



## ADOPTING GOOD BUSINESS ETHICAL PRACTICES TO ENHANCE CUSTOMER PATRONAGE

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### **Abstract**

*The study identified the ways good business ethics can enhance customers' patronage. In carrying out the research, a survey design was used. Four research questions aided the study. The population of the study consisted of 57 business educators in Akanu Ibiam Federal Polytechnic, Unwana. The entire population was studied because it was manageable. The instrument of the study covered areas relating to good business ethics, service efficiency and customer satisfaction. The instruments were validated by three experts in business education department in Ebonyi State University Abakaliki. Data for the study were collected by personal contact and the help of three research assistants. The data were analysed using mean statistics and standard deviation. The result showed that good business ethics is sine qua non to enhanced customer patronage and that it improves service efficiency of business and brings about customer satisfaction. Therefore the study recommended among others that businesses should revisit their value system and ensure that ethical issues are entrenched and given attention to because the positive attributes that a business is identified with distinguish it from its competitors.*

**Keywords:** *Ethics, patronage, efficiency, value proposition, value system*

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### **Introduction**

Ethics is a very important concept for today's world. No wonder many people get themselves into all sorts of difficulty by ignoring ethical practices and doing their own thing. Ethics is the moral rules that people apply in making decisions and the nature of the relationship among people. In the view of Eze & Njuru (2016), ethics is the values, or rules of conduct that a group or individual holds in the family, work environment, institution, profession, community or society. It is the body of rules, principles, proprieties and morals of personal conduct, and the unwritten regulations governing the behaviour and conduct of an individual or a group of people in their



dealing with one another (Titiloye & Muhammad, 2016). It is the same as a study of moral values. It guides, directs, regulates, modifies and controls the actions and inactions of people. Simply put, ethics are “standards or principles which govern the actions and behaviour of individuals within the organisation” (Mondy, Holmes & Flippo, 1980). Moreover, Omoregbe (2000) asserted that ethics deals with how individuals ought to behave and why it is wrong or right to behave in certain ways. Ethics evaluates actions and activities. Therefore, ethical consideration in any human endeavour is vital since human being is made in such a way that not all kinds of actions befit his nature, lead to self-fulfilment and progress within his social, economic and political environment (Okoye, 2019)

Business is economic activities concerned with exchange of value between the environment and individual or groups. Business involves a flow of various economic activities from factors of production to final market. The core of business is the keenness and satisfaction of consumers' needs at a cost the consumer would be willing to pay in order to obtain the value utility of the goods and services paid for (Okon in Ikelegbe, 2018). Business is done with ease when the right principles are applied. When unethical practices are avoided in business and one is straight forward in business dealings then one is presumed to be doing business with ease. One of such principles should be the display of reasonable ethical conduct on the part of the business. However, business ethics depends a great deal on the personal ethics of the persons involved. Amazingly, businesses do not check their actions which can be consequential in order to make more ethical choices despite the critical importance of ethics in improving customers' patronage. Patronage is the act of regularly procuring goods or services from a business. Increased patronage is sine qua non to the success of any business. This is because ethical standard in business naturally brings about profit in business (Fiester, 2008). In other words, good business ethics promote strong public image and reduce exposure to law suit.

Business ethics is concerned with knowing what is right or wrong in the workplace and doing what is right (Brammoh, 2017). Ethics provides the basis for determining what is right or wrong. However what is ethical or unethical has become complicated because societal values and moral concepts tend to change overtime. Newton & Ford in Ikelegbe (2018) pointed out that ethics is an issue of growing concern to business. Therefore ethics is an important part of business activities. Question of 'value' should



never be absent from business and moral responsibility is the first characteristics of a manager in any business that wishes to survive. Since we know that for a business to succeed, there must be enhanced patronage which will place such business above competition; it therefore suggests that grounding in ethical reasoning is one of the best preparations for business success. Unfortunately, even though society expects reasonable ethical conduct on the part of business, ethics is not taken seriously in Nigeria business terrain. Adewole (2015) believes that the average Nigerian sees business and ethics as oxymoron. This should not be so since ethics deals with behavioural issues of right and wrong, good and bad actions, virtues and vices and right and obligations.

