Improving and Promoting Ethical Behavior In Business Relations

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Abstract
Guided by utilitarian theory of ethics and one objective the study investigated the effect of unethical conduct on performance of some selected business organization in southern Nigeria. The study adopted survey research design. Data were collected through secondary source and these were complemented by interview conducted among some employees and other stake holders of the organization of study. Among others, the findings revealed that inordinate ambition and greed are the root causes of unethical practices among people in various organizations. It was concluded that unethical practices apart from affecting organizational profitability equally affect organizational corporate image, It was recommended that business and practitioners should from time to time organize seminars and workshops with a view to educating the workers and other stakeholders about the negative effect of unethical business practices. Government should enact laws aimed at punishing people that indulge in unethical business practices.
Keywords: Ethics, Utilitarian Theory, Corporate Image, Inordinate Ambition, Profitability

1. Introduction
Dishonesty is an ugly word. It is both retributive and retroactive. Dispensers need to be pitied rather than censured, because their future is in their hands.
The conduct of business is with respect to Nigerian organizations shrouded in numerous unethical practices. Several cases evidencing this assertion are found in many organizations like banks, manufacturing companies, service oriented organizations, etc. Several cases of bank failures experienced in Nigeria in early 2000s were caused by unethical practices exhibited by employees, management and other stakeholders. Equally, companies like Nigercem, Niger Steel, AVOP, Oghe cashew industry, Ikenga Hotels, Presidential Hotel Enugu, etc, all failed because of unethical practices in private sector organizations in Nigeria, unethical practices are exhibited by the operators. For instance, some dubious traders in Ogbette market Enugu cheat their customers by using faulty scales in measuring rice, beans and other consumable food items. With respect to banks, there were cases where some bank employees collaborate with some of the directors to embezzle customers' money entrusted in their care.

In government ministries and parastatals, there are cases of misconduct in employee selection, motivation, training, promotion, and transfer, and even in the administration of other fringe benefits. In fact, case of unethical practices in both private and public sector organization in Nigeria are too numerous to mention. Based on these ugly incidents, this study is set to investigate the main reason people indulge in unethical practices in the conduct of their businesses so as to ascertain the effect on corporate profitability and on the image of the organization.

1.2 Statement of the Problem
The conduct of business in many Nigerian organizations is inundated with a lot of unethical practices. These unethical practices include cheating, lying, using faulty scales for measurement, deceiving the customers/clients, etc. On the short run, the effect of this conduct is quick profit which is ephemeral. On the long run, however, the effect on the organization include bad reputation, loss of customer loyalty, and low profit generation. Besides, it may trigger off high employee turnover essentially because some of the employees may lose confidence in the management and decide to leave the organization.
In addition, foreign investors may be unwilling to invest in the country. The net effect of this ugly act is low economic growth and development. Based on the above scenario, therefore, this paper seeks to investigate the effect of unethical practices in selected business organizations in Nigeria.

1.3 Objective of the Study

The broad objective of the study is to ascertain the cardinal reason that propel people to exhibit unethical practices in the conduct of their business so as to determine its effect on corporate image and profitability of the organization.

2. Conceptual Framework

By definition, ethics is the study of morality. Ethics are beliefs about what is right and wrong, or good and bad. An individual's personal values and morals and the social context in which it occurs determine whether a particular behavior is seen as being ethical or unethical. In other words, ethical behavior is behavior that conforms to individual beliefs and social norms about what is right and good. Anything otherwise is unethical behavior. Business ethics is a term often used to refer to ethical or unethical behavior by a manager or employee of an organization (Ebert and Griffin, 2003).

Because ethics are based on both individual beliefs and social concepts, they vary from person to person, from situation to situation, and from culture to culture. Social standards, for example, tend to be broad enough to support certain differences in belief. Without violating the general standards of the culture, therefore, individuals may develop personal codes of ethics that reflect a fairly wide range of attitudes and beliefs. Thus, what constitutes ethical and unethical behavior is determined partly by the individual and partly by culture.

