

# **INTERNATIONAL NORMS AND CORPORATE CODES OF PRACTICE FOR SUSTAINABLE GLOBAL BUSINESS ACTIVITIES: HOW MUCH DO NIGERIAN BUSINESSES KNOW?**

**Adeyeye Adewole**

Department of General and Entrepreneurial Studies

Ondo State University of Science and Technology (OSUSTECH) Okitipupa, Ondo State, Nigeria

[dradeyeyeadewole@gmail.com](mailto:dradeyeyeadewole@gmail.com)

## **Abstract**

*As the ideals of ethical practices become fully entrenched in business practices, the global business scene paraded specific norms and international codes of practices that must be exhibited for successful operations. The study examines this critical issue among businesses in Nigeria. Using selected samples of indigenous Nigeria companies quoted on the Nigerian Stock Exchange (NSE), it was discovered that the average Nigerian business have basic knowledge of international norms and corporate codes of conducts. The study also discovers that their compliance level is extremely low as conformity is determined by the regulatory force rather than exigencies of global business competitive strategy.*

*Keywords: International Norms, Codes of practices, Global Business, Sustainability, Businesses, Nigeria*

## **INTRODUCTION**

The international norm constitutes important aspect of global moral order for sustainable international business practices.(Adeyeye A. 2018). The International norms, otherwise called global business standards were typically proposed by three classes of groups. The groups comprises of the private sector, civil society organizations (CSO's) and the public sector. The public sector in this context cover international bodies like United Nations, OECD, UN Global Compact, UNCTAD, UNEP, GATT, WTO among others. These groups have consistently demonstrated concerns for better ways of doing business. They have embarked on activities to

streamline norms and have established benchmarks for morally acceptable practices in international business context (Ann K. & Rob V. T2003). A critical appraisal of the rationale and types of international norms; indicates that the essence of international norm can be located within the context of business society interface. By implication, the international norms cover various guidelines, recommendations and moral rules that are issued by entities in our society. The aim is to establish moral guides for business practices in order to affect or influence positive moral behaviour. In international norms, there is the adopting body and the actors. The adopting bodies are entities; institutions while the actors are global businesses.

We have various examples of norms in international business scene. These include Organization for Economic Corporation and Development (OECD) norms or standards for business activities. It also includes ISO's (ISO9000, ISO 14000). The ISO's focuses on ethics of management system. It is to ensure responsibility and integrity in business organizational context. By so doing, it institutes standards to take care of conflict of interest, employee and employer conducts in corporate behaviour. It also deals with issues of appropriate business disclosure so that transparency, accountability and responsibility can be entrenched. Other international norms that act as benchmarks of business operations include Global Reporting Initiative (GRI). The initiative specifies four criteria for reporting. These include honesty, clarity, giving the same message to all stakeholders and also making sure that corporate report is certified by a third party. The original four reporting criteria are being broadened as a result of specific sectoral demands. The United Nations Environmental Programmes (UNEP, 2003) declares that for instance as we look forward into incoming years of company environmental reporting, there is strong indication that we are moving squarely into an age of accountability in which full details of company activities and relationships will be questioned by stakeholders (Mollie P. 2002). We also have the Sullivan Principles, which was introduced in 1977. The purpose of Sullivan principle is to encourage global businesses to adopt normal practices in their workplace attitude. There are also the social accounting standards SA' SA8000, AA1000 and the recent business general management norms which emphasize supremacy of stakeholders' interest. Some of these norms exist to take care of overlapping requirement of global business regulatory environment. There is focus on innovations, patenting and intellectual property rights as critical area such as bio-diversity, health research and agricultural bio-technology becomes essential for international economic competition. It is also important to note that most of the norms originated from 1970's when globalization of business activities began to take root (Ann. K & Tulder V. 2003).

We need to equally note that as global business activities becomes intensified into subsequent years ahead, the enactment of norms as basis for business moral order also

increases. Most organizations have encapsulated some obviously right actions into a corporate code of practice. This observation takes us naturally to discussion on corporate code of practice as an aspect of morality in international business practices.

