

PHILOSOPHICAL PERSPECTIVE IN NIGERIAN GOVERNMENT  
BUSINESS

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**Abstract**

*This paper focuses on the ethical and philosophical perspective in Government Business and how it affects the society within the context of the Nigerian Economy. However, the level of ethical conduct in the Nigerian State-owned Enterprises is unacceptable low, given all the mismanagement, misappropriation and embezzlement of funds, fraudulent awards of contracts and wanton bribery among these State-owned Enterprises. This article further identified six deliberate areas that the Nigerian Public Enterprises have minimal or no consideration for ethical standards. These areas are: inability to maintain standard of service; indiscipline and corruption in these Enterprises; lack of courtesy at all times; failure to provide choice and consult the citizen where possible; no value for money paid for; and failure to put things right when they go wrong. This article by way of concluding the discussion suggests that Nigerian Government can do a number of things if they are serious about reducing the fiscal deficits of the government over the years, generating funds needed for investment in key sectors, improving efficiency of these enterprises by putting a renewed emphasis on the consideration for ethical standards that cuts, across the entire enterprises.*

The fact that business ethics is probably as old as trade itself, there still exist a considerable confusion on “what is business ethics?”. The simply reason behind this is that ethics is a moral issue, while moral issues differ from society to society, that is what is morally acceptable in a particular society may not be morally acceptable in another society. This however, has made the concept “business ethics” very difficult to define conceptually as there is no universe consensus on what business ethics should be.

Nevertheless, ethics has to do with what is morally “good or bad” depending on what the people of the society has agreed upon to be morally “good or bad”. While business ethics intellectual roots are found in the corporate social responsibility (CRS) and business – and – society literature originating in law and in business in the early and middle 20<sup>th</sup> century (Berle and Means, 1932).

The paper however, focuses on the ethical and philosophical perspective in Government Business and how it affects the society within the context of the Nigerian economy. It starts with a conceptual analysis of the term Government Business, followed by the theoretical review on ethical and philosophical issues and, an overview of ethical and philosophical practices in Government business in Nigeria. This is followed by the conclusion.

### **The Concept of Government Business in Nigeria**

Khan (2005) argues that the aftermath of the World War II has prompted both the developed and developing countries to create numerous Government Business (which this working paper has also conceptually called Public Enterprises) in order to address the market deficits and capital short-falls, promote economic development, reduce mass unemployment and/or ensure national control over the overall direction of the economy especially in developing countries. The relevance of this, was also to provide capital and technology to strategic areas where the private sector either shied away from or lacked the capacity to invest (such as heavy industries, infrastructure etc).

Examining the role of the State on the lives of people as a universal phenomena in both capitalist and as well as socialist economies of the world, Basu (2005) in his own submission concluded that the public enterprises or government businesses were designed to correct the economic and social imbalance through investment, production, trade, distribution and consumption. Certainly, the state intervention through application of instrumentality such as creating public enterprises or Government businesses serves as catalyst to socio-economic development of the economy.

However, traditionally, the public enterprises or government businesses can be regarded as lubricating oil to the wheel of the economy. While technically, public enterprises/government businesses are legally constituted bodies operating services of an economic and social character or both on behalf of the government (Ezeani, 2006). The major characteristics of public enterprises/government business as highlighted by Ifechukwu (2009) are;

1. Government total or substantial ownership of the enterprise.
2. The public enterprise is part of the public sector or government apparatus. It is therefore under government control.
3. Engagement in the production of goods and services for sale.

These major features as stated above tend to differentiate between public enterprises and the private enterprises or ventures.

The reasons for establishing the public enterprises both in the developed and developing countries or capitalist and socialist economies are more or less similar. For instance, the Bureau of Public Enterprises in Nigeria gave the reason as: shortage of local capital for expansion and technological improvements; control of commanding heights by government to prevent a few elite enriching themselves at the expense of majority of Nigerians; correction of market failure resulting from public monopoly and misallocation of public enterprises resources; facilitating regional development through location of public enterprises and their branches; job creation; and provision of social services.

According to Asaolu and Oladele (2006) public enterprises often take two forms of evolution. These are; (i) Evolution from local responses and adjustments to ad-hoc economic crisis –specific shortages, flagrant abuse of monopoly or oligopoly powers by private producers, economic bottlenecks and scarcities, apparent market failures in resources allocation, etc and , (ii) Evolution from the process of a carefully planned body of the ideas. Issues involved-management, finance, control, pricing, etc, are examined, studied and defined in advance.

