

LEVERAGING ON BUSINESS ETHICS FOR SURVIVAL OF INDIVIDUALLY OWNED E-BUSINESSES IN THE FACE OF THE COVID-19 PANDEMIC

ANDAH, Ruth Angbazo, PhD
Nasarawa State University, Keffi
Faculty of Administration
Department of Business Administration

&

ONANA, Kingsley Iyimoga
Nasarawa State University, Keffi
Faculty of Administration
Department of Business Administration

Abstract

Individually owned e-businesses in developing countries like Nigeria have been observed to hit the exit stage in their business cycle too early. This spurred the researchers to conduct a survey to assess the contribution of business ethics to survival of individually owned e-businesses in Nigeria, particularly in the face of the global COVID-19 pandemic crisis. From a survey of 384 e-business owners using a structured questionnaire administered electronically, the study found a negative and significant effect of the Business Ethics practices of e-businesses in Nigeria on their survival. The study therefore recommends that, in the face of global economic social crisis like the covid19 pandemic, businesses, especially individually owned e-businesses, should make concerted efforts to adopt and comply to the highest ethical standards in businesses in order to survive the trying times and beyond in business.

Keywords: Individually Owned e-Businesses, Ethics, Survival, Electronic Survey, COVID-19

Introduction

Small businesses and their importance has been emphasized in both practice and literature for their social and economic benefits. Micro, small and medium enterprises as a sector of a nation's economy account for a large portion of that nation's gross domestic product (GDP). They also create a lot of employment opportunities for the people of that nation through their business activities. Consequently, small businesses reduce the burden of unemployment on the government and contribute to the nation's growth, development, and wellbeing (Olofu & Onana, 2018).

The 21st century has ushered in technologies that have made electronic business (e-business) a viable option for many businesses and entrepreneurs (Wuyep & Onana, 2019). All a prospective or current businesses owner needs to take advantage of the e-business model is access to an internet enabled device and data. Even without a dedicated business website or blog, e-business can still be conducted using third party platforms. In other words, the entry barriers to e-businesses in the contemporary 21st century are minimal.

According to a report by the small and medium enterprises development agency of Nigeria (SMEDAN) (2017), In Nigeria, there are several e-businesses that can hardly be counted or accounted for, even by the corporate affairs commission (CAC) or SMEDAN. This is because many e-businesses in Nigeria are not registered with the proper authorities. They usually take the form of item sales by individuals via popular social media platforms like Instagram, Whatsapp, Facebook, LinkedIn and Telegram; anyone can pick up any internet enabled device and selling anything online to anyone without little to no restriction. These individual unregistered e-businesses are the kinds of e-businesses that this study focuses its thrust on.

We believe that this model of business has made it easy for people to jump into entrepreneurship without major restrictions and with little to no capital. People are enabled to create employment opportunities for themselves and other people, relieving the burdens of unemployment and poverty with little to no government intervention.

However, a report by OECD (2020) stated that the coronavirus (COVID-19) pandemic has created major disruptions in the economy and the life of businesses, whether or not they are able to continue their operations. These disruptions are creating a wide range of impacts on companies and many of them are struggling financially. The COVID-19 crisis has also exposed major vulnerabilities in company operations and supply chains linked to conditions of work and disaster preparedness (OECD, 2020).

Furthermore, the OECD (2020) report posited that the ways that companies respond now to the range of responsible business conduct (RBC) issues in the COVID-19 crisis will have lasting repercussions for their balance sheets and productivity during the recovery period. Companies taking proactive steps to address the risks related to the COVID-19

crisis in a way that mitigates adverse impacts on workers and supply chains are likely to build more long-term value and resilience, improving their viability in the short term and their prospects for recovery in the medium to long term.

Consequently, this study posits that for smaller businesses like the individually owned e-businesses in particular, the COVID-19 crisis should be a wake-up call towards adopting and implanting ethical businesses practices of the highest standards. We believe that business ethics can become a viable way to attract and retain customers for business sustainability and survival. Hence, the reason for this empirical inquiry into assessing the effectiveness of business ethics for survival of individually owned e-businesses in the face of the COVID-19 global pandemic crisis.

Statement of the Problem

Despite the advantages of the e-business model, it has its issues. For instance, there are little to no quality assurance or consumer protection measures. This could be because these businesses are so small and hardly traceable. Since there is no policing structure or system for these individually owned e-businesses, customers and the general public can only hope that the businesses adopt and adhere to strong ethical codes of conduct so that their customers can feel safe, be satisfied and continue patronage.