The corporate code of practice exists across international business system. The type of ethical codes for operation in international business scene is categorized based on the types of actors. As at the last count, there about 132 identifiable codes at macro level and 84 codes at micro level (Ann. K& Tulder R.V 2003). These codes kept increasing, being modified and updated year on year. At microlevel, the codes were designed by organizations like ILO, OECD, UNCTAD, WHO. The micro codes were essentially drawn by Transnational Corporations (TNC) commonly called Multinationals. More than 60% of these codes belong to 1997 Global Fortune 500 ranking. There are social interest groups such as Ethical Trading Initiatives, Clean Clothes Campaign Organizations, Coalition for Environmentally Responsible Economy among others. The other includes the efforts of Business Support Groups (BSG) like World Trade and Tourism Council, International Guidelines for Multinationals Investments, Chemical Industry Responsible Care etc. We also have examples of corporate organization that have designed internal and external code of practices to guide operations. Most of these organizations wanted to make sure that their workers and managements work within an ethically admissible standards.

The interesting thing about business code of practice is that they are devised from experiences of organizations at the level of interactions with internal and external stakeholders. Another point is that corporate codes of practices are sectoral bias. This is an attribute it shares with international norms or standards. It is therefore not uncommon to see corporate codes reflecting sectoral preferences such as Oil and Gas, Conglomerates, Construction, Airline, Textile, Sports, Agricultural and Arm sales businesses. For instance, in the United Kingdom, there are codes to guide arm sales. Specifically in the year 1997, Arm sales business sector subscribed to fundamental human rights principles. They also pledged the need to respect human right particularly in the areas of right to life, freedom from arrest without due process, freedom from torture, right to freedom of thought, the right to freedom of religious practices and to vote for one's government.

Although, it is observed that many attempt at establishing corporate code of practice like its international norm counterparts have met with either resistance or apathy(Molly. P. 2002). The resistance is occasioned by a tendency towards ensuring forceful compliance. Nevertheless, as most of these codes are intended to act as guide rather than forceful compliance, the global business system has continue to have its fair share of corporate moral codes. These codes like the regular international norm come in two stages. There are codes to influence moral behaviour as business engages in transaction at international business scene

and there are those for specific organizational practices. Gradually, the codes are gradually becoming the accepted benchmarks for participation in international business activities for instance subscriptions to certain norms or codes are now regarded as the minimal qualification for participation in certain business activities.

At the international level, the United Nations for instance, attempt to develop broad code of conduct for transactional corporations. Associations, civil societies groups also develop various codes and principles. A good example of this is the ethical statement popularly refers to as to the Caux Principles. The Caux principles is a product of Caux Round Table that shared a belief that business organizations can be a powerful force for the advancement of world benefits. They also maintained that business should be an avenue for promoting quality life amongst the people of the world. Based on this conviction, the executives of Caux Round Table developed certain principles based on Minnesota principles which were created by Minnesota Centre for Corporate Responsibility in 1992. The Caux principle are derive from the conviction that we can all live together and act for common good. The principles are also hinged on two fundamental moral ideals. These are the Kyosei moral-ideals and the ideals of human dignity. Kyosei is a Japanese concept of living and working together for common good through the principles of enabling cooperation and mutual propensity to coexist in a healthy and fair competitive manner. The human dignity aspect emphasize respect, value and sacredness of human person moral a means to an end but an end it itself (Hartmann .1992).

At organizational level, most organizations that have acquired adequate experience and exposures are expected to develop ethical codes to influence their day to day practices. Such ethical codes of practices are supposed to be designed in a way that reflects managerial, production, finance, personnel and marketing functions that takes place in the organizations. By so doing, their either directly or inadvertently sets moral standards for organizational performances. It must also be pointed out at this juncture that some of these codes of practices are usually embodied in what is popularly called corporate mission or value statement. Often times, corporate codes can be translated into organizational manual (James, L.P 1997). Because of this, corporate mission or value statement is seen as the best bet for organization to express its corporate character (Campbell. A & Tawaday K. 1999).Little wonder why recent research efforts at determining moral sensibility of corporate organizations have concentrate more on analyzing corporate mission statement as encapsulated in their annual reports.

But far more importantly, the emerging global scene portends a completely new context for human activities (Andrew K. & Dick I. 1998). In other words, beyond what we are used to in our ordinary local business setting, the global sustainable business transactional behaviour demands an entirely moral benchmarks that is acceptable for activities and behaviour at that