Public enterprises are perceived as effective instruments for economic and social development of any economy. Based on this axiom, that the survival, continuity and existence of individual members in any society is solely determined by the significant role played by the State to promote the well-being of her citizen. These are carried out in most cases through the state-owned enterprises or public enterprises. Activities carried out through these mediums include; transport, health facilities, telecommunication, port services, energy, provision of good water and many other essential services. This in turn affects the economic structure of the nation or country.

To this end, it is believed that governments have established these enterprises because they are strong developmental instruments for economic and social development. In Nigeria, such developmental instruments have also been deployed through legislative acts/ordinance/decrees.

### **Theoretical Review of Ethical and Philosophical Issues**

Ethics is still one of the most difficult concepts to define at the universal level. Ethics has been construed to mean different things to different people and society. Ethics in a nutshell, is moral reflection. DeGeorge (1982) defines the concept “ethics” as “a

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theory of morality which attempts to systematize moral judgments and establish and defend basic moral principles.” However, this definition depicts that ethics issues are subjective in nature based on the fact that it is the individuals or a particular society that set the moral or value principles to turn out to judgment about ethical behaviour. According to Perry (1995) “ethics is concerned with decisions or actions of importance to human beings, specifically, with those value judgments concerning the problems of life. Perry went further to stress it that ethics is concerned with determining whether behaviour is right or wrong and with whether the results of a decision are good or bad from a moral point of view.

To further the understanding of ethics, Chandan (1987) in his reaction did not define the concept, but he went ahead to say “while it is difficult to draw specific guidelines that would categorize ethical and non-ethical conduct, some general guidelines can be established that would define ethics through accepted norms of the society.”

All of the above arguments then suggest that business ethics is the applied ethics discipline that addresses the moral features of commercial activity (Stanford encyclopedia of philosophy, 2008). Business ethics are concerned with the concept of right and wrong, fair and unfair, just and unjust; these are crafted or reflected by either the organizational policies or by the social reactions (Chandan, 1987).

Kreitner (1983) in his contribution to the subject “business ethics” has revealed three ethical pressure points for management. These are:

- a. **Pressure From Above:** Most people succumb to pressure from superiors in doing things that they might find unethical otherwise. For example, when a boss tells his secretary to tell a lie which otherwise she would not want to do. Brenner and Earl (1977) in the outcome of their research stated that “respondents frequently complained of superior’s pressures to support incorrect viewpoints, sign false documents, overlook superior’s wrong doings and do business with superior’s friends. Some managers are under so much pressure to achieve results that they sometimes have to compromise their principles and integrity (Chandan, 1987).
- b. **Comparative Conceptual Disparity:** Studies according to Chandan (1987) have shown that managers consider themselves more ethical than their peers. For instance, the research findings of Newstrom and Ruch (1975) concluded that “if managers believe... that they are more ethical than their peers. They may easily justify some indiscretions on the basis of everybody is doing it or it is not as bad as what others are doing.” Chandan, (1987) however, suggested that managers must be aware of this perceptual difference so that they can make the objective decisions when faced with an ethical question.
- c. **Ambiguous Situations:** According to Chandan (1987) managers are sometimes faced with situations which are ethically ambiguous without any clear-cut ethical

guidelines. These ambiguities can be avoided if the organization sets up a clear code of ethics which should be formal and specific.

Scholars in the field of ethics and philosophy on the wider spectrum have also identified two approaches in determining the ethical connotations of activities as evaluated relative to accepted social norms. These philosophical approaches to ethical conduct are;

- (i) **The Deontological Approach:** According to DeGeorge (1982) “The deontological approach is built upon the premise that the “duty” is the basic moral category and that the duty is independent of the consequences. An action is right if it has certain characteristics or is of a certain kind and wrong if it has other characteristics or is of another kind”. This approach does not evaluate consequences. Example of this according Chandan (1987), if a person lies to save his life, it is the lying that has to be ethically evaluated and not the end-result of this activity which was a life saved.
- (ii) **The Teleological Approach:** This approach determines the moral conduct on the basis of the consequences of an activity. Whether an action is right or wrong would depend upon the judgment about the consequences of action (Chandan, 1987). Example of this, according to Luther et al (1984), lying to save one’s life would be ethically acceptable. Some of the philosophers supporting this view are 19<sup>th</sup> Century philosophers John Stuart Mill and Jeremy Bentham. They proposed that the ethics and morality of an act should be judged on the basis of their ultimate utility.