Adewole in Asolo (2014) confirms that Nigerian business men agreed that they have engaged in one form of unethical practice or the other. Such unethical practices could be in the form of short changing of consumers by businesses, product misinformation, sale of expired or sub-standard goods and others. Ekanola (2005) indicated that businesses in Nigeria are founded on wrong principles that are devoid of good business ethics. Good business ethics can assist businesses to grow and blossom through enhanced customer patronage. Most businesses are guided by narrow selfish interest without consideration for the ethical implications of their internal and inter-transactional behaviour towards critical stakeholders which include the customers and this situation brings uneasiness to businesses. This condition should border us as business educators considering that the ethical standard of a nation affects its national development (Olu. 2015)

Akanu Ibiam Federal Polytechnics, Unwana has a high rate of dead businesses as most businesses die because operators basically abandoned ethical principles from onset. The challenge is now much more on prospective young entrepreneurs who want to venture into businesses, as they are discouraged by the environment due to unethical business practices because the business environment has been made hostile for young and upcoming entrepreneurs. Good business ethics have therefore become important issues and are relevant if one must do business with ease. Business managers must realize that the society is now more conscious of ethical issues as they concern business dealings. If business must be done with ease and customers' patronage sustained, businessmen must also be conscious of ethical issues and ensure that good ethical conduct is imbibed and sustained. They must uphold good



ethical principles of fairness, honesty, reliability, making safe products, social responsibility and others. There must be good relationship with customers, who should also be encouraged to demand for and assert their right.

### **Research Questions**

What are the business ethics that will enable business to be done with ease for customers' patronage?

In what ways can adopting good business ethics improve service efficiency of businesses for customers' patronage?

In what ways can adopting good business ethics enhance customers' satisfaction for business patronage?

In what ways can adopting good business ethics be of benefit to business?

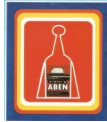
### **Method**

The survey research design was used for the study. The survey design was seen as appropriate because it focuses on the vital facts about people, their opinions, attitude and behaviour. According to Igwe (2018) survey research design is useful when a researcher wants to collect data on phenomenon that cannot be directly observed. The population of the study comprised the fifty-seven academic staff teaching business courses in Akanu Ibiam Federal Polytechnic, Unwana. No sample was drawn because of the manageable size of the population. A structured questionnaire consisting of 4 sections was designed to gather data from the respondents. The instrument was validated by three experts in Business Education in Ebonyi State University Abakaliki. The data collection for the study was carried out with the help of three research assistants in the distribution and collection of same. The pilot test was conducted using 10 academic staff in Federal Polytechnic, Nekede, Owerri, Imo State which has similar characteristics with the area of study. Data collected were analysed and the internal consistency of the instrument determined using Cronbach Alpha formula. The alpha analysis yielded reliability co-efficient of 0.87. A mean score of 2.50 was used as the cut-off point and considered as accepted while any mean with response below 2.50 was rejected.

### **Results**

#### **Research Question 1**

What are the good business ethical practices that will enable business to be done with ease and enhance customers' patronage?



**Table 1:** Mean Responses on good Business Ethical practices for Ease of Business and to enhance Customers' Patronage

S/N	Items	0	STD	Remarks
1	Dealing honestly with customers	3.66	7.69	Accepted
2	Avoiding short changing customers	3.45	7.00	Accepted
3	Avoiding over-pricing of goods and services	3.43	6.94	Accepted
4	Avoiding tax evasion	3.14	6.15	Accepted
5	Avoiding bribery	3.43	6.94	Accepted
6	Resisting product misinformation	3.42	6.91	Accepted
7	Avoiding sale of expired goods	3.56	7.36	Accepted
8	Encouraging sale of Quality goods	3.56	7.36	Accepted
9	Assuming social responsibility	3.40	6.85	Accepted
10	Avoiding product adulteration	3.29	6.54	Accepted
11	Maintaining high moral standard	3.52	7.23	Accepted
12	Being trustworthy	3.54	7.29	Accepted
13	Maintaining confidentiality of customers' information	3.49	7.13	Accepted
14	Being regular to work	3.54	7.29	Accepted
15	Being punctual to work	3.64	7.62	Accepted
<b>Grand Mean</b>		<b>3.74</b>		

Data in Table 1 reveals that questionnaire items 1-15 had a grand mean of 3.47 therefore all the questionnaire items were accepted as good business ethical practices for ease of business and to enhance customer patronage. This implies that honesty in dealing with customers, avoiding short changing customers and over-pricing of goods among others are accepted as good business ethics that will not only enable one to do business with ease but also gain customers' patronage.

## Research Question 2

In what ways can adopting good business ethical practices improve service efficiency of businesses for customers' patronage?

**Table 2:** Mean Responses on Ways Good Business Ethical practices Can Improve Service Efficiency

S/N	Items	0	STD	Remarks
16	Providing quality service delivery	3.71	7.87	Accepted
17	Discouraging employee manipulation	3.26	6.46	Accepted
18	Improving workers' relationship with customers	3.49	7.13	Accepted
19	Improving inter-transactional behaviour	3.52	7.23	Accepted
20	Improving human relations	3.57	7.39	Accepted
21	Improving understanding with customers	4.08	9.24	Accepted
<b>Grand Mean</b>		<b>3.77</b>		

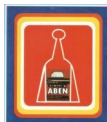


Table 2 reveals that all the items were considered as ways good ethical business practices could improve service efficiency which will invariably ease business for customers' patronage. This is to say that provision of quality service, discouraging employee manipulation, improved workers' relationship with customers among others are essential for service efficiency of businesses.

