BUSINESS ETHICS REQUIRED FOR SUCCESSFUL ENTREPRENEURSHIP IN ANAMBRA STATE

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Abstract
The study was carried out to determine the business ethics required for successful entrepreneurship in Nigeria. Two research questions guided the study and two null hypotheses were tested at 0.05 level of significance. A descriptive survey research method was adopted. The population of the study consisted of 2319 small and medium scale business managers in Anambra State, and a sample size of 232 managers was taken. A structured questionnaire was used for data collection. The instrument was validated by three experts in Nnamdi Azikiwe University, Awka. The reliability of the instrument was ensured using test re-test technique. Data collected were analyzed using Pearson Product Moment Correlation Coefficient formula which yielded reliability co-efficient of 0.84. Data related to the research questions were analyzed using mean and standard deviation while, z-test analysis was used to test the null hypotheses at 0.05 level of significance. Findings arising from the study revealed that aspects of business ethics listed were agreed to be required by managers of SMEs for successful entrepreneurship in Anambra State. It was concluded that business ethics enable entrepreneurs to maintain high ethical standards in the following ways: create a company credo, develop a code of ethics, enforce the code fairly and consistently, hire the right people, conduct ethical training, perform periodic ethical audits, establish high standards of behavior, not just rules, set an impeccable ethical example at all times. It was also recommended among others that practitioners in government and stakeholders that have an interest in SME growth should be able to enhance performance through increased provision of training courses and educational opportunities. This will help in stimulating SME performance, contribute to employment creation.

Keywords: Ethical orientation, entrepreneurs, business ethics and entrepreneurship.

Introduction
Entrepreneurship is a global phenomenon. Entrepreneurship is increasingly regarded as an important activity to business firms. In today’s competitive business environment, strengthening entrepreneurship is important for any enterprise that is developing its responsiveness to a globalised and changing environment. Entrepreneurship, according to the concept introduced by Schumpeter in 1934, is characterized by innovative behaviour and a strategic orientation in pursuit of profitability and growth and it involves a process of combining resources for value creation in an organization (Tan, 2007).

Entrepreneurship has long been viewed as an engine that drives innovation and promotes economic development. In today's intensifying global competition, increasing
interdependence, rapid technology development, unstable environments, and many other factors have highlighted the need for organizations to become more entrepreneurial in order to survive and prosper. An organization's survival and success require continuous organizational renewal, innovation, risk-taking, and pro-activeness—the dimensions of entrepreneurial orientation (Rauch, Wiklund, Lumpkin & Fresse, 2009). Entrepreneurship contributes to the improvement of living standards in a country; it secures social unity, prevents social marginalization (Marcin, Wojciech & Katarzyna, 2015) and contributes to the creation of new technologies, products, and services. Furthermore, entrepreneurship changes and revives market competition, which in turn results in fundamental changes within an enterprise.

Small and Medium Enterprises (SMEs) are increasingly recognized as important drivers of socio-economic development all over the world (Kazungu, Ndiege Mchopa, & Moshi, 2014). Employees are the internal stakeholders of these firms and ethical practices towards them are of primary concern if the long term sustainability is to be aimed at. It is a universal truth that a satisfied and motivated work force is the primary step towards long term success in business. It is our contention that ethical practices towards the employees can warrant job satisfaction and enhanced motivation levels which will eventually lead to better profitability.

Caldwell, Harland, Powell and Zheng, (2013) noted that in order for SMEs to succeed, they will require various forms of support from various parties including support in cultivating their entrepreneurial and business leadership skills of which business ethics forms an integral part. In support of cultivating an ethical practice supportive of entrepreneurial business, Gawaxab in Black (2013) alluded to the fact that entrepreneurship seems to have become synonymous with unethical and corrupt business practices in the collective Nigerian mindset. There is, therefore, a need for Nigerian based research in the area of business ethics and entrepreneurship with a view to create a supportive environment for SMEs which would boost the Nigerian GDP.

Business activity is undertaken by persons of various ages, education, and social or professional backgrounds. Therefore, their hierarchy of values is different; they represent various ethical standards (Marcin, Wojciech & Katarzyna, 2015). Business ethics is the system of laws and guidelines by which business professionals and corporations operate in a fair, legal and moral fashion. Business ethics involves the moral values and behavioral standards that business people draw on as they make decisions and solve problems. It originates in a commitment to do what is right. Ethical behavior—doing what is “right” as opposed to what is “wrong”—starts at the top of an organization with the entrepreneur. In view of this, Mariotti (2010) stated that ethical business values such as honesty, fairness, mutual respect and kindness benefit entrepreneurs in building trust and developing substantial employee loyalty to the firm and to the entrepreneur. The
author inferred that in a small enterprise the owner-manager who abides by a code of ethics allows the benefits derived by such to contribute to business performance.

