism is the circulation of news in either print or electronic media.

This study is an attempt to examine the most basic conflict in business that is ethics pitted against profit. Should business people forsake ethics to achieve profit? Can they achieve profit with ethics in business? Why should business organizations be concerned with ethics? This paper is an attempt to respond to these questions, with particular attention to the business of journalism

Clarification of Terms
Ethics
Ethics is derived from the Greek word ethos and is synonymous with “moral” because the Latin word mores from which moral is derived represents the Greek word ethos. They both connote customs, habits, way of life or accepted ways of behaviour of an individual or a community (Uduigwomen 1). According to Omorogbe (153), ethics is the branch of philosophy which deals with the morality of human conduct, hence it is also known as moral philosophy. In confirmation of this view, Ozumba defines ethics as “a theory of morality which deals with principles of good conduct; it deals with judgement as to the rightness or wrongness, desirability or undesirability, approval or
disapproval of our actions”(53). The implication of these definitions is that human actions and conduct form the core and subject matter of ethics.

**Business**

The word business denotes activities that involve the production and exchange of goods for economic purposes, primary among which is the generation of profit. It is thought that the generation of profit is the primary purpose of business (Duska and Ragatz Business). Business, according to Ferrell and Hirt, refers to both the activities and the individuals or organizations that seek a profit by providing products that satisfy the needs of society (4). McCarty sees business as “the activity with the goal of providing products or services for a price greater than the cost of providing the products or services” (882). Brown and Clow assert that “business is any activity that seeks profit by providing goods or services to others” (9). The import of these meanings of business is that business exists in order to make a profit by providing goods and services that its customers value.

**Profit**

Profit denotes the amount of revenue it receives from customers in excess of the costs it incurs over a defined period of time. This profit is a form of wealth that belongs to the owners of the business (Young Profit). Ferrell and Hirt assert that “the goal of business is to earn a profit, the difference between what it costs to make and sell a product and what a customer pays for it (4). Profits, according to Boone and Kurtz (4), are the financial remunerations received by successful business people who take the risks involved in business. Profits offer incentives for people to start businesses and expand them and to offer always high-quality, competitive goods and services.

**Journalism**

Journalism, according to the Oxford Advanced Learner’s Dictionary, is defined as “the work of collecting, writing and publishing material in newspapers and magazines or on television and radio” (641). Journalism is the profession or business that is concerned with reporting news for newspapers, magazines, television, or radio. And, those who practice journalism are known as journalists. This paper is concerned with the print journalism in Nigeria.

**The Responsibility of Business**

There are two sides to the debate over business organization responsibility. One side of the debate, notably associated with Milton Friedman, holds that the only obligation of a business organization is to make as much money as it can for its owners. On the other side is the view that businesses have other social or moral obligations in addition to that of turning a profit. The former side of the debate is known as Shareholders'/Stockholders' theory, while the latter is known as the Stakeholders’ theory. They both agree that businesses have responsibilities. But, they disagree only over what those responsibilities are – specifically over whether they are purely economic, that is, to maximize profits, or include moral responsibilities as well – and if the latter, over how far business organizations should go in meeting them.

**The Shareholder Theory**

Shareholder theory is grounded in the work of Milton Friedman. As the topic of his well-known article states, Friedman asserts that the social responsibility of business is to increase its profits. His main argument in favour of this thesis is that business executives are agents of the stockholders (the shareholders or stockholders are the owners of the company) and thus bear a direct fiduciary responsibility to them. Friedman maintains that in a free economy “...there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules…, without deception and fraud” (136). This analysis of the responsibility of business minimizes any moral duties beyond following the law, and thus, supports a weak version of business ethics.

There is divergence of opinions in the business ethics study on how to read Friedman’s article: “The Social Responsibility of Business is to increase its Profits”. Grant understands Friedman as maintaining that business executives should “concentrate obsessively on profitability, and that ethics should be marginalized” (907). On a related note, McAleer asserts that in Friedman’s point of view, “corporate morality reduces to legality, and thus that extra-legal negative duties do not constrain profit-maximization” (439-440). What is more, it is worth noting that Friedman’s view of social responsibility inadequately deals with the problem of externalities. Pollution is neither violating free competition nor engaging in deception or fraud (Kline 59).
As an economist, it is not alarming to see Friedman advocating this view of business. In economic theory it is understandable why the purpose of business is to maximize profits; it follows from the central assumption of economics: agents want more as opposed to less. At the level of business, utility maximization is better known as profit maximization (Kline 58). Business ought to be managed with the aim of maximizing profits. To this end, Jensen opines that “any organization must have a single-valued objective as a precursor to purposeful or rational behaviour” (237).