However, the researchers have observed from a focus group discussion that many of these individually owned e-businesses do not last up to six months or a year before they fold up. Some of them hardly even have more than one sales batch. We believe this phenomenon to be as a result of unethical businesses activities engaged in by the business owners leading to mismanagement and the consequent business early business exit.

This necessitated an empirical inquiry into the effect of business ethics on businesses survival. Similar studies in the past like Ebitu and Beredugo (2015) as well as Enofe,

Ogbeide and Oghenero (2015) assessed the effects of business ethics on business performance and corporate growth respectively. The researchers have not observed any previous studies that assessed the contribution of business ethics to survival of e-businesses in developing economies like Nigeria. This is the gap the present study sought to fill.

Research Question

Arising from the problem of this study, the research sought to empirically answer the following questions: to what extent does business ethics affect the survival of individually owned e-businesses?

Objective of the study

This research effort sought to assess the effect of business ethics on survival of individually owned e-businesses in Nigeria. This is in order to help provide recommendation on whether and how individually owned e-businesses in Nigeria can survive using business ethics even amidst the COVID-19 pandemic global crisis.

Research hypothesis

This study sought to empirically test the following null hypothesis in line with the research problem, questions and objectives:

Ho Business ethics have no significant effect on survival of individually owned e-businesses in Nigeria

Literature Review

Business Ethics

Business ethics is defined by Sexty (2011) as the rules, standards, codes, or principles that provides guidance for morally appropriate behaviour in managerial decision relating to the operation of the corporation and business's relationship with the society. To Heysel (2013) business ethics is a set of guidelines for business people to use to avoid making a wrong decision. Business ethics has evolved over the years, with growing concern to curtail the activities of managers in the management of the organization. Peters and Waterman, 1982, (as cited by Elias, 2005 in

Enofe et al, 2015) show that nearly all highly performance firm have at the core a well-established set of shared values, particularly ethical values.

Ethical code from organization to organization varies but its content or message remains the same all through as it is geared towards enhancing organizational performance. Ethical codes are aligned with the organisational culture, mission, vision and objective statement and the core values of the organisation in order to maximise corporate growth. Hosmer, 1994; and Jones, 1995 (as cited by Berrone, Surroca and Tribo, 2005 in Enofe et al, 2015) argue that ethics are good business investment because it generates positive externalities like trust and commitment with relevant stakeholders, which in turn assure long-term performance. According to Beer (2009) in Enofe et al. (2015), many of the Wall Street companies that collapsed during the economic crisis of 2008 result from their lack of focus on customer service, lack of clear business strategies, and their propensity to over prioritize profits at the expense of commonly accepted ethical practices.

Business Survival

Survival refers to the ability to remain in business. It implies the ability of a business to continue to remain in operation despite various challenges it faces. Akindele, Oginni and Omoyele (2012) explain survival as the process of regularly managing the affairs of a business on a going concern basis and meeting the needs of all stakeholders. Most businesses function in a dynamic environment characterized by changing technology, competition, uncertainty, etc., that exert significant impact on their operations, and thus, these organizations are in a constant process of structuring and restructuring to stay relevant in their market (Adeoye, 2012). Such restructuring, according to Akindele, Oginni and Omoyele (2012) involve strategic planning and the development of a suitable system that would allow for effective utilization and

maximization of resources for the ultimate aim of achieving the objectives of the organization. Ensuring survival is to prevent business failure, or where the business ceases operation or go into bankruptcy, which usually involves losses, as well as the inability of the business to meet financial commitment to creditors (Dun & Bradstreet, 1979, cited in Obasan, 2014).

Empirical Review

Research efforts on business ethics and organizational outcomes have been conducted in the past. Some of them include the work of Ogbonna and Ebimobowei (2012) who evaluated the effect of ethical accounting standards on the quality of financial reports of banks in Nigeria. They found out that ethical accounting standards affect the quality of financial reports of banks in Nigeria. Saeidi, Saeidi and Bidi (2012) concluded that ethics contributes in performance of the business. It does not only bring profitability but also increase the customer's loyalty, helps in retaining customer, creates goodwill for the company and utilize the resources at their maximum level.