The ethics of entrepreneurs and small business in general is especially important due to the unique role of the entrepreneur in organizations. Entrepreneurs are the core of their organizations. They exert strong influence on the behavior of the company and its personnel (Dollinger 2003). An entrepreneur is one who organizes, manages and assumes the risks and reaps the benefits of starting a new entrepreneurial venture, is a role model in a society, who creates something new, something different, always “searching for change, responding to it, and exploiting it” (Baron, 2007). The reputation of entrepreneurs from developed countries in the European Union (EU), rest of Europe and USA is remarkable. In America for instance, entrepreneurs are respected for their role in creating new jobs, providing new competition to existing businesses, improving product quality, reducing prices, introducing new goods and services through innovation and technology advancement.

Today’s business environment is characterized by increased scrutiny regarding ethical practices. The infamous collapses of large corporations like ENRON, Tyco, World com have compelled enterprises worldwide, to reckon with the ethical dimension of business on a much more stringent basis. Irrespective of their size, business enterprises can no longer afford to ignore business ethics. It is noteworthy that the small and medium sized businesses which have been playing a dominant role in the business domain since the last few decades, have remained outside the floodlights of review as regards the issues of business ethics and corporate social responsibility (Dutta & Banerjee, 2011). Ethical studies on business are gradually broadening their scope to extend beyond large enterprises, to encompass the small entrepreneurs. The real challenge for many smaller enterprises in the new millennium is to navigate their businesses within the complexities of an increasingly globalised marketplace in an ethical manner so as to ensure their sustainable existence. In order to establish one’s competitive advantage in the global arena, it is becoming imperative for these small businesses to imbibe ethical practices in their work processes and accept responsibility for their impact on their various stakeholders especially the employees.

The issue of entrepreneur ethics is extremely important, chiefly because it is entrepreneurs who form the managerial staff in SMEs and, as such, who manage people / employees, finances, and relationships between the remaining stakeholders. The entrepreneurs are the ones forming the so-called small business: they have a major influence over the reputation of SMEs and the profession of the entrepreneurs, and they shape the working comfort of the people employed in such businesses. Entrepreneurs’ personal values and beliefs influence the way they lead their companies and are apparent in every decision they make, every policy they write, and every action they take (Marcin,
Wojciech & Katarzyna, 2015). Entrepreneurs who succeed in the long term have a solid base of personal values and beliefs that they articulate to their employees and put into practice in ways that others can observe. Values-based leaders do more than merely follow rules and regulations; their consciences dictate that they do what is right.

Business operates as an institution in the often complex and ever-evolving society. As such, every entrepreneur is expected to behave in ways that are compatible with the value system of society. It is society that imposes the rules of conduct for all business owners in the form of ethical standards of behavior and responsibilities to act in ways that benefit the long-term interest of all (Mariotti, 2010). Society expects business owners to strive to earn a profit on their investments. Ethics and social responsibility simply set behavioral boundaries for decision makers. Ethics is a branch of philosophy that studies and creates theories about the basic nature of right and wrong, duty, obligation, and virtue. Managers set the tone of every organization. A small business manager can maintain high ethical standards in the following ways: create a company credo, develop a code of ethics, enforce the code fairly and consistently, hire the right people, conduct ethical training, perform periodic ethical audits, establish high standards of behavior, not just rules, set an impeccable ethical example at all times, create a culture emphasizing two-way communication and involve employees in establishing ethical standards (Marcin, Wojciech & Katarzyna, 2015). When ethical guidelines are followed, trust develops between workers and management, as well as between the public and the corporation. Thus, business ethics lead to a more productive workplace.

Social responsibility of business involves how an organization responds to the needs of the many elements in society, including shareholders, lenders, employees, consumers, governmental agencies, and the environment (Adrain, Credo & Phelps, 2014). Because business is allowed to operate in society, it has an obligation to behave in ways that benefit all of society. Ethical conduct toward clients demands that the entrepreneur accepts personal responsibility for meeting the clients’ expectations. After all this is what guarantees repeat patronage. The entrepreneur, must also measure success not only by the progress of each business toward maximizing profit, but as a citizen of the greater community must also seek to uphold the common good because it is the community that provides the enabling commercial and economic environment that ensures that the business thrives.

