Business Ethics and Employees Satisfaction in Selected Micro and Small Enterprises in Ilorin Metropolis, Kwara State, Nigeria

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Abstract. Micro and small Enterprises (MSE) in Nigeria continue to fail despite huge yearly sectorial allocations, policies and intervention funds that are geared towards making them the driving force of the economy. This study examined ethical practices among MSEs’ owner/managers as well as how they apply same in their managerial activities. It also examined the relationship between ethics and the employee satisfaction. The study used cluster sampling to select eighty-nine (89) business owners and one hundred and seventy-eight (178) employees of the selected businesses. The business cut across ten distinct MSEs sub-categories operating within Ilorin metropolis, Kwara State, Nigeria. Data were collected through self-administered questionnaires and analyzed using descriptive, comparative, correlation and student t-test of significance. The result obtained further showed that the owner/managers do not apply ethical practices and behaviour in their managerial style despite having substantial understanding of what constitute ethics and ethical practices. The results obtained shows that the employees perceive that their owner-managers lack ethical leadership with the mean of 2.753 falling below the 3.0 cut-off point. This was shown to have negative impact on the job satisfaction of their employees and probably responsible for the continued under-performance and failure of MSEs in Nigeria. Based on these findings, it was recommended that MSE’s owner managers should introduce ethical values to their employee through role modeling and consistent practice of the same. Effort should be made to reward those who espoused high moral culture and deter those who flout the moral code.

1. Introduction

In establishing an organization, which are usually in the mode of micro, small and medium enterprise (MSE), the owner should anticipate a lot of hurdles to cross. The odds to defy would revolve largely on those requiring building trust. Aside from building trust, such owner or manager would be required to institute uncommon values, pre-empt and adapt to possible changes, to “bake and grow the pie”, there is the need to ensure that sufficient commitment are extracted from the employees so as to attain production efficiency.

According to Kale (2015), businesses with less than 200 employees has been variously categorized as being MSME in nature. Another major basis for classification businesses in to MSME is in terms of asset
(excluding land and building) value and consider those businesses with less than ₦500 million in assets as being MSME. These definition of MSME however take cognizance of sub classification into micro, small and medium enterprise. MSME businesses in Nigeria have been found to be dominant in agriculture, manufacturing, wholesale and retail sectors. It has also been found to be key in sectors dominated by multinationals and large local corporate as they provide the value-chain base for these organizations.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Size Category</th>
<th>Employment</th>
<th>Asset Value (₦’million) (excluding lands and buildings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro enterprises</td>
<td>Less than 10</td>
<td>Less than 5</td>
</tr>
<tr>
<td>2</td>
<td>Small enterprises</td>
<td>10-49</td>
<td>5-Less than 50</td>
</tr>
<tr>
<td>3</td>
<td>Medium enterprises</td>
<td>50-199</td>
<td>50-Less than 500</td>
</tr>
</tbody>
</table>

*Source: National Policy on MSMEs, 2006*

Since most MSME businesses are owner/managed, they help to unleashed the indigenous entrepreneur skills of individual thereby creating wealth, generate employment and contribute to helping to reduce unemployment. MSE businesses also aid in development of local technology.

In a recent study by Augusto (2015), about 37million of Nigerian businesses are MSE in nature. This represents about 90% of business entity in Nigeria. Business in this category is a key employer of labour and accounting for between 40% and 50% of the nation’s workforce. However, despite these dominant roles in the economy, MSE businesses are confronted challenges like poor access to finance, punishingly high lending rates, regulatory hostility, multiple taxes, inadequate infrastructure, weak legal and security institutions to contend with. All of these combine to increase the costs of doing business in Nigeria which affect MSE businesses more. The other effect of these challenges is that MSE business owners or managers are more prone to encounter ethical challenges in areas like meeting customer’s order in quality and quantity; honouring financial obligations to other third parties in the face of low cashflow; securing business deals when it may require the payment of kickback and so on (Institute of Business Ethics, 2010).

