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GLOBALIZATION, MULTINATIONALS AND BUSINESS ETHICS IN NIGERIA: ETHICAL IMPERATIVES FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

This paper critically examines some fundamental moral problems arising from unethical business practices in a globalizing world. It highlights the activities of some multi-national corporations (MNCs) and other international business organizations operating in or involved in trade relationship with third world countries like Nigeria and concludes that in many ways they have failed to exhibit requisite moral responsibility in their business dealings. This paper argues that core ethical principles in business such as justice and fairness, rights and obligations, truth-telling and honesty required in quality control and assurance, labeling, advertising, marketing and delivery of goods and services are essentially lacking. As a way out of this prevailing unethical business practices in the international contexts, this paper recommends the application of categorical ethical values in business transactions which it considers imperatival for sustainable economic development in Nigeria, nay Africa at large.

Keywords: Globalization, business, ethics, development, categorical, imperatives

INTRODUCTION

Etymologically, the word "ethics" is derived from the Greek word *ethos,* meaning character or custom, and the derivative phrase *ta ethica,* which Plato and Aristotle used to describe their own studies of Greek values and ideals. An *ethos,* as we use that term today, is the character of a culture (Solomon 4). As a branch of philosophy, ethics is concerned with moral rules or principles which prescribe (set moral standards) and govern human actions, especially those ultimate rules of conduct which could be classified as good or evil, right or wrong. Business ethics is applied ethics and its subject matter is the application of our understanding of what is good and right to that assortment of institutions, technologies, transactions, activities and pursuits that we call business (Valesquez: 2006, 1).

Suffice it to say that, the problem of unethical business practises and lack of corporate moral responsibility has become one of major triggers of Nigeria's development crises which have thus far received insufficient academic attention. Although a lot has been written on what the underlying causes of Africa's problems are and the solutions that are required, little has been written in ethical terms about the role the multinationals and foreign trade partners have played in the development and exacerbation of Nigeria's economic predicaments in a globalizing world. This is what this paper seeks to address. It is important to note that one of the indispensable ways of addressing Nigeria's development challenges is through interdisciplinary approaches, contexts, and collaborations which this paper participates.

APPLYING ETHICS TO CORPORATE ORGANIZATIONS

The statement that corporate organizations can be ethical or unethical raises a puzzling issue. Can we really say that the acts of organizations are moral or immoral in the same sense that the actions of human individuals are? Can we say that corporate organizations are morally responsible for their acts in the same sense that human individuals are? Can we say that human individuals are? Or must we say that it makes no sense to apply moral terms to organizations as a whole but only to the individuals who make up the organization? For example, the Economic and Financial Crimes Commission (EFCC) charged an accounting firm "A" where Mr. "X" is an employee for obstruction of justice. Mr. "X" was caught shredding documents showing how it helped company "B" hide its debt through the use of several accounting tricks. Critics afterward posited that the EFCC should have charged Mr. "X" as an individual employee of company "A", and not the company as a corporate body, simply, because "Companies don't commit crimes people do" (Anderson 4). Can moral notions like responsibility, wrongdoing, and obligation be applied to groups such as corporations, or are individual people the only real moral agents?

Two views have emerged in response to this problem (French 24; Goodpaster & Matthews 132-141; Donaldson 51-70; Ozar 294-300). At one extreme is the view of those who argue that, because the rules that tie organizations together allow us to say that corporations act as individuals and have "intended objectives" for what they do, we can also say that they are "morally responsible" for their actions and that their actions are "moral" or "immoral" in exactly the same sense that a human being's are (Ladd 488-516; Valesquez: 1983, 1-18). The major problem with this view is that organizations do not seem to "act" or "intend" in the same sense that individual humans do, and organizations differ from human beings in morally important ways. Organizations feel neither pain nor pleasure and they can not act except through human beings. At the other extreme is the view of philosophers who hold that it makes no sense to hold business organizations "morally responsible" or to say that they have "moral" duties. These philosophers argue that business organizations are the same as machines whose members, must blindly and undeviatingly conform to formal rules that have nothing to do with morality (Valesquez: 2003, 13).

Consequently, it makes no more sense to hold organizations “morally responsible” for failing to follow moral standards than it makes to criticize a machine for failing to act morally. The major problem with this second view it that, unlike machines, at least some of the members of organizations usually know what they are doing and are free to choose whether to follow the organization’s rules or even to change these rules. When an organization’s members collectively, but freely and knowingly, pursue immoral objectives, it ordinarily makes perfectly good sense to say that the actions they perform for the organization are “immoral” and that the organization is “morally responsible” for this immoral action.