Jensen goes on to argue that:

…a firm taking inputs out of the economy and putting its output of goods and services back into the economy increases aggregate welfare if the prices at which it sells the goods more than cover the costs it incurs in purchasing the inputs. Clearly the firm should expand its output as long as an additional dollar of resources taken out of the economy is valued by the consumers of the incremental product at more than a dollar. Note that the difference between these revenues and costs is profits. This is the reason (under the assumption that there are no externalities or monopolies) that profit maximization leads to an efficient social outcome (240).

This implies that the basis for profit maximization is that business executives need a “single-valued objective” if they are to engage in rational activity and profit maximization thereby making a good choice. However, it is a good choice not because that’s what the shareholders want, but because it maximizes social welfare. The assumption in his conclusion is utopian; it does not hold in the real world. Our world is a world of externalities and monopolies.

The limitation of this theory is in ascribing the duty of business executives to the particular desires of the owners. Hence, a problem arises when the expense for social issues increases at the expense of the shareholders’ profits. The limitation often associated with shareholder theory has led to the formulation of what has become known as “Stakeholder” theory.

The Stakeholder theory

The stakeholder theory, in contrast to shareholder theory, indicates that the business organization should contribute to society’s welfare and is naturally responsible to do so because it plays a significant part in damaging the fabric of society. Stakeholder theory, according to Kline (2006) asserts that corporate executives, and the businesses they run, have a network of duties to all of the stakeholders of the company; these stakeholders include owners, employees, suppliers, customers, the community and others who have an interest in the firm. Kline goes ahead to posit that “stakeholder theory points out that there is not a single strand of obligation between all those who have a legitimate interest in the firm” (59). To this end, the responsibility of business organization goes beyond merely producing goods and services in the pursuit of profit, to promoting humane values with a wide scope.

A stakeholder means any individual or group that maintains a “stake” in an organization in the way that a shareholder possesses shares (Fassin 116). Stakeholders, according to Hiles and Barnes, “are all those people who have a direct or indirect investment in an organization (52). In an appraisal of the definitions of who constitutes a stakeholder, two contrasting views surface of what it is to be a stakeholder - the ‘influencer’ definition – “those who can affect the firm or be affected by it”; and the ‘claimant’ definition – “those without whom the organization could not survive”.

A combination of both the ‘claimant’ definition and the ‘influencer’ definition is offered by Freeman (1984) “as any group or individual that can affect or is affected by the achievement of an organization’s objectives” (46). Freeman’s definition has become the preferred definition for stakeholders because it has greater precision than the shorter version “those who can affect or can be affected by the firm”. Moreover, it captures individuals or groups who may not be depending on the firm but are negatively affected by the firm and should be regarded as stakeholders such as a community close to the factory of a firm. The community may not depend on the factory for anything but the environmental pollution from the factory could affect their health.

At this point, one might want to ask: who actually are the stakeholders of a business organization? Freeman and Liedtka, in answering this question, suggest that stakeholders include “suppliers, community, employees, customers and financiers” (6). McWilliams and Siegel note that “managers continually encounter demands from multiple stakeholder groups to devote resources...; these pressures emerge from customers, employees, suppliers, community groups, governments and some stockholders” (117). In the same vein, Mwangi and colleagues (43) citing Tuleja, hold that there are six stakeholders whose needs deserve recognition by responsible corporate management; these are: shareholders, employees, customers, the local community, society at large and competing companies.
From the above, there are four commonly recognized stakeholders namely shareholders, employees, customers and community. These are followed by suppliers, government, society at large and competing companies. Each of these stakeholders has different interests. At times these interests will conflict. Customers, for instance, have an interest in paying a low price for a good or service, and shareholders have an interest in charging a high price so that their profit increases. Occasionally, the interests of different stakeholders will line up; reducing prices of a good or service may increase the size of a business organization’s customer base, thus both pleasing customers and increasing profits. Nevertheless, it would be wrong to contend that stakeholder interests can be always made to line up (Orts and Strudler 611).