In recent time, considerable efforts have made by the government in terms of policy reforms and financing intervention to ensure the growth and stability of MSE businesses. Specific efforts has been directed at helping to ease access to business financing, providing training platform for business and managerial skills and other policies directed at fostering the development of the sector. Despite these considerable efforts towards improving the sector, the number of MSEs that fail continue to increase. All these challenges can be dealt with appropriately where there exist leaders that do things in the “right way”. Such leader is said to be ethical leader.

The importance of ethical leadership therefore in building MSE organizations and ensuring performance cannot be over emphasized. Unlike most large organizations that are properly structured and with well instituted corporate codes of ethics and culture, MSEs are usually lacking in this. And because such corporate ethical codes are not in place, there is high tendency for violations by the business leaders and their followers will may be inclined to follow suit (Fulmer, 2004). This doubly evident in small businesses where employees have closer relationship with their business leadership and are often in close contact with them. This enables them
to observe the ethical principles of their leaders and know which lines not to cross. Where ethical practices are lacking in such leaders, the employees are also often at liberty to decide for themselves what ethical principles to choose. In most instances, they often chose to “cut corners” to achieve business result without due regards for the business risks and attendant damages involved. Furthermore, where employees believe that their leaders are unfair or take unnecessary advantage of them, there is every tendency that such employees will display only commitment which has been shown to affect job satisfaction and performance of employees. (Saliu, Gbadeyan & Olujide, 2015).

It is therefore based on these concerns that a study of this nature has become necessary. Hence, this study is an attempt at building ethical leadership in MSE businesses within Ilorin metropolis. The envisioned leadership are those who would be capable of growing their businesses as well as maintaining good ethical standards. Such leader would be expected to possess the following principles: respect, service, justice, honesty and desire to build community. More specifically, the study attempted to:

- uncover the extent to which the owner-manager of MSE have understanding of ethics and ethical behaviour;
- determine the extent to which these owners/managers apply these knowledge in their businesses; and
- examine how well do the owners/managers explore ethics and ethical behaviour in ensuring job satisfaction of their employees.

2. Research Hypotheses

To achieve the research objectives, the following research hypotheses were formulated and tested in the study:

**Ho1:** Most Owners/managers of micro and small enterprises (MSE) do not have understanding of ethics.

**Ho2:** Most Owners/managers of MSE do not apply ethical practices in their businesses.

**Ho3:** There is no relationship between ethics and job satisfaction of employees.

3. Literature Review

3.1 Conceptual Clarification

Like most social concepts, ethics is difficult to define in a precise way. However, it may be regarded as “a code of moral principle and values that governs the behaviours of a person or group with respect to what is right or wrong.” (Daft & Marcic, 2011). Ethics has been found to have its origin from the Greek word “ethos” meaning custom or character. It help to describe and prescribe moral requirements and behaviours which suggests that there are acceptable and unacceptable ways of behaving that serve as a function of philosophical principles (Minkes, Small and Chatterjee, 1999).

Whilst leadership is said to be the process of influencing others to achieve goals (Gbadamosi & Adebakin, 2010). Leadership is been defined as the art of persuading a follower to want to do the things, activities, that the leader set as goals (Mihelic, Lipcnik and Tekavcic, 2010). It signifies a relationship between a leader and his followers within an organizational context. This relationship usually exists to actualize a set of goals and objectives. In MSEs, this relationship is more pronounced between owner-managers and their few staffs who take directions, usually from the owners, towards the actualization of the business goals. Thus ethical leadership could be defined as the process of influencing people through...
principles, values and beliefs that embrace what we have defined as right behavior. Such ethical behavior includes key principles like honesty, fairness, integrity, empathy (Bello, 2012). The behaviours of ethical leader is expected to set moral standards for the followers. Indeed, any formal ethical codes and training is not likely to have any significant impact without commensurate consistency with the behaviour of top management. Bello (2012) challenged organizational leaders to lead by examples by defining organizational norms and values, live up to expectations and encourage their followers to do same.

MSEs do not often have the resources like large organizations to build a corporate code of ethics. However, this does not underscore the importance of having an ethical culture in place. Whether in big corporations or MSEs, ethical culture reinforces and makes clear the values and principles that are part of the organization and influences how it interacts with the stakeholders. It also provides clear guidance to employees on how they are expected to behave in the conduct of their business activities. Ethics is the underlying area between what is governed by law and what is left to the free choice of the individuals (Daft and Marcic, 2011).