2.1 Company Practices in Ethics

Organizations try to promote ethical behavior and discourage unethical behavior in various ways. As unethical and even illegal activities by both managers and employees plague more and more companies, many firms have taken additional steps to encourage ethical behavior in the workplace. Many, for example, establish codes of conduct and develop clear ethical positions on how the firm and its employees will conduct their business. Indeed, the single most effective step that a company can take is to demonstrate top management support. For instance, when United Technologies, a Connecticut-based industrial conglomerate, published its 21-page code of ethics it also named a Vice President for business practices, (www.cnn.com/TECH/computing/9906/22/ethics.ent.idg,2011.

In addition to demonstrating an attitude of honesty and openness, firms can also take specific and concrete steps to formalize their commitment to ethical business practices. Two of the most formal approaches to formalizing commitment are:

a) Adopting written codes, and
b) Instituting ethics programs.

Adopting Written Programs: Many companies, for example Johnson & Johnson, Texas Instruments**.**(www.ti.com/corp/docs/company/ethics),..McDonald's(www.macspotlight.org/company/publicatjons), Starbucks (www.starbucks.com) and Dell Computers (www.dell.com), have adopted written codes of ethics that formally acknowledge their intent to do business in an ethical manner. The number of such companies has risen dramatically in the last three decades, and today virtually all major corporations have written codes of ethics.

Instituting Ethics Programs: Instances abound that show that ethical responses can be learned through experience but can business ethics be taught, either in the workplace or in school? Not surprisingly, business schools have become important players in the debate about ethics education. Most analysts agree that even though business schools must address the issue of ethics in the workplace, companies must take the chief responsibility for educating employees. In fact, more and more firms are doing so.

As a matter of fact, both ExxonMobil (www.exxonmobil.com/overview/) and Boeing (www.boeing.com/companyoffices/aobutus/ethics) have major ethics programs. Managers must be made to go through periodic ethics training to remind them of the importance of ethical decision-making and to update them on the most current laws and regulations that might be particularly relevant to their firms. Others, like Texas Instruments, have ethical "hot lines" — numbers that an employee can call, either to discuss the ethics of a particular problem or situation, or to report unethical behavior or activities by others. Of course, no code, guideline, or training program can truly substitute for the quality of an individual's personal judgment about what is right behavior and what is wrong behavior in a particular situation. Such devices may prescribe what people should do, but they often fail to help people understand and live with the consequences of their choices. Making ethical choices may lead to very unpleasant outcomes — firing, rejection by colleagues, and the forfeiture of monetary gain, to name a few. Thus, managers must be prepared to confront their own conscience and weigh the options available when making difficult ethical decision (Dill, 2002)

2.2 The Importance of Ethical Issues in Business

Our ability to recognize ethical issues is the most important step in understanding business ethics. An ethical issue_is an identifiable problem, situation, or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. In business, such a choice often involves weighing monetary profit against what a person considers appropriate conduct. The best way to judge the ethics of a decision is to look at a situation from a customer's or competitor's viewpoint: Should a car manufacturer make unsubstantiated claims about how many miles per gallons the car can go on the highway/city? Should a graduate student agree to plagiarize in his dissertation even if it would make his presentation look very academic? Should a pharmaceutical salesperson omit facts about a drug's side effects in his presentation to customers? Such questions require the decision maker to evaluate the ethics of his or her choice.

Many business issues may seem straightforward and easy to resolve on the surface, but are, in reality, very complex. A person often needs several years of experience in business to understand what is acceptable or ethical. For example, if you are a salesperson, when does offering a gift — such as a Christmas basket — to a customer become a bribe, rather than just a sales practice? Clearly, there are no easy answers to such a question.