Entrepreneurs today encounter uniquely challenging ethical problems. According to Brenkert (2011), entrepreneurial organizations face unique challenges; depending on the industry setting and the specific nature of the business, new ventures often experience constant change and limited financial resources. These pressures can have a profound effect upon ethical decision-making processes, resulting in ethical situations for entrepreneurs that are fraught with ambiguity. In such conditions, scarcity of resources –
as well as other sources of personal strain – can impact the ethical standards of entrepreneurs. In addition, specific ethical dilemmas that are especially salient to entrepreneurs can arise with respect to the division of profits within the organization, high risk associated with newness, and the tradeoff between impression management, legitimation and honesty (Adewole, 2015). Furthermore, entrepreneurs tend to face ethical dilemmas involving their own values, organizational culture, employee well-being, customer satisfaction, and external accountability (Volkman & Berg, 2012). Today's economic environment thrusts the entrepreneurs into a survival mentality. Business ethics stand as a vital bridge between entrepreneurship and economics. Business ethics do not stand as the primary pillar of the house (firm); it will fall under the weight of corruption, which pervades most nations.

Statement of the Problem

During the past few decades, there has been an explosion of new interest in entrepreneurs and their activities. Yet, only recently, serious research attention is known to have been devoted (in some developed countries) to the ethical problems encountered by entrepreneurs and their organizations (Chowdhury, 2015). Entrepreneurs face uniquely complex moral problems related to basic fairness, personnel and relationships, distribution dilemmas and other challenges that need to be addressed by all concerned through appropriate legal framework and social order. Entrepreneurs today encounter uniquely challenging ethical problems. They typically operate in stressful business environments and they often struggle to find time and perspective for focused ethical reflections. Entrepreneurs make choice and take actions that affect many, usually without the moral guidance available in established organizations. Their decisions can strengthen or seriously weaken a firm's future business viability. Therefore, business ethics are internally self imposed limitations for entrepreneurial success hence the need for this study.

Purpose of the Study

The main purpose of the study is to determine the business ethics required for successful entrepreneurship in small and medium scale enterprises in Anambra State. Specifically, the study sought to determine:

1. The aspects of business ethics required by entrepreneurs for successful entrepreneurship.
2. Challenges encountered by entrepreneurs in adopting business ethics for successful entrepreneurship.
Research Questions

The following research questions guided the study:
1. What are the aspects of business ethics required by entrepreneurs for successful entrepreneurship?
2. What are the challenges encountered by entrepreneurs in adopting business ethics for effective entrepreneurship?

Hypotheses

The following hypotheses were tested at 0.05 level of significance:
1. There will be no significant difference in the mean ratings of managers of small and medium scale enterprises in Anambra State on the aspects of business ethics required of them for successful entrepreneurship.
2. Managers of small and medium scale enterprises in Anambra State do not differ significantly in their mean ratings on the challenges encountered in adopting business ethics for successful entrepreneurship.

Method

Descriptive survey design was adopted for the study. The researchers considered this design appropriate for this study since it intended to collect data from managers of SMEs in Anambra State. The population of the study consisted of 2319 small and medium scale managers in the three senatorial zones of Anambra State who registered with the State Ministry of Commerce, Industry and Technology (1481 small and 838 medium). The sample of this study comprised 232 managers made up 148 small and 84 medium were selected through randomization from each stratum. Instrument for data collection was a structured questionnaire tagged “Business Ethics for Successful Entrepreneurship” (BESE). The instrument was validated by three experts in business education. Their comments enhanced the content validity of the instrument.

Test re-test method was used to establish the reliability of the instrument, and the Pearson Product Moment Correlation Coefficient was used to test the reliability of the instrument. The analysis yielded a co-efficient of 0.86 indicating that the instrument was reliable for the study. The questionnaire was structured on a five-point rating scale with response categories as “Strongly Agreed”; “Agreed”; “Undecided” “Disagree” and “Strongly Disagree”. The administration of the instrument was carried out personally by the researchers with the aid of five research assistants. All copies of the questionnaire distributed were retrieved and used for data analysis.

Data collected regarding the research questions were analyzed using descriptive statistics (mean and standard deviation) while the z-test was used to analyze the hypotheses. In order to determine the business ethics required by managers of SMEs, a decision rule based on a mean rating between 4.50-5.00 was adopted by SMEs managers to a strongly agreed, an item with mean rating of 3.50-4.49 was required at an agreed and
an item with 2.50-3.49 was required at an undecided. Furthermore, an item with mean rating of 1.50-2.49 and 0.50-1.49 was required by SMEs managers to disagree and strongly disagree respectively. In testing the hypotheses, a null hypothesis was accepted where the calculated z value is less than the critical value of z, it means that there is no significant difference and the hypothesis will not be rejected. Conversely, where the calculated z value is equal to or greater than the critical z value, it means that there is significant difference and the hypothesis will be rejected.