### Research Question 3

In what ways can adopting good business ethical practices enhance customers' satisfaction for business patronage?

**Table 3: Mean Responses on Ways Good Business Ethical practices Can Enhance Customers' Satisfaction**

S/N	Items	0	STD	Remarks
22	Encourage good rapport with customers	3.56	7.36	Accepted
23	Discourage over-pricing of goods	3.40	6.85	Accepted
24	Avoiding product misinformation	3.36	6.74	Accepted
25	Discouraging sale of expired goods	3.49	7.13	Accepted
26	Discouraging sale of fake or sub-standard goods	3.40	6.85	Accepted
<b>Grand Mean</b>		<b>3.44</b>		

Table 3 shows that respondents strongly agree that all the questionnaire items are ways good business ethics can enhance customers' satisfaction which is essential for increased patronage and ease in doing business. This is because all the items had mean rating above 2.50.

### Research Question 4

In what ways can adopting good business ethics be of benefit to business?

**Table 4: Mean Responses on Benefits of Good Business Ethical practices to Business**

S/N	Items	0	STD	Remarks
27	Promotion of strong public image	3.66	7.69	Accepted
28	Reduced exposure to law suit	3.31	6.59	Accepted
29	Reduction of employee turnover	3.31	6.59	Accepted
30	Enhanced business profitability	3.63	7.59	Accepted
<b>Grand Mean</b>		<b>3.47</b>		

The results and analysis presented in Table 4 reveal that all the items have mean values more than 2.50 representing strong agreement. This implies that all the items are benefits that will accrue to any business that applies good business ethical practices.



### **Discussion of Major Findings**

Results show that good business ethics do not only ease business but also increases customers' patronage because they enhance efficient delivery of services which makes for customers' satisfaction. This invariably acts on the bottom line of profitability of such business. It also curtails waste of time and money on law suit. No wonder several efforts are being made by Nigerian Government to eradicate sharp business practices. Moreover various international initiatives are also on-going to assist with entrenchment of acceptable moral codes for sustainable business operations. According to Adewole as cited by Ikelegbe (2018) efforts are being made to strengthen and build capacities of business organisations towards sound moral practices. These initiatives include roundtables of business leaders from Europe, Japan and United States of America (CAUX), the Coalition for Environmentally Responsible Economics (CERES), United Nations Conference on Trade and Development (UNCTAD), European Union Commission (EUC) International Labour Organisation (ILO), West African Society of Business Ethics (WASBE), Social Accounting Standards (SAS), Centre for Organisational and Professional Ethics (COPE-AFRICA), amongst others. While the United Nations (UN) is also working very hard to establish moral benchmark for business practices through UN Global Compact Initiative, the aim of which is to help business adopt good business ethical principles.

The results are also in tandem with the views of Ikelegbe (2018) that good business ethical practices increase the profitability of business. This is in recognition of the fact that profitability of business can only be achieved when there is efficiency and satisfaction which culminates into increased turnover and patronage. Although many businesses engage in unethical practices for personal gains, poor condition of work, inadequate security check, managers value and attitude, individual values conflicting with organisational goals (Frederick, Davies, Post and James, 1988); it is good to note that such practices undermine the growth and development of such businesses, as they will eventually be noticed at the long run.

The result of the study is also in agreement with the assertion of Adewole (2015) that most businesses in Nigeria die because they basically abandon ethical principles from the onset. This is the reason for which Nigeria is currently having high rate of dead businesses. In the opinion of Asolo (2014), absence of core ethical principles exposes Nigerian existing businesses to growth retardation; therefore applying good business ethics is therefore important for growth and sustainability.



## Conclusion

Ethics is the moral rules that people apply in making decisions, it therefore accounts for the type or nature of relationship among people, business relationship inclusive. Therefore unethical business relationship violates acceptable standards or expectation and therefore brings complications in business practices which hamper enhanced patronage from customers. Unethical business practice has negative effect in the well-being of others. It should be discouraged even though it gives short term gain.

## Recommendations

Based on the findings, the study thus recommends the following:

Businesses should adjust their value system because a change in the value system will encourage the right values to be entrenched and this will distinguish such business from its competitors.

Credibility rating system could be instituted by the body over-seeing business matters in every environment to help establish the credibility of business operating in the area.

Businesses should comply with environmental norms.

Government should be committed in fighting unethical business practices.

She must deal decisively with culprits of unethical business practices.

Consumers should aggressively campaign against businesses that engage on unethical practices in their business activities

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