Evidences have also shown that quite a number of organizations and enterprises are operated without respect for ethical practices based on the fact that ethical business practices depend on individual managers as well as the organization’s value, policies, and practices. Arising from the above submission, Daft (2008) suggested that managers can take active steps to ensure that the enterprise or company stays on an ethical footing by infusing the three pillars that support an ethical organization. These three pillars according to Daft (2008) are:

- i. **Ethical Individual** – Act with integrity, behave honestly, inspire trust, treat people right, play fair and have high level of moral development of others.
- ii. **Ethical Leadership** - Be a role model, uphold ethical values in the organization, communicate about ethics and values, reward ethical behaviour and swiftly discipline unethical behaviour.
- iii. **Structure and Systems** – the third pillar of ethical organization is the set of tools that managers use to shape values and promote ethical behaviour throughout the organization. Three of these tools are codes of ethics, ethical structures, and mechanisms for supporting whistle-blowers.

Robbins and Coulter (2008) also see the need to identify and examine the factors that affect ethical and unethical behaviour among employees within the enterprises or organization. They concluded by identifying the factors that influence whether individual behave ethically or unethically when faced with ethical dilemma as a result of complex interactions between the stage of moral development and several moderating variables including individual characteristics, the organization's structure design, the organization culture, and the intensity of the ethical issue.

Aluko et al (2007) in another dimension on the subject "business ethics" posit that top executives that are serious about maintaining good ethical practice in their organization should imbibe the following practices:

- i. The ethical code should be in written form, specifying what constitutes right or wrong behavior in the organisation;
- ii. Top management should seek information relating to ethical practice and not just details of cost and profit;
- iii. Executives should consider the establishment of specific job positions responsible for enforcing the ethical codes of their organizations;
- iv. Top executives should act as strong role models for lower-level personnel.

Since there still seems to be difficult in arriving at generic definition of what business ethics should be universally, literatures in this field has encouraged organizations whether small, medium or large, that operate all over the globe to have a code of ethics. A code of ethics is a formal statement of the company's values concerning ethics and social issues; it communicates to employees what the company stands for (Daft, 2008). Operationally, codes of ethics tend to exist in two types. According to Daft (2008), these are:

- i. Principle-based statement: designed to affect corporate culture, they define fundamental values and contain general language about company responsibilities, quality of products, and treatment of employees.
- ii. Policy-based statement: generally outline the procedures to be used in specific ethical situations. These situations include marketing practices, conflicts of interest, observance of laws, proprietary information, political gifts and equal opportunities.

In sum, codes of ethics state values or behaviour expected and those that will not be tolerated, backed up with management action.

### **An Overview of the Ethical and Philosophical Practices in Government Business in Nigeria**

Government business or public enterprises sector as the case may be, is quite large in Nigeria. These public enterprises cut across agriculture, manufacturing, transport, commerce, mining, and other essential service activities. The major reasons and motives for the creation and establishment of these enterprises by the Nigerian government were due to shortage of local capital for expansion and technological improvements; control of commanding heights by government to prevent a few elite

enriching themselves at the expense of majority of Nigerians; correction of market failure resulting from public monopoly and misallocation of public resources; facilitating regional development through location of public enterprises and their branches; job creation and provision of social services (Bureau for public enterprises). With these charming reasons above, it can deduced that these enterprises serve as catalyst to economic development of the country. In another dimension, those enterprises can be regarded as lubricating oil to the wheel of the Nigerian economy.

However, to a critical eye, there seems to be the contrary in the Nigerian experience. This being the truth of the Nigerian case can be associated with the collapse of ethical standard in virtually every aspect of its national life (Adegoroye, 2005). The level of ethical conduct in the Nigerian public enterprises which is the nub and concern of this paper is unacceptable low, given all the mismanagement, misappropriation and embezzlement of funds, fraudulent awards of contracts and wanton bribery among these state owned-enterprises (Aluko et al, 2007). This unethical practice of the Nigerian Public Enterprises is well captured by the Nigerian Bureau of Public Enterprises:

“There are virtually no public enterprises in Nigeria today that function well. While they were created to alleviate the short-coming of the private sector and spearhead the development of Nigeria, many of them have stifled entrepreneurial development and fostered economic stagnation. NITEL, NEPA and the Nigerian National Petroleum Corporation (NNPC) are the best examples of these. Public enterprises have served as platforms for patronage and the promotion of political objectives, and consequently suffer from operation interference by civil servants and political appointees”.