Ndabahaliye (2013) assessed the impacts of employees ethical conducts to organization performance in Tanzania particularly DAWASCO. The researcher collected primary data using a questionnaire as well as the survey monkey software, also employed semi-structured Interviews, and documentary analysis which were flexible as well as sensitive to the social context. Data were quantitatively analyzed using the Statistical Package for Software System (SPSS) version 16 computer software. The study revealed that there was a significant relationship between employees' ethical conducts and organization performance.

Saeed, Shakeel and Lodhi (2013) in their study on the impacts of ethical behaviour on employee performance using SPSS regression, found that ethical guidance and ethical value have positive impact on employee's performance. Which directly

impact positively on organization's growth. Also Onyeaghala-Obioma and Anele (2014) in their study of adherence to ethics and performance of business organizations, using Spearman Rank Order Correlation and t-Statistic, found that there is relationship between adherence to ethics and performance of business organizations. This relationship was found to be significant.

Enofe et al, (2015) carried out a study they titled business ethics and corporate growth. The study was carried out to ascertain the impact of business ethical code of conduct on corporate growth in the wake of several corporate fraud, misstatement and misrepresentation. The study employed the survey research design using questionnaire responses from 80 respondents. The Pearson product moment correlation was used to test the analysed data at 50% significance level. The study revealed that adoption of business ethical code of conduct and employee adherence to rules and regulations enhance corporate growth; while there is no significant relationship between corporate growth and corporate adherence to rules and regulations.

Ebitu and Beredugo (2015) investigated the relevance of code of ethics on guiding the performance of service industry and examined also their compliance level on the established code of ethics. The study adopted the descriptive research design while data were collated from 176 respondents cutting across selected Banks and GSM firms in Calabar, Cross River State. Their hypotheses were tested using Chi-square (X^2). Their results showed that effective performance of service industry was dependent on code of ethics and that the compliance level of established code of ethics for service industry was high.

However, all these studies had different dependent variables ranging from firm performance to employee performance, corporate growth and the likes. The researcher could not find any studies that assessed the effect of business ethics on

survival of individually owned e-businesses in particular. The present study filled this research gap and significantly contributes to the body of literature with major implications for both theory and practice. The study shows the effectiveness of business ethics in the survival of individually owned e-businesses in a time of global social and economic crisis such as the novel COVID-19 pandemic situation.

Theoretical Framework

Stakeholder Theory of Business Ethics

Freeman 1984 (as cited by Elias, 2005) advocated the stakeholder theory of business ethics which states that business entities are responsible to many stakeholders which includes consumers, investors, employees, shareholders, government and the general public. Business ethics help management to align with their different interest groups in a bid to maximise their welfare. Stakeholder theory of business ethics can also set the stage for effective measurement of business social and overall performance by distinguishing between stakeholder issues and social issues.

Business ethical codes of conduct help to resolve these issues confronting businesses. Stakeholder theory of business ethics provides a structure and rationale for understanding and explaining why building ethics into planning and operations is a sound management strategy. It provides a framework for understanding why businesses with records of ethical management might be expected to outperform competitors lacking this focus on the medium or long term measure by conventional financial and market test of performance (Clarkson, 1998).

Methodology

This study adopted the survey research design. The population of the study comprises owners and managers of individually owned e-businesses in Nigeria, a developing nation/economy. This value is unspecified or infinite so the researchers purposively selected a minimum sample size of 384 using the Cochran (1974) formula for attaining

sample size from an infinite population at 5% significance level. A structured 5 point likert scale type questionnaire was used to collect primary data for the study.

The researchers used a custom developed instrument of 10 five-point likert scale type questions regarding business ethics and survival of e-businesses. Content and construct validity was ensured by careful vetting of the research instrument by three professionals in the research area. Furthermore, reliability and internal of the instrument was ascertained through a test administration of the instrument to 30 respondents outside the study's population to ensure readability and understandability of the instrument. More so, the instrument had a good reliability with Cronbach's alpha coefficient of 0.89 which is higher than 0.70 as recommended by Nunnaly (1978).

The research instrument was coded into google docx questionnaire tool, directed to and administered electronically to individual owners of e-businesses operating on Instagram, Whatsapp, Facebook, LinkedIn and Telegram social media platforms because they are the most widely used in the country. The linear regression technique was used to analyse the data and test the research hypothesis from which inference was drawn.