Which of these two extreme views is correct? Perhaps neither of the two positions. The underlying difficulty with which both views are trying to struggle is this: although we say that corporate organizations “exist” and “act” like individuals, they obviously are not human individuals. Yet our moral categories are designed to deal primarily with individual humans who feel, reason, and deliberate. Therefore, how can we apply these moral categories to corporate organizations and their business “acts” only when we conventionally agree to treat the actions of these individuals as the actions of that unit?

John Searle opines that a corporate organization “acts” only if (1) certain human individuals in the organization performed certain actions in certain circumstances and (2) our linguistic and social conventions lay down that when those kinds of individuals perform those kinds of actions in those kinds of circumstances, this shall count as an act of their corporate organization (25).

Because corporate acts originate in the choices and actions of human individuals, it is these individuals who must be seen as the primary bearers of moral duties and moral responsibility. Human individuals are responsible for what the corporate does because corporate actions flow wholly out of their choices and behaviors. If a corporation acts wrongly, it is because of what some individual or individuals in that corporation chose to do. If a corporation acts morally, it is because some individual or individuals in that corporation chose to have the corporation act morally.

Nonetheless, it makes perfectly good sense to say that a corporate organization has moral duties and that it is morally responsible for its acts. However, organizations have moral duties and are morally responsible in a secondary sense. A corporation has a moral duty to do something only if some of its members have a moral duty to make sure it is done, and a corporation is morally responsible for something only if some of its members are morally responsible for what happened (i.e., they acted with knowledge and freedom).

The central point that we must constantly keep before our eyes as we apply the standards of ethics to business activities and that we must not let the fiction of the “corporation” obscure is that human individuals underlie the corporate organization. Consequently, these human individuals are the primary carriers of moral duties and moral responsibilities. This is not to say, of course, that the human beings who make up a corporation are not influenced by each other and beliefs about the corporation and its structure. Corporate policies, corporate culture, corporate norms, and corporate design can and do have an enormous influence on the choices, beliefs, and behaviors of corporate employees. However, these corporate artifacts are like the furniture of the social world the corporate employee inhabits. They provide the subject matter of the employee’s choices, the obstacles around which the employee might have to maneuver, and the instruments that help the employee act. Yet these corporate artifacts do not make the employees’ choices for him or her and so they are not responsible for his or her actions.

GLOBALIZATION AND MULTINATIONALS: POSITIVE DIMENSIONS

Many of the most pressing issues in business ethics today are related to the phenomenon of globalization, *Globalization* is the worldwide process by which the economic and social systems of nations have become connected together so that good services, capital, knowledge, and cultural artifacts are traded and moved across national borders at an increasing rate (Valesquez: 2006, 16). This process has several components, including the lowering of trade barriers and the rise of worldwide open markets, the creation of global communication and transportation systems such as the Internet and global shipping development of international trade organizations such as the World Trade Organization (WTO), the establishment of international financial institutions such as the World Bank (WB) and the International Monetary Fund (IMF), that have facilitated the international flow of capital, and the spread of multinational corporations.

For centuries, of course people have moved and traded goods across national boundaries. Merchants were carrying goods over the trading routes of Europe, Africa, Asia, and the Americas almost since civilization dawned in each of these places. But the volume of goods that are traded across national boundaries has grown almost exponentially since World War II ended, and it has transformed the face of our world to an extent that was never before possible. The same companies, products and brand names that are enjoyed everywhere in the world are now available locally. Multinational corporations are at the heart of the process of globalization and are responsible for the enormous volume of international transactions that take place today. A *multinational corporation* (MNC) is a company that maintains manufacturing, marketing, service, or administrative corporations in many different host countries. Multinational corporations draw capital, raw materials, and human labor from whenever in the world they are cheap and available. They assemble and market their products in whatever nations offer manufacturing advantages and open markets.

Globalization has brought the world significant economic benefits. As multinationals like Coca cola, Pepsi, Nestle, UAC, MTN and Ford build factories and establish assembly operations in countries with low labour costs, they bring jobs, skills, income, and technology to regions of the world that were formerly underdeveloped, raising the standard of living in these areas and providing consumers everywhere with lower-priced goods. According to the World Bank, globalization has helped reduce the poverty of over 3 billion people in developing nations that recently opened their borders to global trade, such as China, India, Bangladesh, Brazil, Mexico, and Viet Nam.