The limitation of the stakeholder theory is that it fails to explain how business executives are able to treat each stakeholder in an equitable manner. How are they to prioritize, or choose between them when critical decisions must be taken which will result in a benefit to one at the expense of another?

The concept of stakeholders appears to be useful in journalism. In news organizations, the stakeholders include shareholders, management, employees (including journalists), readers, listeners and viewers, and also the wider community. Although the stakeholder view has the advantage of extending ethical consideration to all of those affected by a firm’s internal and external activities, it also raises a fundamental dilemma: how to balance the conflicting interests of different stakeholders. One way of balancing this conflicting interest is through ethics in business. Ethics is the study of theories of what is good or bad, right or wrong in human conduct. Business is a kind of human conduct. To this end, Stieb (410) opines that the belief in the separation of business and ethics is absurd; ethics and business cannot be separated as long as there is always conduct that is good or bad in business.

Having examined the conflict between ethics and profit in the light of the shareholder theory and the stakeholder theory – the responsibility of business organization both to its shareholders and stakeholders. In the next section, we shall examine some ethical issues in the business of journalism.

**Ethical Issues In The Business of Journalism**

The journalist is not expected to distort the truth in news reporting. It is the duty of the journalist to have respect for the truth and never to withhold or falsify such facts as he/she knows; either to suit his/her own purpose or that of the news organization he/she works for. Newspapers and electronic media operate under society’s pressures. There are pressures imposed by ownership and control; these are pressures that, directly or indirectly, shape the media policies and the output of the media products. Many of the ethical dilemmas journalists face begin with the inherent conflict between the individual’s role as a journalist and his or her employer’s quest for profit (Richards 119). For the purpose of this paper, we shall examine two of these ethical issues in the business of journalism: conflict of interests and brown envelope syndrome.

**Conflict of Interests**

This ethical issue in business transaction exists when people must choose whether to advance their own interests or those who are depending on them (Ferrell and Hirt 61). Being fair and balanced are core journalistic values. Sometimes, however, other factors can overwhelm that value, especially when the interests of the news organization’s owners are in conflict with the values of balance and fairness. This problem of conflict of interest extends beyond suppressing stories; it also involves actively promoting the company’s interests (Hanson 419). To avoid conflict of interest, journalists must be able to separate their personal finance from their business transactions.

To buttress our point, let us examine a case study. A presidential candidate of the National Party of Nigeria (NPN) in 1982 who visited Calabar to address a political rally had the event captured in one pro-party newspaper, this way:

> Despite the excessive heat in the day, thousands of people enthusiastically stormed Calabar sports stadium yesterday where the NPN torch-bearer was addressing party supporters on “the mission of NPN Second Term Around”. The crowd, numbering over 50,000 people jammed the stadium to capacity and wildly cheered the presidential candidate as he mounted the rostrum acknowledging their support (Etukudo 36).

Another newspaper belonging to an opponent political party reported the same story differently, thus:

> In spite of the bright weather yesterday, only a handful of hired political thugs and stage-managed placard-carrying market women assembled at Calabar sports stadium to listen to the NPN presidential candidate. The relevant crowd, which started dispersing as the NPN candidate, who had already completed an unsuccessful four-year term was making his last minute entreaties, booted him and deserted the stadium
Both news accounts are biased and unbalanced. The journalist is not expected to show favour to any particular side of a controversial issue. These negate the fundamental principle of fairness and balance required in truthful news story.

**Brown Envelope Syndrome**

Another ethical issue is the brown envelope syndrome that is acceptance of gifts from news sources. This happens when a journalist makes financial demands to report an event. Idowu (1996) citing Bamigbetan relates a story that supports this:

The Rt. Rev. Abiodun Adetitoye, Anglican Archbishop of Nigeria, was sighted at Murtala Mohammed Airport, Lagos. Journalists crowded him, asking for interview on issues of national importance. The man of God spoke at length…. His views were newsworthy. But the journalists felt they needed something more to write the news. They asked for “transport money”. The religious man declined (198).

This behavior of Nigerian journalists has been widely criticized in Nigeria as an unethical practice. Though abhorred in all cultures and seen as an impediment to progress and honest business transaction, business men (journalists) themselves have found bribe to be an unavoidable “sin” (Udoidem 615).