setting. The global business scene is made up of new model of human intersection. Such interaction goes beyond what is allowable in our local or individual setting. Therefore the global business moral order through international norms, conventions, standards, corporate codes of conducts all have one claim: the intention is to address obvious ethical problems in international business realm. Because of this, the entire human planet no longer comprise of discrete civilization or cultural communities (Armesto F. 1995), there is now a tendency towards a world of overlapping culture (Terry N. & David M. 1992). One should always wish that one's action is capable of universal application (Harry A. 1970). In business parlance, the entire world has become a global marketplace. Success in business is a function of global market penetration in terms of all the requirements both ethics. One of the major imperative for successful global business is for such business to adopt and practice international norms and the accompanying corporate code of practices. However, as the integration of African and Nigerian business in particular becomes intensified due to apparent developmental and growth benefits, it is very important to determine whether the Nigerian business clearly understand and adequately comply with this critical requirement. The extent of their understanding and compliance will help ascertain their level of preparedness for full participation in emerging global economic configurations. There is upsurge of criticisms that the enabling framework for participation in global economy has short changed African and other developing economics. This recognition has prompted various normative initiatives to promote equality, fairness and moral justice (Adeyeye A. 2016). It might simply be the case that African has actually left so many things undone particularly the critical issue of subscription to international norms for effective participation in global business.

This study examines the basic knowledge of and the compliances level with the international norms and corporate code of practices by selected Nigerian businesses. The study defines Nigerian business simply in the context of companies that are quoted on the Nigerian Stock Exchange. We also include multinationals because they are already exposed to various international norms and global corporate codes of practice. For the multinationals, it might be necessary also to know how they have complied with international norms and corporate code of practices.

## **METHODOLOGY**

Most of the data used for the study were collected through the use of questionnaires that were self-designed for the purpose of this research. The questionnaires were sent out to all the indigenous companies quoted on the Nigerian Stock Exchange (NSE). The study was carried out in Lagos. The questionnaires were administered on all the selected samples. 234

representing 98% of the questionnaires out of a total 239 were returned fully completed. The questionnaire involves responses to (7) blocks of questions, each blocks containing certain number of questions. Block (1) involves questions containing basic information about selected companies. Questions about name of company, year of incorporation by Corporate Affairs Commission (CAC), types of activities among others were asked. Block (2) asks questions about categories of business in the context of being wholly indigenous or multinationals corporations. Block (3) asks questions about awareness of business on the emerging global market place. Block (4) asks questions about self-rating in global market penetrations, recognition of the critical importance of global business for successful exploit; and eye for global market. Block (5) ask question about broad knowledge of Nigerian business on international norms, voluntary norms, mandatory codes or sectoral codes. Block (6) asks questions on compliance with each of the international norms. Block (7) asks questions on corporate code of practice. It asks question as to whether business institutionalize corporate code of practice, whether there is corporate manual and also whether business subscribe to sectoral corporate code of practice. Block (8) asks questions about whether business are aware of the imperatives of norms for global business engagement; questions about direct encounter where norms/codes are requirement for business and questions whether norms/codes confer special competitive advantage.

## **ANALYSIS AND RESULTS**

The first survey aimed at basis information on the characteristics of the sampled businesses in Nigeria. The demographic survey indicates that the average year of incorporation is between 1985-2015. 61% of Nigerian businesses concentrate mainly on services/contracting / institutional support with only 39% into direct production.

The second survey explores the categories of Nigerian businesses whether wholly indigenous on Multinational Corporation. 190 businesses or 81.1% is indigenous such that the shareholding and market are wholly indigenous 35 businesses or 14.9% are multinationals. In this sense, they are businesses with strong affiliation both in shareholding and market.

The third survey elicits business knowledge of emerging global market place. The entire 234 responded or 100% acknowledge the changing market geography. However, 229 or 99.6% concur that there is emerging global market place.

The fourth survey aimed at information on business self-rating in terms of global market penetration. 69.3% or 163 of businesses rates national penetration only. Market 12.8% rates regional market penetration while 31 businesses or 13.2% rate current level of penetration as

global. Interestingly, 218 or 93.1% concur that participation in global market is the ultimate. 98.7% or 231 are desirous of going global.

The fifth survey on knowledge of international norms that guides global business, 224 or 95.7% has knowledge of existence of international norms that guide global business. Only 10 businesses or (4.2) did not have knowledge of existence of international norms 164 businesses or (70%) has knowledge of voluntary norms, 69 or (29.4%) mandatory codes while only 86 or (36.7%) has knowledge existence of sectoral. Codes: Approximately 148 businesses or 63.2% have no knowledge of sectoral codes; 165 or (70.5%) mandatory codes and 70 businesses or (29.9%) voluntary Codes.

The sixth survey aimed at deterring the compliance and of Nigerian businesses with different shades of global norms or code. 51 or 21.7% has completed with international norms while 183 or 78.2% have nothing to do with international norms out of a sample of 234. 83 businesses or 35% have complied with voluntary norms as against 152 or 53.4%. 52 businesses or 22.2% here complied with one form of mandatory codes or the other while 182 or 77.7% have not. 86 or 36.7% have complied with relevant sectoral code while 148 or 63.2% have never.