Ethics is also related to the culture in which a business operates. In the United States, for example, it would be inappropriate for a business person to bring an elaborate wrapped gift to a prospective client on their first meeting — the gift could be viewed as a bribe. In Japan, however, it is considered impolite not to bring a gift. Experience with the culture in which a business operates is critical to understanding which is ethical or unethical (http://www.ethics.org,2008

2.3 Categorizing Causes of Unethical Behavior

One of the principal causes of unethical behavior in organizations is overly aggressive financial or business objectives. Many of these issues relate to decisions and concerns that managers have to deal with daily. We will look at and categorize five of them thus:

a. Abusive and Intimidating Behavior
b. Conflict of Interest
c. Fairness and Honesty
d. Communications, and
e. Business Associations

We shall briefly discuss the categories.

a) **Abusive and Intimidating Behavior**

This is the second most common ethical problem for employees. These concepts can mean anything from physical threats, false accusations, being annoying, profanity, insults, yelling, harshness, ignoring someone, to unreasonableness; and the meaning of these words can differ by person. Abusive behavior can be placed on a continuum from a minor distraction to a disruption of the workplace, and it is often difficult to assess and manage because of diversity in culture and lifestyle. For instance, if you are using words that are normal in your language but others consider profanity, will it amount to insulting, abusing or disrespecting them?

b) **Conflict of Interest**

This is the most common ethical issue identified by employees, and it exists when a person must choose whether to advance his or her own personal interest or those of others. For instance, a manager in a corporation is supposed to ensure that the company is profitable so that its stockholders receive a return on their investment. In other words, the manager has a responsibility to investors. If he instead makes decisions that give him more power or money, but do not help the company, then she has a conflict of interest — she is acting to benefit himself at the expense of his company and is not fulfilling his responsibilities as an employee. To avoid conflict of interest, employees must be able to separate their personal financial interests from their business deals.

As mentioned earlier, it is considered improper to give or accept bribes — payments, gifts, or special favors intended to influence the outcome of a decision. A bribe is a conflict of interest because it benefits an individual at the expense of an organization or society. Companies that do business overseas should be aware that bribes are a significant ethical issue and are, in fact, illegal in many countries. For example, three former executives of Korea went to jail in Seoul after being convicted of using bribes to win orders for computer parts. http://online.wsj.com,2004). While bribery is an increasing issue in many countries, it is more prevalent in some countries than in others. Although illegal in Nigeria, it is overwhelmingly the normal practice in virtual all organization, private and public.

c) Fairness and Honesty

These are at the heart of business ethics, and relate to the general values of decision makers. At a minimum, business persons are expected to follow all applicable laws and regulations. But beyond obeying the law, they are expected not to harm customers, employees, clients, or competitors knowingly through deception, misrepresentation, coercion or discrimination. Honesty and fairness can relate on how the employees use the resources of the organization. More than two-thirds of employees have taken office supplies from work to use for matters unrelated to their jobs. Employees should be aware of policies on taking items and recognize how these decisions relate to ethical behavior.

One aspect of fairness relates to competition. Although numerous laws have been passed to foster competition and monopolistic practices illegal, companies sometimes gain control over markets by using questionable practices that harm competition. Bullying can also occur between companies that are intense competitors.

Another aspect of fairness relates to disclosure of potential harm caused by product use. Mitsubishi Motors, a well-known Japanese automaker, faced criminal charges and negative publicity after executives admitted that the company had systematically covered up customer complaints about tens of thousands of defective automobiles over a 20-year period. They allegedly made the cover-up in order to avoid expensive and embarrassing product recalls, (Kageyama, 2000).

Dishonesty is not found only in business, however. A survey of nearly 25,000 high schools students revealed that 62 percent of the students admitted to cheating on an exam at least once; 35 percent confessed to copying documents from the Internet, 27 percent admitted to shoplifting, and 23 percent owned up to cheating in order to win in sports, (Josephson, 2004). If today's students are tomorrow's leaders, there is likely to be a correlation between acceptable behavior today and tomorrow.

d) **Communication**

This is another area in which ethical concerns may arise. False and misleading advertising, as well as deceptive personal-selling tactics, anger consumers and can lead to failure of a business. Truthfulness about product safety and quality are also important to consumers.