Results

Research Question 1:
What are the aspects of business ethics required by entrepreneurs for successful entrepreneurship?

Table 1: mean ratings on the aspects of business ethics required by entrepreneurs for successful entrepreneurship. N= 232

<table>
<thead>
<tr>
<th>S/No</th>
<th>Aspects of Business Ethics</th>
<th>Mean</th>
<th>SD</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provision of safe working environment</td>
<td>3.58</td>
<td>.91</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Payment of fair wages</td>
<td>3.59</td>
<td>.89</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>Fair treatment of workers</td>
<td>4.06</td>
<td>.56</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>Use of defensive instead of destructive competitive strategy</td>
<td>3.89</td>
<td>.72</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>Promotion of fair and favourable business climate</td>
<td>3.75</td>
<td>.87</td>
<td>A</td>
</tr>
<tr>
<td>6</td>
<td>Quality services at reasonable prices</td>
<td>4.04</td>
<td>.64</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>Respect for consumer’s right of choice</td>
<td>3.69</td>
<td>.96</td>
<td>A</td>
</tr>
<tr>
<td>8</td>
<td>Avoidance of activities that may undermine the consumer</td>
<td>3.89</td>
<td>.70</td>
<td>A</td>
</tr>
<tr>
<td>9</td>
<td>Disseminate timely information on business state of affairs</td>
<td>3.5</td>
<td>1.17</td>
<td>A</td>
</tr>
<tr>
<td>10</td>
<td>Fair treatment to all categories of shareholders</td>
<td>3.91</td>
<td>.84</td>
<td>A</td>
</tr>
<tr>
<td>11</td>
<td>Payment of taxes/levies</td>
<td>3.90</td>
<td>.72</td>
<td>A</td>
</tr>
<tr>
<td>12</td>
<td>Provides basic needs of the society</td>
<td>4.09</td>
<td>.69</td>
<td>A</td>
</tr>
<tr>
<td>13</td>
<td>Supports government activities</td>
<td>4.12</td>
<td>.68</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Mean</strong></td>
<td><strong>3.84</strong></td>
<td><strong>.79</strong></td>
<td><strong>A</strong></td>
</tr>
</tbody>
</table>

*Remark: A*
As indicated by the grand mean of 3.84 in Table 1, business ethics are required by managers of SMEs in Anambra State to an agreed level. The item by item mean shows that all the items with mean ranging from 3.5 to 4.12 are required. The highest variation 1.17 amongst responses was observed in item 9. There was homogeneity in other items amongst managers of small and medium scale responses.

**Research Question 2**

What are the challenges encountered by entrepreneurs in adopting business ethics for successful entrepreneurship?

**Table 2:** Mean responses of respondents on the challenges encountered by entrepreneurs in adopting business ethics for successful entrepreneurship. N = 232

<table>
<thead>
<tr>
<th>S/N</th>
<th>Challenges of Business Ethics</th>
<th>Mean</th>
<th>Standard</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lifestyle challenges</td>
<td>4.23</td>
<td>0.73</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Intercultural differences</td>
<td>3.91</td>
<td>0.86</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>Differing expectation on leadership style</td>
<td>4.06</td>
<td>0.78</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>Employee treatment</td>
<td>4.13</td>
<td>0.83</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>Scarcity of resources</td>
<td>4.71</td>
<td>0.87</td>
<td>A</td>
</tr>
<tr>
<td>6</td>
<td>Limited financial resources</td>
<td>3.89</td>
<td>0.91</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>Division of profits within the organization</td>
<td>3.89</td>
<td>0.91</td>
<td>A</td>
</tr>
<tr>
<td>8</td>
<td>Customer satisfaction</td>
<td>3.75</td>
<td>0.84</td>
<td>A</td>
</tr>
<tr>
<td>9</td>
<td>Constant change by new ventures</td>
<td>4.02</td>
<td>0.84</td>
<td>A</td>
</tr>
<tr>
<td>10</td>
<td>High risk associated with newness</td>
<td>3.76</td>
<td>0.90</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Mean</strong></td>
<td>3.68</td>
<td></td>
<td>A</td>
</tr>
</tbody>
</table>

Data in Table 2 show that all the respondents used for the study agreed with these items as challenges of adopting business ethics by SMEs managers in Anambra State. The grand mean revealed that respondents accepted all the items as challenges of adopting business ethics to agreed level with a mean score of 3.68.

**Testing of hypotheses**

**Hypothesis 1**

There will be no significant difference in the mean ratings of managers of small and medium scale enterprises in Anambra State on the aspects of business ethics required of them for successful entrepreneurship.
Table 3: Z-test comparison of the mean ratings of managers of small and medium scale enterprises in Anambra State on the aspects of business ethics required of them for successful entrepreneurship.