The seventh survey aimed at determining level compliance and entrenchment of corporate code of practices. 76 businesses or 32% have institutionalized corporate code of practice while 158% or 67.0% have not. 106 businesses or 45.2% have corporate manual while 128 or 54.7% never had. 82 or 35% subscribe to sectoral code of practice while 152 businesses or 53.4% never did. 32 businesses or 13% have received award of excellence in corporate practice while 202 or 86% have never.

The Eight survey aims at knowing whether Nigerian business practice corporate codes of conduct. Approximately 213 or 91% sample businesses agree that norms/ codes are critical and essential for global business engagements. 8.9% or 21 businesses are unaware of the importance of norms / codes to global business engagement. 83 businesses or 35.4% have encounter with the requirement of codes/norms in business deal while 151 or 64.5% have not experienced it. 68 businesses or 29% agreed that norms/codes confer special competitive advantage while 166 or 70.9% would not agree that norms/codes confer any advantage..

## DISCUSSIONS

From the above analysis, it is quite obvious that existing businesses in Nigeria are fully aware of the changing dynamics in business activities with renewed emphasis on global market, international competitiveness. Most Nigeria businesses still operates within national market place despite the recognition that global market is the ultimate for long term business sustainability.

Very few Nigerian businesses are exposed to the requirements of international norms/codes for operations in global market place. This can be explained the fact that only little Nigerian business has been fully active in global business market place. Compliance with norms and codes are more in the areas of sectoral codes and mandatory requirements of relevant regulatory authorities. The implication is that the bulk of compliance by Nigerian businesses is prompted by industry regulation mainly. The culture of conformity with international norms and codes is generally low among Nigeria businesses. Only very few Nigerian businesses have received awards for compliance with international norms and values. It also is of great note that the low level of an exposure and conformity in international norms or codes of practice have something to do with the equally low level of participation in international business activities. As Nigerian businesses intensify efforts to play significant role in global market, the culture of international norms/code of practices must be internalized.

Although the study is hampered by its small size because it focuses only businesses that are listed on the Nigeria stock exchange, a country wide survey may still be needed to widen the scope of the study. Further studies are required to compliance with norms/codes within context of Nigerian business sub-sectors. Studies of specific compliance mode in sectors such as Agricultures, bio-technology, textile, pharmaceutical; manufacturing, services etc. will determine whether the Nigerian business are actually prepared for international market.

Table 1 Basic Demographic Information about the Companies

1.	Name of Company			
2	Year of Incorporation by CAC	73% (1975 – 2015)	1975-1995	70%
3	Activities/Product Line	Services 81%	Service/support/contracting	
4	% of Local Content in Product Line	80%		

Table 2 Categories of Business

		Yes		No	
1	Indigenous Business	190	81%	44	(118.8%)
	Multinational Corporation (MNCs)	35	14.9%	199	85%

Table 3 Basic Knowledge of Global Business Market Place

		Yes		NO	
1.	Are you aware of changing market geography?	234	100%	0	(0%)
2.	Agreed that there is global market place?	229	99.6%	5	(2.1%)

Table 4 Business Self-Rating in Global Market Penetration

1.	Rate your current level of penetration?	National	69.6%	163
		Regional	12.8%	30
		Global	13.2%	31
			YES	NO
2.	Is it true that participation in global is the ultimate for optimal market maximization?	218	(93.1%)	16 (6.8%)
3.	Are you desirous of going global?	231	(98.7%)	3 (1.2%)

Table 5 Knowledge of International Norms that guide global business

			YES	NO
1.	International Norm	224	95.7%	10 (4.2%)
2.	Voluntary Norms	164	70 %	(29.9%)
3.	Mandatory Codes	69	29.4%	165 (70.5%)
4.	Sectoral Codes	86 (36.7%)	36.7%	148 (63.2%)

Table 6 Compliance level with International Norms

			Yes	No
1.	International Norms	51	21.7%	183 (78.2%)
2.	Voluntary Norm	82	35%	152 (534%)
3.	Mandatory Codes	52	22.2%	182 (77.7%)
4.	Sectoral Codes	86	36.7%	148 (63.2%)

Table 7 Corporate Code of Practice

			Yes	No
1.	Institutionalization of Corporate Code of Practice	76	(32%)	158 (67.5%)
2.	Existence of Corporate Manual	106	(45.2%)	128 (54.7%)
3.	Subscription to sectoral Corporate Code of Practice	82	(35%)	152 (53.4%)
4.	Receipt of Award of Excellence	32	(13%)	202 (86%)