Also, some companies fail to provide enough information for consumers about differences or similarities between products. For example, driven by high prices for medicines, many consumers are turning to Canadian, Mexican and overseas Internet sources for drugs to treat a variety of illnesses and conditions. However, research suggests that a significant percentage of these imported pharmaceuticals may not actually contain the labeled drug, and the counterfeit
drugs could even be harmful to those who take them, (Harris and Davey, 2004).

e) Business Relationships

The behavior of business persons toward customers, suppliers, and others in their workplace may also generate ethical concerns. Ethical behavior within a business involves keeping
company secrets, meeting obligations and responsibilities, and avoiding undue pressures that may force others to act unethically.

Managers, in particular, because of the authority of their position, have the opportunity to influence employees' actions. For example, a manager might influence employees to use pirated computer software to save costs. The use of illegal software puts the employee and the company at legal risk, but the employee may feel pressured to do so by their superior's authority. The National Business Ethics Survey found that employees who feel pressure to compromise ethical standards view top and middle managers as the greatest source of such pressure.

2.4 Advancing Ethical Behavior

Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because the prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of rules and standards. According to the National Business Ethics Survey (NBES), employees in organizations that have written standards of conduct, ethics training, ethics offices or hotlines, and systems for anonymous reporting of misconduct are more likely to report misconduct when they observe it. The survey also found that such programs are associated with higher employee perceptions that they will be held accountable for ethical infractions, (http://www.ethics.org, 2008). The enforcement of such codes and policies through rewards and punishments increases the acceptance of ethical standards by employees.

One of the most important components of an ethics program is a means through which employees can report observed misconduct anonymously. The NBES found that although employees are increasingly reporting illegal and unethical activities they observe in the workplace, 54 of surveyed employees indicated they are unwilling to report misconduct because they fear that no corrective action will be taken, or that their report will not remain confidential. His lack of anonymous reporting mechanisms may encourage whistle blowing, which occurs when an employee exposes an employer's wrongdoing to outsiders, such as the media or government regulatory agencies.

2.5 Empirical Review

Research on ethics studies focus on behavior that exceed minimum standards of morality, such as charitable giving, or whistle-blowing, which occurs when employees expose illegal and/or unethical actions by their employer. Other studies focus in behaviors that fall below minimum standards of morality, such as lying and cheating (Trevino, Weaver and Reynolds, 2006). Regardless of the area of focus, unethical acts are of concern to us, and are so common in organizations. For example, recent surveys suggest that 76 percent of employees have observed illegal or unethical conduct on the job within the past 12 months (Covey, 2006).

Acceptability of behavior in business is determined by customers, competitors, government regulators, interest groups, and the public, as well as each individual's personal moral principles and values. ENRON, one of the largest ethical disasters in the 21st century, is an example. Two former ENRON Chief Executive Officers, Ken Lay and Jeff Skilling were found guilty on the counts of conspiring to hide the company's financial condition. The fall of the company took many layers of management pushing the envelope and a great deal of complacency on the part of employees who saw wrongdoing and ignored it. ENRON is not alone. Most unethical activities within organizations are supported by an organizational culture that encourages employees to bend the rules (Farrell, 2066).

The most basic ethical concerns have been codified by laws and regulations that encourage businesses to conform to society's standard, values and attitudes. For instance, after accounting scandals at a number of well-known firms in the early 2000s shook public confidence in the integrity of Corporate America, the reputation of nearly all U.S. companies suffered, regardless of their association with the scandal (Alsop, 2004). To help restore confidence in corporations and markets, congress passed the Sarbanes-Oxley Act, which criminalized securities fraud and stiffened penalties for corporate fraud. It was passed to strengthen the public perceptions and beliefs that ethical standards and the level of trust in business needed to be raised.