<table>
<thead>
<tr>
<th>Source Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>df</th>
<th>z-cal</th>
<th>z-crit</th>
<th>α</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Enterprise</td>
<td>148</td>
<td>3.29</td>
<td>.41</td>
<td>230</td>
<td>-3.53</td>
<td>1.96</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>84</td>
<td>3.48</td>
<td>.56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 3 the difference in the mean ratings of small and medium scale SMEs managers on business ethics required for successful entrepreneurship was significant. This was shown by the z-cal value of -3.53 which was greater than the critical value of 1.96 at 0.05 level of significance. Therefore the null hypothesis of no significant difference between the two groups was rejected.

Hypothesis 2

Managers of small and medium scale enterprises in Anambra State do not differ significantly in their mean ratings on the challenges encountered in adopting business ethics for successful entrepreneurship.

Table 4: Z-test comparison of the mean ratings of managers of small and medium scale enterprises in Anambra State on the challenges encountered in adopting business ethics for successful entrepreneurship.

<table>
<thead>
<tr>
<th>Source Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>df</th>
<th>z-cal</th>
<th>z-crit</th>
<th>α</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Enterprise</td>
<td>148</td>
<td>2.82</td>
<td>.41</td>
<td>230</td>
<td>1.38</td>
<td>1.96</td>
<td>0.05</td>
<td>NS</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>84</td>
<td>2.84</td>
<td>.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows that the z-calculated of 1.38 is less than the z-critical value of 1.96 at 693 degree of freedom at 0.05 level of significance. Since the z-calculated value is less than the z-critical value, the null hypothesis is accepted. This implies, therefore, that there is no significant difference in the mean responses of respondents on the challenges of adopting business ethics by managers of SMEs in Anambra State. The null hypothesis was therefore, accepted while the alternate hypothesis was not retained.
Discussion

The result of the analysis showed that all the aspects of business ethics listed were agreed to be required by managers of SMEs for successful entrepreneurship in Anambra State of Nigeria. Business ethics has definitely promoted increasing decision-making competencies in entrepreneurship. The findings of this study tallied with the findings of Adrain, Credo and Phelps (2014) that social responsibility of business involves how an organization responds to the needs of the many elements in society, including shareholders, lenders, employees, consumers, governmental agencies, and the environment. Further, the result of the first hypothesis revealed that there was significant difference in the mean responses of respondents on the business ethics required by managers of SMEs in Anambra State for successful entrepreneurship.

The result of the second research question showed that the challenges in adopting business ethics by managers of SMEs included that these pressures can have a profound effect upon ethical decision-making processes, resulting in ethical situations for entrepreneurs that are fraught with ambiguity. In such conditions, scarcity of resources – as well as other sources of personal strain – can impact the ethical standards of entrepreneurs in developing countries. The findings of this study agreed with the findings of Brenkert (2009) that entrepreneurial organizations face unique challenges depending on the industry setting and the specific nature of the business. Finally, the test of the second hypothesis revealed that there was no significant difference in the mean responses of respondents on the challenges in adopting business ethics by managers of SMEs for effective entrepreneurship in Anambra State.

Conclusion

Based on the findings of the study, it is concluded that aspects of business ethics are required by managers of SMEs in their business for successful entrepreneurship in Anambra State. Furthermore, business ethics enable entrepreneurs to maintain high ethical standards in the following ways: create a company credo, develop a code of ethics, enforce the code fairly and consistently, hire the right people, conduct ethical training, perform periodic ethical audits, establish high standards of behavior, not just rules, set an impeccable ethical example at all times, create a culture emphasizing two-way communication and involve employees in establishing ethical standards. Despite this, entrepreneurs tend to face ethical dilemmas which affect their decision making in entrepreneurial activities.

Recommendations

Based on the findings and conclusion of the study, the following recommendations are made:

1. Practitioners in government and stakeholders that have an interest in SME growth should be able to enhance performance through increased provision of training.
courses and educational opportunities. This will help in stimulating SME performance, contribute to employment creation and are a direct attack on poverty.

2. Small and medium scale enterprises should work very hard in order to satisfy and sustain expectations of broad spectrum of stakeholders which include consumers, suppliers, government, environment, society, labor/workforce and shareholders. By so doing, enterprises shall be assured of continuous growth and development.

3. There are needs to lay greater emphasis on adequate understanding and implementations of ethical business practices by Nigerian businesses because ethical business practices enjoin enterprises to understand their expected roles in relation to business stakeholders.
References