The domain of human actions that is regulated by law usually has punitive measures attached. Such acts that are regulated may include fraud, falsification or manipulation of financial results among others. This was why the falsification of financial results by Enron executives was seen as criminal as it violates existing legal codes. With legal standards, the law specifies what must or must not be done in specific circumstances. The individual or corporate entity do no not have the free will to act as they like as legal standards usually have punitive measures attached for violators.

The domain of free choice includes area where there is no regulation on what to do. Such may include what to eat, number of children or the choice of spouse. In between this two standards lies ethics which encompasses the social and moral standards by which individuals are supposed to behave. While there are no laws regulating ethics, it is still expected that a morally developed member of the society will conform to the principle and values of the society in which they reside (Kohlberg, 1958). According to Kohlberg’s theory of moral development, an adult is expected to show a deference towards maintaining social order and morality even when there are no law requiring such. In his post conventional classification, he posited that individuals operates from the social contract perspective. Act which promote social and communal welfare are deemed as good while those which do not are discouraged.

Brown, Trevino and Harrison (2005) defined ethical leadership as “the demonstration of normatively appropriate conduct through two-way personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision making.

Ethical leadership as a construct can be viewed as the art of enabling people to do the right thing (Freeman & Stewart, 2006). It may also be perceived as the process of recognizing the reciprocity of the relationship between the leader and his followers. Thus an ethical leader needs to adhere to a more universal standard of moral behaviour (Thomas, 2001).

Ethical leadership thus involves setting ethical standards, serve as role models for
followers and rewarding good ethical conduct and punish unethical behaviours (Minkes et al., 1999). According to Kannair (2007), leaders not only need to set ethical standards, they also have to live by the same standards and help others to do the same.

The Institute of Business Ethics (2010) listed integrity, honesty, openness, respect, fairness and responsibility as part of ethical values that should be espoused by an ethical leader. These abilities include setting of good examples for the followers and selflessness. An ethical leader is always willing to hear the argument of others and is not afraid to be challenged. While the list of qualities is not exhaustive, a good leader generally showcases high level of moral standards and do not engage in acts that they will not want to be publicly associated with.

Sager, Rafat & Agarwal (2012) described employee satisfaction is a measure of how happy workers are with their job and working environment. They defined employee satisfaction as a term to describe the extent to which employee are happy, contented and fulfilling their desires and need at work (Sagar et al., 2012 citing Spector 1997), regarded employee job satisfaction as the feeling that a giving individual has about his job and its various aspects. This also represents the fulfillment of one’s wishes, expectation and need. With this understanding, organizations are expected to achieve advantage by satisfying the employee and motivating them towards continuous improvement.

### 3.2 Theoretical Review

In most daily activities of man, there are usually conflicts between good and bad or decide against unethical or non-righteous acts (Badi & Badi, 2015). Paul & Nina (2010), observed that ethical ideas are veritable tools for decision making or as a way to depict, explain or reflect the decision we make independently of theory.

Paul and Nina (2010), posited that one can distinguish a range of different elements in an ethical decision or choice by: the personality features that prompt an individual to make a certain choice; the nature of the rationale or motive for the choice; the outcome that result from the choice; the situation of those attached by the choice. Each of these facts has created a focus of emphasis of ethical theories that may be relevant for a particular circumstance. The common type of theories which could be virtue, utilitarian, deontological, agency, shareholder and the stakeholders theory.

This study was however anchored on shareholders theory. The basis for this is because the shareholder theory is premised on the motive of profit maximization which is the essence for which most MSE businesses are set up. Shareholder theory is largely concerned about providing good return to owners of the business. This is more appropriate since the main motive in the mind of the shareholder is to maximize profit (Nilson & Westerberg, 1997; Ikpefan & Ayeni, (2012). The extent to achieve this profit maximization objective however stand on the pillar of continuous and sustained good reputation of the organization and those who drive its businesses. This is because it is only on the basis of good reputation that any organization can make increased and continuous profit.