Findings and Discussion

The linear regression technique was used for analysis in the study with the following model:

$$EBS_i = \beta_0 + \beta_1 BET_i + \mu_i$$

Where:

EBS = E-businesses survival

BET = Business Ethics

β_0 = Constant/Intercepts

β_1 , = Parameter of determination

μ = Stochastic Variable (Error term)

i = Signifying that the data is cross sectional data for individual observations

The research instrument was electronically self-administered, to ensure 100% valid

return rate. The responses were analysed as follows:

Table 1: Descriptive Statistics for the Variables

Stats	EBS	BET
Mean	4.13	4.11
p50	4	4
Min	1	1
Max	5	5
Sd	0.71	0.72
N	384	384

Source: Researchers' Computation, 2020

Table 1 above shows the descriptive Statistics for all the variables used in this study. The total number of observations for each of the variables is 384. The descriptive Statistics for E-businesses survival (EBS) in North Central Nigeria shows the mean value is 4.13 and median of the responses is 4 implying that average of the responses on E-businesses

survival were agreed. The minimum and maximum 1 and 5 respectively indicating that minimum response was strongly disagreed while the maximum response was strongly agreed. The standard deviation is 0.71. There is no indication of outliers in the data on EBS meaning there is no response in the data that would have dragged the mean value to an unrealistic figure deviant from the median.

The table shows that the mean value for Work Life Balance (BET) 4.11 and the median (p50) value was 4 indicating that the average responses for Business Ethics was agreed. The minimum and maximum value were 1 and 5 respectively indicating that minimum response was strongly disagreed while the maximum response was strongly agreed. The standard deviation was found to be 0.72 from the mean value. These values do not indicate presence of outliers.

Test of Hypotheses and Interpretation of Results

Table 2: Extract of Regression Results

Independent Variable	Dependent Variable	Regression Coefficient	Regression P-value	F-Statistics	F-Stats P-Value	R-Square
BET	EBS	-0.773	0.001	113.6	0.000	0.611

Source: Researchers' Computation, 2020

The statistical decision rule of p-value states that the Null hypothesis (H_0) should be rejected if P- value is less than alpha value (i.e. level of significance which is 0.05) and the alternative hypothesis (H_1) is adopted, otherwise there is no sufficient evidence to reject and therefore the null hypothesis remains.

Table 2 above shows that the regression model is fit to be used for the study as the F-stats is 113.6 with a p-value of 0.000. The table further reveals the summary of the fitted model of R-square which is used to determine the percentage of variability in the dependent variable (e-businesses survival) that can be accounted for by a change in the independent variable (Business Ethics). The R-square value is 0.611 (61.1%). This implies that the variability changes in e-

businesses survival in the study can be accounted for by Business Ethics at approximately 61.1%, while the other 38.9% can be accounted for by other variables not captured in the research regression model.

The regression coefficient for Business Ethics and e-businesses survival in Nigeria is -0.773 with a P-value of 0.001 which is less than alpha value (0.05) therefore the null hypothesis is rejected. This implies a negative and significant effect of the Business Ethics practices of e-businesses in Nigeria on their survival. This indicates that continuation of the present Business Ethics practices of e-businesses in Nigeria would not lead to a significant increase in their business survival but a significant decline.

This finding is consistent those of Ndabahaliye (2013), Onyeaghala-Obioma and Anele (2014) and Ebitu and Beredugo (2015) who found significant effect of business ethics on the organizational outcomes they tested. The study however does not agree with the outcome of the study by Enofe et al, (2015) who found that the relationship between business ethics and the tested organizational outcome was not significant from a correlation analysis at 50% significance level.

Conclusions and Recommendations

This study concludes in line with the above findings that, individually owned e-businesses in particular will continue to find it hard to survive if they do not adopt and adhere to business ethics practices. This study therefore recommends that, in the face of global economic social crisis like the covid19 pandemic, businesses, especially individually owned e-businesses, should make concerted efforts to adopt and comply to the highest ethical standards in businesses in order to survive the trying times and beyond in business.

This is because the global economy is in a crunch; individual and corporate customers are in search of the best possible offer for products and services. Customers are tightening and reordering their scales of preference, as well as weighing their options rigorously in every purchase decision. This means that only serious minded businesses would have enough customers to consistently break even and survive. Hence, the need for adoption and strict adherence to ethical business practices even in such times of global economic and social crisis.