Sambe and Ikoni maintain that “in Nigeria we have the idea of “Brown envelopes” which many have code-named “PR” to show appreciation to or induce favours from journalists”(184). The reporter that involves in bribery defines news based on who gives him/her what. The receiving of gratification by journalists, including other forms of unethical practices in journalism distort the definition of news (Nwabueze 159). The journalists are given brown envelope by government ministers, agency, ministry, individual or a corporate organization, to colour the truth, tell a lie, stop or publish a story. If news is published on the basis of brown envelope, how then does the journalist guarantee objectivity and fairness which are fundamental responsibilities of the journalist?

In Nigeria, graft and corruption have become normal way of life for many, not only for political office holders and government officials. Corruption has polluted every section of our national life – from the naked theft of public funds by adults to examination malpractices by school children (Agbese 5). While relating the magnitude of corrupt value system in the Nigeria society, Nwabueze cites Dele Momodu as stating that, “even our society frowns at you if you remain as poor as you went into government” (158). The import of this is that political office holders are expected to be corrupt. The bane of corruption which permeates the larger society has eaten into the profession of journalism. The journalist in order to meet with the challenges of existing meaningfully in such society finds himself/herself fighting with conflicting values both of the society and his/her profession (Nwabueze 158). In an attempt to live, according to the dictate of the corrupt society many journalists engage in activities that are against the norms of their profession. Pressure can cause a journalist to be irresponsible or unethical if the source of the pressure compels the journalist to carry out actions that are contrary to journalistic ethical principles.

One obligation of journalists is to inform the public. To fulfill this obligation, journalists must uphold credibility with the public. But, what credibility can journalists uphold with distortion of the truth, deception and lying? A commitment to truth demonstrates a respect for persons as ends rather than as tools to be manipulated. Distortion of truth, deception or lying to the viewers or readers by news organization usually place self-interest over the interests of others. By and large, a lack of veracity in the communication process places the recipient of the distorted truth at a competitive disadvantage.

**Evaluation**

In Nigerian Media environment, people used to believe almost everything they read in the newspaper or news magazines, but today they appear skeptical of newspaper information. There was a time when the newspaper authenticated what Nigerians considered to be truth in any given situation. Once a person backs up his/her assertions with “It is in the newspaper, if you doubt my statements, I still have a copy of the newspaper” and at that time backing up one’s claim with a publication in the newspaper settled any argument on the veracity of any claim. But, today the story has changed due to the pressure to make profit at all cost.

What we see today are fabrications of story, “headlines” to catch the attention of the readers and viewers. A case study is a headline of one of the dailies Daily News Wire of Monday April 18, 2011 which reads “2011 polls: ACN’s woeful outing- withdraws from A’Ibom guber race – supporters to vote PDP”. There was no truth in this headline; it was intended to mislead the heavy supporters of ACN in Akwa Ibom State and also to increase the sale of the
Okunna citing Ekpu points out the following unethical practices by Nigerian journalists particularly their disregard for truth:

- Have you read some of the evening papers recently? Sheer fabrication. What they sell is what Dr. Adidi Uyo of the Mass Communication, University Lagos calls HEADLIES.
- Have you seen the soft sell magazines recently? Sheer pornography plus anything goes.
- Have you looked at some of the news magazines and seen how wonderful some of the stories are? Sheer apocryphal stuff with no shred of evidence or fact or corroboration (Ethics 85-86).

Due to obsession for unlimited profit for their employers and personal interest, some journalists throw ethics to the winds in the bid to achieve their self-interest. One obligation of journalists is to inform their audiences or readers. To fulfill this obligation, they must maintain credibility with their audiences or readers. But, what credibility can journalists uphold with distortion of truth in news reporting? A commitment to truth is that it demonstrates a respect for persons as ends rather than as tools to be manipulated. Deception usually places self-interest over the interests of others. The reading and viewing public expect journalists and news organizations to report the truth, even when there is no formal agreement to do so. When they fail in this expectation, public confidence is eroded.

In a profession that values truth, is it ethical to distort the truth in order to achieve profit at the expense of the public good? Can deadline, competition for newsbreaks, profits and the need to catch public attention be justified for inaccuracies or distortion of the truth in news reporting? Do journalists and the organizations they work for have anything to benefit by reporting truthful stories?