### 3.3 Empirical Review

Where employees have ethical leaders, there tend to be an increase in employee loyalty, higher organizational commitment and lower staff turnover. Saliu, Gbadeyan &
Olujide (2015) have found evidence that increase in organizational commitment tends to improve job performance and actualization of organizational goals. In addition, where a business is perceived to have good ethical culture, the added reputational benefits often attracts more customers and generate goodwill in the community in which the organization does its business. Such businesses also find it easier to attract and retain high quality staff which may results in higher level of innovation.

Research on ethical leadership in corporate organizations has shown that ethical leaders are more likely to be rated as exhibiting potential for senior leadership position. However, there was no difference in between leaders who demonstrated ethical values and those who did not in the short run. (Rubin, Dierdorff & Brown, 2010)

Akers (1989), posited that ethical conduct and market success goes hand in hand. Furthermore, the Institute of Business ethics have also found evidence to support the link between market success and ethical leadership. In a review done between 1997 and 2001, they found strong evidence that business with good ethical conduct performed averagely better compared to those without such codes (Fulmer, 2004).

4. Methodology

The design used in this study was dictated by objectives to be achieved. Since the questions aimed at examining the view of the respondents as it relates to innate ethical values, the survey research design was adopted. The Population for the study comprised of business owner/managers within Ilorin metropolis as well as their employees. The study selected samples each from each of the following MSEs subsectors available within that locality. The Sample size was determined by purposeful and convenience sampling. These are presented below.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Sub-sector</th>
<th>No of samples</th>
<th>Number of owners</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bread-Making</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Water Bottling</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>IT Services</td>
<td>4</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Bead Making</td>
<td>15</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>Photography</td>
<td>11</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>6</td>
<td>Restaurants</td>
<td>15</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>7</td>
<td>Cyber Café</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>Sales of phones and Accessories</td>
<td>15</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>9</td>
<td>Fashion Designing</td>
<td>12</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>10</td>
<td>Catering Services</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>95</strong></td>
<td><strong>95</strong></td>
<td><strong>190</strong></td>
</tr>
</tbody>
</table>

*Source: Author’s Survey (2018)*

Structured Likert scaled questionnaires were personally administered to all the two hundred and eighty-five selected respondents including the owners as well as their employees. A total of eighty-nine of the selected owner-managers responses were found useful for the study.

4.1 Questionnaire Design

Two types of questionnaires designed were for the study. The first questionnaire was administered to the owners of MSE businesses while the second was administered to the employees. The owner-managers’ questionnaire utilized had three sections. The first part contains demographic questions which include age, sex, rank, and number of years in operation.
The second part (knowledge) was to assess the level of understanding of the ethics of owners. The scale measures their understanding of integrity, honesty, openness, respect, fairness and responsibility with respect to their employees as well as their business dealings. It consists of an eight-questions Likert scaled questionnaire designed to test the understanding of the business owners on what constitute ethical values in business. The third section (application) consists of sixteen questions designed to assess the level of application of ethical culture/values in the business dealings and managerial leadership of the owner-managers.

The second questionnaire was administered to the employee of each business to assess their managers on the co-opted measures of ethical leadership as well as their level of job satisfaction. The job satisfaction scale was adapted from the work Saliu, et.al (2015) to measure the job satisfaction level of each employee. The ethical leadership questionnaire was adapted from Yukl et al (2011) and contains fifteen-questions. The questionnaire used a five-point Likert system consisting of the following responses: Strongly agree (5 points); Agree (4 points); Indifferent (3 points); Disagree (2 points) and Strongly Disagree (1 point).

The highest and least scores possible were analyzed below. The maximum point and least point indicate the highest point and lowest point possible for each scale. The range is the difference between the maximum and the least point while the mid-way is half of the range. The cut off was set as the difference between the maximum point and the mid-way point. Thus, scales above the cut off indicate agreement with the Likert scale. The knowledge subsection has eight negatively worded questions with graded in reverse order. The maximum point obtainable was forty, while the cut-off was twenty-four.