In effect, the above capture depicts that the Nigerian public enterprises have minimal or no consideration for ethical standards. To argue this further, this paper, has identified six deliberate areas that the Nigerian Public Enterprises have minimal or no consideration for ethical standards. These areas are:

- i. Inability to maintain standard of service;
- ii. Indiscipline and corruption in these Enterprises;
- iii. Lack of courtesy at all times;
- iv. Failure to provide choice and consult the citizen where possible;
- v. No value for money paid for; and
- vi. Failure to put things right when they go wrong.

### **Inability to Maintain Standard of Service**

It is apparent that one of the critical reasons and if not the only reason of creating the public enterprises both in the socialist and capitalist economies is to provide the most efficient and satisfying services at the highest standard to every of her citizen. But the Nigerian experience is not, most of her enterprises have failed to deliver efficient and expected service as demand by her citizens. Examples of these enterprises in Nigeria are; NEPA, Government-owned Hospitals, Water Corporations, NITEL,

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NNPC, etc. Nigerian citizens have suffered in the hands of these so called “Great and Mighty Enterprises”. Let us consider this excerpt and see how most of these enterprises have failed Nigerians. NEPA as an enterprise in Nigeria now called “Power Holdings Company of Nigeria” has ever decided to hold power supply in order to increase impoverishment among Nigerians and, to promote mass unemployment. The effect resultant of this poor delivery of service by the PHCN as aforementioned has led most of the firms operating in Nigeria both at Multinational, medium and small scale fronts who can no longer foot their daily bills on the purchase of the Automotive Gas oil (popularly known as Diesel) used as alternative for power supply to carryout their day-to-day work activities to seek for antidote for survival since they are established for profit-making reasons. The antidote deployed by these firms specially the manufacturing firms was to lay-off substantial numbers of their employees to minimize their cost while others have only the option to end the business since the operations of these businesses were becoming unprofitable. This poor delivery of service by this same enterprise has also demotivated young and brilliant oriented entrepreneurs with good innovative business ideas who will have contributed towards the socio-economic development of the Nigerian economy, as the major mode of operations will solely lie on the availability of power supply.

The same dispositions are also found among the other Nigerian Public enterprises. For instance, many of the State owned hospitals have sent many Nigerians to their early grave because of poor delivery of service. The question then is, is this morally “good or bad”? Where certainly, there are national ethics in existence.

### **Indiscipline and Corruption in these Enterprises**

The public enterprises sector in Nigeria based on wanton indiscipline and corruption that exist among them as proved to be a cankerworm in the flesh of the Nigerian economy. The bureaucrats in these enterprises are so corrupt and indiscipline which serves as the culprit behind major revenue losses and beyond the immediate effect of lost revenues in Nigeria today. Enterprises or corporations like NEPA, Water Corporations and others are found guilty of this, for instance, many Nigerians find it unwillingly to pay their taxes and fees for services rendered by these enterprises because they can always “cut-corners” by given bribe to these indiscipline and corrupt officers in the these enterprises that will in turn avert their eyes away from the statutory fees expected to be paid by these citizens. These perverse actions and practices in these enterprises are the major cause of revenue losses in the Nigerian Economy. As explained by PE expert John-Mary Kauzya in *Public Enterprises: Unsolved challenges and New Opportunities*, “people are corrupt because the socio-political-economic governance situations lets them be and the systems of control are so weak that the incentive for corruption becomes overwhelming for the weak hearted.”

### **Lack of Courtesy at All Time**

Another unethical practice that has become a common trend virtually in all the public enterprises in Nigeria is lack of respect for customers and poor customer service.



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In other words, these enterprises treat their customers/citizens as a mere subject instead of being treated as a king. Just as the saying “customers are kings”. This predisposition exhibited by the officials of these enterprises is purely because of the monopolistic nature of the enterprises. These officials are often said to be extremely rude, display nonchalant attitude, and feel unconcerned about discharging their statutory duties to these citizens either as customers, clients as well as patients.