References

- Adeoye, A. O. (2012). Impact of external business environment on organizational performance on food and beverage industry in Nigeria. *British Journal of Arts and Social Sciences*, 6(2), 56-65.
- Akindele, R. I., Oginni, B. O., & Omoyele, S. O. (2012). Survival of private universities in Nigeria: Issues, challenges and prospects. *International Journal of Innovative Research in Management* (1), 30-43.
- Berrone, Surroca, J. & Tribo. J. A. (April, 2005). Corporate ethical identity as determinant of firm performance: A test of the mediatory role of stakeholder's satisfaction. *Business Economics Series* 08.
- Clarkson, M.B.E. (1998). *The corporation and its stakeholders: classic and contemporary readings*. Toronto: University of Toronto Press.
- Ebitu, E. Z. & Beredugo, S. B. (2015). Business Ethics and the Performance of Service Firms in Calabar, Cross River State, Nigeria. *European Journal of Hospitality and Tourism Research*, 3 (2), 28-38.
- Elias, Z. K. (2005). The effect of corporate ethical values on accountants' perceptions of responsibility. *The Journal of Applied Business Research*. 21(4), 1-10.
- Enofe, A. O., Ogbeide, O. L. & Oghenero, M. J. (2015). Business Ethics and Corporate Growth. *European Journal of Business and Management* 7 (15), 1-11.
- Heysel, P. (2013). *The effect of a corporate culture of ethics on shareholder wealth maximization*. (Applied project). Retrieved from <http://dtp.lib.athabasca.ca/action/download.php?Filename=mba13/open/hyselpeterproject.pdf>.
- Ndabahaliye, S. M. (2013). An assessment on the impacts of employees ethical conducts to organization performance: a case of DAWASCO. An MBA Dissertation submitted to the Open University of Tanzania
- Nunnally, J. C. (1978) *Psychometric theory*, New York, McGraw-Hill
- Obasan, A. K. (2014). The impact of business environment on the survival of small scale

businesses in Nigeria. *International Journal of Management and Business Research*, 4(3), 165-170.

OECD (2020). Tacking Corona Virus, Contributing to a Global effort: COVID-19 and Responsible Business Conduct. *OECD Directorate for Financial and Enterprise Affairs*

Olofu, C. G. & Onana, K. I. (2018). Effect of Power Outage on Performance of SMEs in Nasarawa State. *Faculty of Administration, Nasarawa State University, Keffi Conference Proceedings of the 7th National Conference, 1 (2), 373-391*

Sexty, R. (2nd Ed) (2011). *Canadian Business and Society: Ethics and Responsibilities*. Toronto. McGraw-Hill Ryerson.

SMEDAN, (2017). *SMEDAN and national bureau of statistics collaborative survey: selected findings*. Abuja: National Bureau of Statistics.

Wuyep, T. L. & Onana, K. I. (2019). Effect of First City Monument Bank (FCMB) Electronic Banking Services on Customers' Satisfaction in Keffi. *Journal of Management Research and Development, 6 (2b), 106-114*

Appendix A

**QUESTIONNAIRE
(Coded into Google docx for electronic administration)**

c/o Department of Business Administration
Faculty of Administration
School of Postgraduate Studies
Nasarawa State University, Keffi

Dear respondent,

REQUEST TO PARTAKE IN ONLINE SURVEY

We are conducting a survey into the effects of business ethics on survival of individually owned e-businesses in Nigeria. We need you to assist us by completing this questionnaire as accurately as possible. Your responses will be held highly confidentially and used strictly for only this academic purpose.
Thank you.

Best Regards,

**ANDAH, Ruth Angbazo, PhD
ONANA, Kingsley Iyimoga**

Key: Strongly Agree (5/SA), Agree (4/A), Undecided (3/U), Disagree (2/D), Strongly Disagree (1/SD)

S/N	Questions	SA	A	U	D	SD
		5	4	3	2	1
BUSINESS ETHICS						
1	Individually owned e-businesses are mostly unregistered					
2	Individually owned e-businesses have little to no awareness of business ethics					
3	Individually owned e-businesses mostly have no guiding principles					
4	Individually owned e-businesses do not have codes of conduct					
5	There are little to no rules guiding individually owned e-businesses					
E-BUSINESSES SURVIVAL						
6	Ethical business practices are required for attracting new customers					
7	Ethical business practices retain customers and allow continued sales					
8	Ethical business practices facilitate maximum customers satisfaction					
9	Ethical business practices can help to beat stiff competition					
10	Ethical business practices can help businesses survive any crisis					

- Thank you for your time -