Globalization has enabled nations to specialize in producing and exporting those goods and services that they can produce most efficiently and to trade for goods that they are not so skilled at producing. Such specialization has increased the world’s overall productivity, which in turn has made all participating nations better off than they would be if each nation tried to produce everything on its own. Many studies have shown that growth is correlated with openness to globalization. The more willing a nation is to lower its trade barriers and to allow free trade with other nations, the higher its economic growth rate. The growing interdependence in economic relations – trade, investment, finance and the organization of production globally, not to mention the social and political interactions among organizations and individuals across the world, are all attributable to the positive impact of globalization. On the other hand, nations that close themselves off from trade with other nations tend to have economies that grow more slowly.

GLOBALIZATION AND MULTINATIONALS: SOME GLARING ETHICAL PROBLEMS

While globalization has been especially beneficial for developed nations that have high-value products to sell (such as high-tech products), it could be argued that many poorer nations in Africa have been left behind because they have only cheap primary commodities to trade. Moreover, the World Bank reports, as globalization has spread, inequality has increased both between nations and within nations.

Globalization could also be accused of giving multinationals too free a hand. Multinationals are now free to shift their operations from one country to another that offers cheaper labour, less stringent laws, or lower taxes. This ability to shift operations from nation to nation, critics claim; enables the multinational to play one country off against another and to escape whatever social controls any one nation might try to impose on the multinational. If a multinational does not like one nation's environmental or labour laws, for example, it can move or threaten to move to a country without such laws. The result is a "race to the bottom": a global decline in labour, environmental, and wage standards. Critics argue that companies that have established assembly operations in developing nations, for example, have introduced sweatshop working conditions and exploitative wages. Moreover, as these companies move their manufacturing operations to other nations in search of cheaper labour and looser standards they have closed down factories in their home countries, leaving thousands of workers there without jobs. Many multinationals, for example, have moved their operations out of the United States with its stringent environmental, labor, and tax laws and established operations in southern China and some parts of Africa like Nigeria, where environmental standards are low, where labour rights are poorly enforced, and where tax breaks are common. Thus globalization has posed important ethical questions for multinationals: What are their obligations to displaced workers in their home countries? Do multinationals have an obligation to try to improve the labour, environmental, and wage standards of the various countries in which they locate? Do they have any obligation to refrain from exploiting workers in which they locate? Do they have any obligation to refrain from exploiting workers in other countries, or should they simply look toward lowering their labour costs by whatever means?

Critics also claim that multinationals sometimes transfer technologies or products into developing nations that are not ready to assimilate them. Some chemical companies, for example, have marketed toxic pesticides in developing nations whose farm workers are neither knowledgeable about nor able to protect themselves against the injuries the chemicals will inflict on the their health. The advertising campaigns of certain food companies have convinced new mothers in poor nations that they should spend their meager food budgets on infant formula power. Yet in developing nations like Nigeria that do not have sanitary water supplies, new mothers are forced to mix the powered infant formulas with unsanitary water that then leads to diarrhea and death for their newborn. Other multinationals who own tobacco companies engage in deceptive advertising and aggressive marketing of their cigarettes in countries like Nigeria whose population do not have a good understanding of the long-range health hazards of smoking. The same also applies to producers and marketers of soft/hot drinks who only tell half truth about the nutritional value of their products and their potential health hazards. Multinationals ought to demonstrate moral responsibility by ensuring that undiscerning local users of their products and technologies protect themselves against the risks these pose to their health.

Finally, because the multinationals operates in nations that have different cultures and standards, multinationals sometimes covertly engage in practices that violate the moral norms and standards that we should respect. The Anglo-Dutch oil company Shell Petroleum Development Corporation operating in Nigeria, for example, was indicted recently by a United Nations Report of causing and ignoring deadly oil pollution in Ogoniland. This is a clear case of lack of moral responsibility to the host community. In Nigeria also, we are all aware of the bribery scandal involving an American oil servicing company Halliburton and some top ranking government officials. The bribe was aimed at securing the passage of a contract proposal in favour of Halliburton which is considered grossly unethical. It is obvious that the management of this company cannot commit this crime and get away with it in their home country because of the high sense of corporate moral responsibility which is operational in America.

We are also aware of the influx of many substandard goods into Nigeria from China courtesy of globalization. New opportunities created by globalization has also made it possible for unscrupulous businessmen and women operating at the international level to collaborate with some dubious foreign companies to produce and import fake drugs and other deadly consumables into the country. This unethical and illegal practice has caused untold harm to the lives of our citizens and on our economy generally.