Profit making is unquestionably one of the reasons news organizations are in business. Some news organizations are in business basically to maximize profit. It is imperative to note that many newspapers and broadcast stations are not in business because of high and lofty ideals; they are there to make a profit for their shareholders. With profit as the motive for owing and running a news organization, it can hardly be surprising that owners and editors, want to present news that costs as little as possible to gather, and yet provides that largest audience and thereby the highest revenue return possible (Frost 45).

It is a known fact that profit is what keeps any business organization in business. Nevertheless, business executives require to be conscious of the risk of seeing profit making as the only motive for being in business. Reporting news stories without regard to ethics and truth might work well for a short time, but since the aim of journalism is to report the truth, the trust a reader/viewer has for the journalism would soon disappear and this implies low or no patronage in the future. In other words, when the only drive of a news organization is to make profit without regards to ethics, it may accelerate the attainment of its aim in the short run, but the news organization may lose in the long run. Newspaper and other media of mass communication operate under society's pressures. There are pressures imposed by ownership and control; these are pressures which are political, business and ethnic in nature. These pressures, directly or indirectly, shape the media policies and the output of the media products. Pressure, Okunna opines “can cause journalists to be irresponsible or unethical if the source of the pressure compels the journalists to carry out actions that are contrary to journalistic ethical principles” (Ethics 90). There is no doubt that many journalists and news organizations have lost credibility by succumbing to these pressures. Maintaining credibility with the public is a condition that sustains a news media organization.

To be credible is to be believable and worthy of trust. Credibility is a fragile commodity, and, in today’s highly competitive and permissive environment, its preservation is sometimes tedious. Nevertheless, our faith in credibility as an energizing force must remain undiminished because the fact remains that a lack of trust can be deleterious to both individual journalists and news organization (Day 10). Trust has emerged as a key issue in business and is surely just as central to the world of journalism. After all, how can journalists and the news organizations their work for have credibility with audiences or readers without their trust?

A general disregard for ethics in the business of journalism can prompt some kinds of unethical business practices in journalism. The pursuit for unlimited profit has led to a lot of compromise, distortion of truth in news stories and half-truths getting to a disturbing point. Citing a case with the Daily Times, a one time foremost newspaper in Nigeria. Idowu, in a book chapter “The Trouble with Daily Times”, observes this disturbing state:

The workers threatened not to board the company’s staff buses unless the company’s name was wiped off from the buses. Even the company’s cars were no longer branded. It was meant to be a precautionary measure to save the staff and the company’s vehicles from being attacked by an irate public
which could not reconcile itself to the half truths being published in the Times. The company heeded the workers’ call (15).

Undoubtedly, this might account for one of the reasons for the collapsed of this news organization. Any news organization which produces factual errors, distort the truth or misleads; and fails to correct the mistake as soon as possible will gradually lose the trust and patronage of its consumers. Unethical business practices do not only scare away consumers and investors, but they also hurt the image of business organizations.

It can be argued that when ethical values guide the everyday running of a business organization, such an organization is likely to achieve better profit and sustainability. Ethics in business will command greater trust from business organization stakeholders and become more successful. Some business organizations have failed and collapsed due to unethical business practices.

Conclusion

Journalists and the organizations they work for will continue to face the challenge of striking a balance between ethics and profit maximization. However, for those who manage to integrate ethics in business, their businesses will achieve a competitive edge. A business organization should be managed ethically for several reasons: to maintain a good reputation; to keep existing customers; to attract new customers; to avoid lawsuits; to reduce employee turnover; to please customers, employees and society; and simply to do the right thing.

Ethics in business will command greater trust from news organization stakeholders and this will in turn bring about profits. Therefore, if journalists and the news organizations their work for desire their organization to have a competitive edge, they must invest in ethics. The goal of a business is not just to earn profit; to be successful in the long run, business organizations need to be ethical in dealing with customers, employees, investors, the community, and society.

Works Cited


<http://www.sage-ereference.com/ethics/Article_n657.html>
CALL FOR PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There’s no deadline for submission. Prospective authors of IISTE journals can find the submission instruction on the following page: http://www.iiste.org/Journals/

The IISTE editorial team promises to the review and publish all the qualified submissions in a fast manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library , NewJour, Google Scholar