The application contains sixteen questions with a maximum possible point of eighty. The cut-off was calculated as forty-eight points. Thus those with forty-eight or more point are adjudged to apply ethical leadership in their business while those below do not. The employee’s job satisfaction index had a cut-off point of thirty.

4.2 Method of Data Analysis

The data from the field were analyzed using and tested using the one tailed one sample t-test of significance to ascertain whether or not the result obtained conform with a priori expectations and whether they are significantly so. The relationship between job satisfaction and ethical leadership was examined using the Spearman’s rho correlation test. The test was carried out using the SPSS version 19.

The study employed Cronbach’s alpha to confirm the reliability (and the consistency) of the result obtained.

5. Discussion of Result and Findings

The result showed that the respondents were mostly males which represent about 66% (156 respondents), while the rest were females. The age distribution as a function of sex is given below:

<table>
<thead>
<tr>
<th>Gender</th>
<th>≤20yrs</th>
<th>21-30yrs</th>
<th>31-40yrs</th>
<th>41-50yrs</th>
<th>51-60yrs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>2</td>
<td>4</td>
<td>14</td>
<td>31</td>
<td>6</td>
<td>57</td>
</tr>
<tr>
<td>Female</td>
<td>4</td>
<td>7</td>
<td>11</td>
<td>7</td>
<td>3</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>11</td>
<td>25</td>
<td>38</td>
<td>9</td>
<td>89</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2018
The results showed that people rarely show entrepreneurial drive before they clock twenty. There were only six respondents below the age of twenty while there were eleven between twenty-one and thirty. Thus only 19% of the respondents were into MSMEs below the age of thirty. This may be adduced to the significant training period attached to some of the selected business and the substantial initial capital outlay for some. Furthermore, it is prevalent for young people to seek jobs as employees first either to acquire capital and experience or simply due to lack of zeal to run their own business.

However, there was an increase in the entrepreneurial drive above the age of thirty and below the age of fifty. This may be due to the fact that women marry at this age and prefer to run their own business rather than for others in order to accommodate their family life. Also, those who have worked for others will have gained the necessary experience and the capital needed to run their own business successfully and thus start out during this age bracket. There was a sharp decline above the age of fifty as there were lesser people involved probably due to the stress involved.

Table 2: Demographic Data (Years in Operation)

<table>
<thead>
<tr>
<th>Gender</th>
<th>≤5yrs</th>
<th>6-10yrs</th>
<th>11-15yrs</th>
<th>16-20yrs</th>
<th>&gt;20years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>29</td>
<td>17</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>57</td>
</tr>
<tr>
<td>Female</td>
<td>2</td>
<td>21</td>
<td>6</td>
<td>3</td>
<td>0</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>38</td>
<td>15</td>
<td>5</td>
<td>0</td>
<td>89</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2018

The results indicate that less than 23% of the businesses sampled have been in existence for more than 10 years. This shows that most of this business usually fail before their tenth year of operations. The table also shows that women are proportionately better at running successful business than men with more of their businesses (29%) making it beyond the 10 years mark compared to just 19% for men.

Hypothesis 1

H\textsubscript{0}: Most Owner-managers of Micro, Small and Medium Enterprises (MSME) do not have understanding of ethics and ethical leadership.

Table 3: Knowledge of ethics and ethical behaviour (one-tailed t-test)

<table>
<thead>
<tr>
<th>No of Respondent(N)</th>
<th>T</th>
<th>p-value</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std Error</th>
<th>\textit{t}_{\text{tab}}</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>9.077</td>
<td>&lt;0.001</td>
<td>3.756</td>
<td>0.787</td>
<td>0.083</td>
<td>1.660</td>
</tr>
</tbody>
</table>

Source: SPSS Output 2018.

The result of the one-tailed t-test shows that the calculated t-value is higher than the table value (9.077>1.660). This implies a rejection of the null hypothesis and an acceptance of the alternate hypothesis. Additionally, the mean value of 3.756 was higher than the cut-off mean of 3.0. Thus, it was inferred that most of the owner managers have a working knowledge of ethics and ethical behaviour.