**Failure to Provide Choice and Consult the Citizen Where Possible**

It is now an acceptable norm in Nigeria that enterprise such PHCN does not need to provide alternative(s) and consult the citizens to know why and at a given period of time, they will not be able to supply electric power to the Nigerians. Also, the health professionals in the public institutions who think they can go on strike without cogent reasons, leaving the sick citizens to die. In addition, the personnel in the Water Corporation who fails to supply the citizens’ water for several days, weeks or months with no explanation and apology. These are highly unethical conduct exhibited by these myriads of enterprises.

**No Value for Money Paid For**

The Nigerian public enterprises have drained and tortured the Nigerian citizens in their quest of trying to meet the need of these helpless Nigerians. The stated owned-enterprises were also said to be established to provide social services which if left in the hand of the private veterans, not will it be expensive to provide such services to the Nigerians but these few private veterans will also enrich themselves at the expense of majority of Nigerians. However, it is very obvious that this reason has been defected as many of these enterprises are inefficient and deficient in providing and delivering such required and essential services that have been paid for by these Nigerian.

One then, could imagine, if it is ethical having paid for a service from ones hard-earning to enjoy or have value for an essential service, all you can hear from such an enterprise is “just pay for the one you have consumed” When at no time have they added value for service being paid for.

**Failure to Put Things Right When They Go Wrong**

The reasons for which the Nigerian Public Enterprises were created in many instances are not the same that guided their management and performance. As it is being noted in the foregoing unethical practices by the Nigerian Public enterprises as examined above, it can be concluded that management which can also be relatively called the government are the frontiers of these unethical practices that have loomed the existence of these enterprises basically because they want to promote their political objectives – such as embezzlement of public funds, retaining political power and rigging of elections through this means. The reasons above are why the unethical government could not put things right when they go wrong in these enterprises. In nutshell, the unethical nature of the Nigerian government has proved the saying that “Government isn’t the solution to the Nigerian Problems, but rather government is the problem.

Despite this ill-nature of the Nigerian Public Enterprises as argued above, this paper also comments the plans of the government to re-invent and reform the public enterprises sector in Nigeria dated from former President Olusegun Obasanjo to the present administration of President Yar'Adua.

### **Conclusion**

What have we done so far in this paper? We have examined the ethical and philosophical perspective in Government Business and Society with emphasis on the Nigerian Experience. We have also through in-depth analysis examined the concept of Government Business in Nigeria and theoretical review the ethical and philosophical issues from the plethora of literature in the field of Business Ethics. Using this as the signpost of our analytical focus, an overview of the ethical and philosophical practices in Government Business in Nigeria was thoroughly discussed. In the process, the unethical practices in the Nigerian Public Enterprises were identified.

In conclusion, the foregoing unethical practices in the Nigerian Public Enterprises have greatly affected not only the Nigeria Economy but also the social well being of her people.

### **Recommendations**

In this paper we suggest that, if the Nigerian public enterprises will continue to achieve the main purpose why they were created that is, the purpose of expediting and facilitating the Nigerian economic development, government of Nigeria must then ensure that;

- i. Ethics is put first in the priorities list of these enterprises. This must includes the addition of stringent codes of ethics, strengthen ethical and legal safeguards and develop socially responsible policies.
- ii. Management of these enterprises should also encourage and organize ethics training programs that will help her employees deal with ethical questions and translate the value stated in a code of ethic into everyday behaviour.
- iii. Besides, the government who are the custodians of these enterprises could also foster the ethical standards of these enterprises by their own good living precedent that is, turning out to be role models for these officials of these government businesses.
- iv. The SERVICOM created by the government of the former president Chief Olusegun Obasanjo in 2004 could still be used as potent tool to sanitise the enterprises morally, politically, and economically as initiated. While the government and management of these enterprises should also go ahead to protect employees or officials who raise ethical issues such illegality, immorality or unethical practices by other employees or officials will also serve as a stringent measure to revamp the ethical conduct of these enterprises.

The ongoing reforms in the public sector particularly the public enterprises in Nigeria is a good development, however, Nigerian Government can do a number of things if they are serious about reducing the fiscal deficits of the government over the years, generating funds needed for investment in key sectors, improving efficiency of

these enterprises by putting a renewed emphasis on the consideration for ethical standards that cuts across the entire enterprises.

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