Suffice it to say that legal safety standards regulating worker exposure to workplace toxins and other hazards are quite explicit and stringent in the United States, whereas they are vague, lax, or altogether lacking in Nigeria. Consumer product safety and labeling laws, which require careful quality controls, rigorous product tests, and warnings of risk for end users in the United States and Europe, are very different in Nigeria, which allows lower levels of quality control, much less testing of products, and fewer warnings directed at end users. The environmental pollution laws of U.S. government are strict and set at very high levels, whereas those of Nigeria are moribund or virtually nonexistent. Whereas all forms of bribery of government personnel are considered wrong in the United States, many forms of petty bribery of government officials are not only openly engaged in Nigeria but are generally accepted here as standard practices though officially frowned at.

ETHICAL IMPERATIVES FOR SUSTAINABLE DEVELOPMENT IN NIGERIA

The German philosopher, Immanuel Kant in his *Fundamental Principles of the Metaphysic of Morals,* articulated two types of imperatives namely hypothetical and categorical. Hypothetical imperative represents the practical necessity of a possible action as a means to something else that is willed (or at least which one might possibly will). Accordingly, the hypothetical imperative implies that an action is good for some purpose, possible or actual. It expresses the practical necessity of an action as a means to the advancement of happiness, and hence, basically Assertorial (41-43). If the multinationals engage in any business transaction in Nigeria just for the purpose of achieving a good that is instrumental to a pre-conceived selfish end, then it becomes a hypothetical imperative. In this case, Nigeria and her resources are only valued as being instrumentally good rather than as being of intrinsic, absolute value. By Kantian standards this approach is considered unethical and bereft of moral responsibility.

On the other hand, categorical imperative would be that which represented an action as necessary of itself without reference to another end. The principle states that one should "Act on that maxim whereby thou canst at the same time will that it should become a universal law" (49). This implies that the multinationals and other organizations doing business in Nigeria should act as universal legislators willing that their actions be made a universal law. The Kantian categorical imperative, therefore, makes moral laws practically objective and absolute. The idea of applying different operational standards in different parts of the world, as earlier mentioned, by these companies in a globalizing world, negates the principle of categorical imperative. Thus, if duty is a conception which is to have any import and real legislative authority for our actions globally, it can only be expressed in categorical, and not at all in hypothetical imperatives. Our regulatory agencies in Nigeria like Standards Organization of Nigeria (S.O.N), National Agency for Food, Drugs Administration and Control (NAFDAC), Federal Ministry of Environment and Nigeria Communications Commission (NCC), must ensure that multinationals and other international corporate bodies doing business in Nigeria apply universalizable moral values and principles that conform to global best practices.

For Nigeria to witness sustainable development, it is important that we do not reduce our business values to mere subjective ends of which human resources sub-serve merely as means, otherwise nothing whatever would possess absolute worth. Against the backdrop, Kant argues that man and any rational being exists as an end in himself, not merely as a means to be arbitrarily used by this will or that will. As he puts it, we should “So act as to treat humanity, whether in thine own person or in that of any other, in every case as an end withal, never as means only” (58). In this case, man and indeed, our natural environment must be seen, valued and treated as the end of all developmental activities if we hope to achieve any “sustainable development”. The Bruntland Report released under the auspices of the United Nations in 1987 states that "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The act of using our human and natural resources by the multinationals, as mere means to end, is not only unethical but also makes no room for sustainable development. One of the most compelling problems facing sustainable development in Nigeria is the depleting natural resources through careless overuse and the destruction of the environment (Thiroux 299). It is therefore, important to treat the entire ecosystem (both sentient and non-sentient beings) as possessing intrinsic worth if we hope to achieve sustainable development in Nigeria.

CONCLUSION

In this paper we have shown that Nigeria and Africa at large have indeed benefited in many ways from the combined forces of globalization and industrialization. Globalization has opened up for Nigerians, as other African peoples, new and indeed exciting developmental opportunities. Compared to just a few decades ago, it is now much easier and quicker to visit distant lands and to buy a wide range of products and other services from virtually anywhere in the world. The forces of globalization have also created new jobs and made it easier and faster for Nigerians nay Africans and its people to learn more, relative to a few decades ago, about others cultures and worldviews and emerging markets for our products. Thanks for the most part to the near-to- ubiquitous power of, and advances in, modern technology.

We have also shown that, these new and indeed exciting opportunities have, however, not come without corresponding economic and environmental costs arising from lack of moral responsibility by some of the multinationals and international business organisations operating or doing business in Nigeria. The term moral responsibility in this context means, “moral duty” or “moral obligation”, the absence of which renders one blameworthy. Consequently, this paper recommends that the most fundamental moral duty is the duty to conform our business activities to the categorical imperative, that is, to act only on maxims that we can consistently will to be universal laws and treat persons as ends rather as a means to an end in all transactions. This we hope, from the moral point of view, that this principle will help us achieve sustainable development.

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