Table 8 Encounter with Requirement of Norms/Codes in Business

			Yes	No
1.	Are you aware that some Norms/Codes are imperative for business engagement?	213	(91%)	21 (8.9%)
2.	Have you encounter incident where norms/code is made a requirement for business deal?	83	(35.4%)	151 (64.5%)
3.	Has norms/code confers special competitive advantage?	68	(29%)	166 (70.9%)

## REFERENCES

- Armesto. F. 1995, cited in Held. D. 2001 Globalization Corporate practices and cosmopolitan social standards Retrieved on 4th of July 2006. [www.ise.ac.uk/depts./global](http://www.ise.ac.uk/depts./global).
- Asolo. A.A.A. 2001 Ethics in Business: How much do Nigerian Business Men Know? Journal of Business and Economic Research Vol 1 No 2 PP. 1-5.
- Ann. Kolk and Rob Van Tulder 2003 International Codes of Conduct: Trends, Sectors. Issues and Effectiveness 12-38.
- Anup shah 2001 Corporation [http://www.globalization.org/trade related/corporation.asp](http://www.globalization.org/trade%20related/corporation.asp), Retrieve 24/04/07
- Andrew. C. Plateau. J. 1998. 1998 Relation Under Unbearable Stress: Rwanda Caught in the Malthusian Trap. The Journal of Economic and Organizational Behaviour. Vol 34 No 1 PP 1-47.
- Centre for the Study of Global Ethics 2007 Global ethics [http// www.globoethics.bham.ac.uk / introductory/whatis.htm](http://www.globoethics.bham.ac.uk/introductory/whatis.htm).
- Christopher Tugendhart 1971. The Multinationals 13.
- Christoph. S. 2002 Global Trade Ethics. 68.
- Campbell. A. & Tawaday. K. 1999 Mission and Business Philosophy. 42-82.
- Corporate Social Responsibility 2006. Retrieved July 14 2006 [http://www.en.wikipecthia.or/wiki/corporate social responsibility](http://www.en.wikipecthia.or/wiki/corporate%20social%20responsibility).
- Christoph .S. 2002 Global Trade Ethics XVII.
- De. George. R.F. 1999 Entrepreneurs, Multinationals and Business Ethics. Enderle, Georges (Ed) International Business Ethics, Challenges and Approaches 271-280
- Donaldson. T. 1996. International Business Ethics. Harvard Business Review Sept/04. 1-14.
- Donaldson. J. 1994. Multicultural Perspectives: Fundamentals of International Rights. Hartman. L. Ed Perspectives in Business Ethics 26-124.
- Hartmann.P.L 1998 Perspectives in Business Ethics.
- Hoffman. N.M. & Mike. M.J. 1990 Business Ethics: Reading and Cases in Corporate Morality 48 – 58.
- Harry.A. 1970 Kants' Moral Philosophy 73
- Kolade .C. 1981 Managing for Success Through Effective Corporate Governance 14.
- Kolade C. 2002 SAPAG. You can Trust the Convention. The convention on Business Integrity 6.
- Michelle. R.G. 2002. Questioning Ethical HRM. AAPAE Conference Proceeding.
- Mollie. P. 2002 Why Global Business Ethics Don't Work and What to Do To Replace Them. Hooker. J. & Madsen. P. Eds. International Management Series Vol.3. PP. 193.
- Mcintosh, Leipzig, James & Coleman 1998 Corporate Citizenship 41-51.
- Mueller. R.K. 1981. The Incomplete Board 18.
- Moore. G. 1999. Corporate moral Agency: Review and Implication Journal of Business Ethics.
- Paikeday.T. 1976 Compact Dictionary of Canadian English 135.
- Ramcharam. B.G. 2005 Evolution of Human Rights Norms and Machinery. Laughlin Lecture Series September 7.
- Specifically, EU directive 98/44/EC on the protection of biotechnological innovative seeks to establish harmonized standards to foster full potentials of researchers.
- The United Nations in collaboration with case University organized a broad based global conference in 2006 to articulate millennium thinking about new role for business as agent for advancing world benefit.
- Terry. N. & David. M. 1992 Traditions of International Ethics 1-6.
- William. F. 1963 Ethics 5.
- Terry N. & David M. 1992 Tradition of International Ethics 9-11.
- Terry N. & David M. 1992 Tradition of International Ethics 18.
- UNEP 2003. Sustainability UNEP and the New Economic Foundation: Engaging Stakeholders.