It is worthy to state that ethical issues are not limited to for-profit organizations alone. In government and public service, several politicians and high-ranking officials have been forced to resign in disgrace over ethical indiscretions. A good example would be the New York governor, Eliot Spitzer, who had a reputation for fighting crime. He stumbled into an ethical mess of his own making. The New York governor appeared in a federal complaint charging others with managing an international prostitution ring. Spitzer was named as a client of the crime ring, having hired a prostitute in Washington, D.C. for $4,300 (Cohen and Efrati, 2008). Spitzer resigned as governor of New York, his career destroyed by his misconduct. Even sports can be subject to ethical lapses. At many universities, for example coaches and athletic administrators have been put on administrative leave after allegations of improper recruiting practices came to light, (http://sportillustrated.com. 2004). Thus, whether made in science, politics, sports, or business, most decisions are judged as right or wrong, ethical or unethical. Negative judgments can affect an organizations' ability to build relationships with customers and suppliers, attract investor, and retain employees (Ferrell, Fraedrichs and Ferrels, 2005).

2.6 Theoretical Framework

This study is in anchored on utilitarian ethical theory which is founded on the ability to predict the consequences of an action to a utilitarian, the choice that yields the greatest benefits to the most people is the choice that is ethically correct. On benefit of this ethical theory is that the utilitarian can compare similar predicted solutions and use a point system to determine which choice is more beneficial for more people. This point system providers a logical and rational argument for each decision and allows a person to use it on a case-by-case context (Ridley, 1998;Penslar, 1995).

3. Methodology

The research design adopted for this study is survey research design. This is essentially because the population is large and as such survey design is deemed appropriate for the study. Data were collected mainly from secondary source and these were complement by the opinions and views of some selected workers of various organizations of study.

The model of the study is theory-driven model. The data were adjudged valid and reliable because of the sub-terrain reason that is anchored on the sources. The organizations of study are selected banks and some selected manufacturing films in Southern Nigeria

4. Findings

The findings of the study revealed that inordinate ambition is the cardinal reason why many people engage in unethical practices in the conduct of their business.

In addition to inordinate ambition, greed is another variable that was found to be responsible for unethical practices among Nigerian business practitioners.

5 Conclusion

The conclusion of the study is rooted on the biblical saying that, '…whatever a man sow, he will reap (Gal. 6:7). This is essentially because it is discovered that all business organizations whose activities and conduct are not carried out in an ethical manner may make little progress at the beginning but later often crash.

Ethical scandals have become almost commonplace in today's world. Ranging from business and sports to politics and the entertainment industry, these scandals have rocked stakeholder confidence and called into question the moral integrity of our society. Let us quickly add that most women and men today conduct themselves and their affairs in accordance with high ethical standards. Therefore, as we conclude our discussion on the several emerging ethical issues in organizations, it is important to remember that one cannot judge everyone by the misbehavior, transgressions and dishonesty of a few. For every unethical senior manager, of course, there are many highly ethical ones.

The current trend is to move away from legally-based ethical initiatives in organizations to cultural- or integrity-based initiatives that make ethics a part of core organizational values. Organizations recognize that effective business ethics programs are good for business performance. Firms that develop higher levels of trust function more efficiently and effectively and avoid damaged company reputations and product images. Organizational ethics initiatives have been supportive of many positive and diverse organizational objectives, such as
profitability, hiring, employee satisfaction, and customer loyalty. Conversely, lack of
organizational ethics initiatives and the absence of workplace values such as honesty, trust and integrity can have a negative impact on organizational objectives and employee retention.

5. Recommendations

Based on the findings, the following recommendations are made:-

1. Business owners and practitioners should from time to time conduct seminars and workshops to the workers and all the stakeholders of their organizations. The seminars and workshops will be designed in a such a way as to emphasize the negative effect of unethical conduct and practices in organizations.
2. Government should enact law that is centered on punishing any person or group of persons who engage in unethical practices in the conduct of their businesses.

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