Hypothesis 2

H\textsubscript{02}: Most Owner-managers of MSME do not apply ethical practices in their businesses.
Table 4: Application of ethics and ethical behaviour (one-tailed t-test)

<table>
<thead>
<tr>
<th>No of Respondent (N)</th>
<th>T</th>
<th>p-value</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Standard Error</th>
<th>t_{tab}</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>-5.272</td>
<td>&lt;0.001</td>
<td>2.692</td>
<td>0.550</td>
<td>0.0583</td>
<td>1.660</td>
</tr>
</tbody>
</table>

Source: SPSS Output 2018

The result of the one-tailed t-test shows that the calculated t-value is lower than the table value (-5.272>1.660). This implies an acceptance of the null hypothesis and a rejection of the alternate hypothesis. Additionally, the mean value of 2.692 was below the cut-off mean of 3.0. Thus, it was inferred that most of the owner managers do not apply ethics practices and ethical behaviour in their business dealings.

Hypothesis 2

H_{03}: There is no relationship between ethical leadership and job satisfaction of employees.

Table 5: Correlation Result

<table>
<thead>
<tr>
<th>Spearman rho</th>
<th>R-Squared</th>
<th>Mean(JS)</th>
<th>Mean(EL)</th>
<th>Std Dev.(JS)</th>
<th>Std Dev.(EL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.905</td>
<td>0.819</td>
<td>2.785</td>
<td>2.753</td>
<td>.559</td>
<td>.522</td>
</tr>
</tbody>
</table>

Source: SPSS Output 2018

The correlation results indicate that there is a high level of correlation between ethical leadership and the satisfaction of employees. The results obtained shows that the employees perceive that their owner-managers lack ethical leadership with the mean of 2.753 falling below the 3.0 cut-off point. This was in line with the low level of application of ethics in business activities earlier shown in table 3 above despite a high level of awareness on what constitute ethical values by the business owners.

6. Discussion of Findings

The findings based on the student’s t-test shows that while majority of the owner-managers have working knowledge of ethics and what constitutes ethical behaviours, they are willing to abandon it to further their business interest. Furthermore, most of the businesses do not have a formal code of ethics for their business and its employees neither do they enforce any ethical behaviour from the employees as long as no law is broken and the “interest” of the business is advanced. The results shows that business owners believe that business success can easily be achieved by “cutting corners” as long as no law is broken. This has however resulted in low level of job satisfaction by the employee which has the tendency to increase staff turnover and low business performance. Furthermore, there is the likelihood of increased reputational risk which may lead to loss of business share or outright failure. As empirical studies have shown in cases of organizations that has failed despite being cleared of any wrongdoing. This shows that people are willing to try businesses by moral codes even when the law exonerates them.

The results obtained in this study aligns with the earlier works of the Institute of Business ethics which found evidence that ethical leadership leads to business performance(Fulmer,2004). It also agrees with the position of Mihelic, Lipicnik & Tekavcic (2010) who also concluded that business cannot thrive where there is a lack
of ethical and moral leadership from decision makers.

7. Conclusion and Recommendations

The results obtained from the analysis of the data collected shows that most of the owner-managers of MSEs in Ilorin metropolis are aware of what constitute ethics and ethical practices. It was shown that the concept of integrity, fairness, openness among others are known to the business owners. However, for business reasons, the owner-managers were not only willing to abandon these ideals, they passively encourage their employees to follow suit so as to maximize profit. The results also shows that the employees are aware that their business leaders lack managerial ethics and are dissatisfied with their on the job experience. The correlation analysis shows that there exist a very strong relationship between ethical leadership and job satisfaction of staff.

This may account for the relatively short period of time that most MSEs in Nigeria exist before failing as they lack the required business reputation to sustain their businesses over a longer period. This was further attested to by the relatively low number of years in operation of the sampled business. It was thus apparent that in a bid to get short term profit, most of the MSEs were putting their going concern under serious threat.

Based on its findings, the study recommends that business leaders should inculcate business ethics in organizations, introduce moral codes to guide the activities of their staff. Furthermore they should consistently practice these moral standards as role model for their staff. Where possible, staff should be rewarded for high moral standards while those who violate the moral code should be sanctioned appropriately.

References


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