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CORPORATE ETHICS: Enhancing Business Integrity in Nigeria

Introduction

In Nigeria's evolving business landscape, upholding integrity is critical to achieving sustainable economic development. Corporate ethics form the cornerstone of this aspiration, as businesses that pay lip service to complying with legal requirements, without fostering a strong ethical culture, may still undermine their reputation and harm the broader the economy. The term "corporate ethics" encompasses the application of ethically sound principles within business practices, the strengthening of corporate governance structures, discouraging fraudulent practices, promoting fairness and transparency, and a commitment to social responsibility.

Major corporate scandals, including the Enron scandal of 2001, the Wells Fargo account fraud scandal of 2016, and the Nissan–Renault scandal of 2018, among others, raised concerns for various jurisdictions to strengthen their legal and regulatory frameworks on corporate governance and business ethics. In Nigeria, several high-profile corporate ethical failures have similarly attracted public and regulatory scrutiny, including the Cadbury Nigeria PLC accounting scandal in 2006, the Intercontinental Bank PLC crisis in 2009, and the Oando PLC crisis in 2017. These incidents have played a role in shaping reforms aimed at improving corporate accountability, transparency, and ethical standards in the Nigerian corporate landscape.

The enactment of the Companies and Allied Matters Act, 2020 ("CAMA") was celebrated as a landmark reform, replacing its 30-year-old predecessor and aligning with global best practices to improve corporate governance and facilitate the ease of doing business. Other significant legislative and regulatory developments include anti-corruption statutes and sectoral codes, which collectively strengthen Nigeria's corporate governance and compliance framework. Overall, the Nigerian framework is rapidly progressing to foster fair, transparent, and accountable business practices.

Overview of Corporate Ethics and Business Integrity in Nigeria

In Nigeria, corporate ethics have become a central feature of governance as companies face stronger regulatory requirements, heightened enforcement activity and growing investor scrutiny. Business integrity involves the measurable expression of those ethics in transactions, governance and stakeholder relationships, evidenced by honest reporting, fair dealing, robust controls and consistent enforcement.

Corporate ethics and business integrity in Nigeria face significant hurdles, including actual or perceived corrupt practices across both public and private sectors. According to the International Corruption Index, Nigeria ranked 140th out of 180 countries in terms of corruption.[1] In recent times, however, Nigeria has shown improved performance in its efforts

[1] https://www.transparency.org/en/countries/nigeria#:~:text=Report%20corruption,Global%20Corruption%20Barometer

to kick against corrupt practices. A United Nations Office on Drugs and Crime report indicated that about 70% of Nigerians refused to pay bribes[2], reflecting growing resistance to corruption as part of 'business as usual' in Nigeria. Such trends suggest a gradual shift towards greater accountability, driven by public awareness and anti-corruption initiatives. Enhancing business integrity is vital for attracting foreign investment, improving Nigeria's global competitiveness, and fostering economic development.

Legal Framework

Although there is no specific legislation that addresses corporate ethics or business integrity, several existing laws and regulations governing Nigeria's corporate landscape, together, provide a workable guide to corporate ethics and compliance. We have discussed below some of the key laws and regulations and their relevance to the subject.

1. The Companies and Allied Matters Act 2020 ("CAMA")

This is the principal legislation regulating all companies incorporated in Nigeria. CAMA introduced various internationally recognised corporate enhancements. For example, a public company is required under the CAMA (as amended by the Business Facilitation Act 2023) to have one-third of its directors as independent directors.[3] Persons who are to be appointed directors of public companies must disclose their age (when above 70 years) and any other directorships they hold in other public companies.[4]

CAMA imposes fiduciary duties on directors, who are required to act honestly, in good faith, and in the best interests of the company at all times.[5] A director is obliged to disclose any conflict of duty or personal interest that arises, or may reasonably be expected to arise, in the course of dealing for or on behalf of the company. Failure to make such disclosure renders the director liable to account for any secret profit or benefit obtained from the transaction.

2. Money Laundering (Prevention and Prohibition) Act 2022 ("MLA")

The MLA establishes a robust ethical framework for both financial and non-financial institutions in Nigeria. It mandates transparency, accountability, and proactive risk management, strengthens customer due diligence and reporting obligations, prevents the misuse of corporate entities for illicit financial activities, and embeds effective internal controls and record-keeping requirements within corporate operations.

[2]https://www.unodc.org/conig/uploads/documents/3rd_corruption_survey_exec_sum_2024_07_09_web.pdf
[3] Section 14 of the BFA
[4] Section 278 of CAMA 2020
[5] Section 305 of CAMA 2020

The MLA mandates every financial institution and Designated Non-Financial Business and Profession (DNFBP) to develop formal programs to combat money laundering, which can be achieved through (a) appointing compliance officers at management level; (b) continuous employee training to identify "red flags," emerging trends, and suspicious transactions; (c) centralisation of information collected; and (d) establishing independent internal audit units to evaluate the effectiveness of their anti-money laundering measures.[6]

Ethical conduct under the MLA is rooted in the "Know Your Customer" (KYC) principle. Institutions are legally and ethically bound to verify the identities of their customers using reliable, independent source documents and data, identify beneficial owners of legal persons, and report large or suspicious transactions.[7] By imposing specific legal duties, the Act transforms these institutions from passive processors into active participants in the global fight against financial crime.

3. The Labour Act, LFN, 2004

The Labour Act distinguishes between workers (employees who perform manual labour and clerical work) and other employees, who may be referred to as 'non-workers' (employees who perform administrative, executive, technical, or professional functions). The Labour Act protects employment rights, prescribes minimum standards for employment contracts and working conditions, and provides a statutory framework against unfair labour practices for workers only. The terms and conditions of employment for non-workers are governed by their respective employment contracts, although in practice, the Labour Act is used as a benchmark for determining the minimum terms of employment of all employees. Other labour-related laws, however, do not make this distinction between categories of employees.

One primary ethical pillar under the Labour Act is employment transparency and certainty, which is enforced by the mandate that employers provide a written contract specifying the terms of employment within three months of hiring. This contract must clarify essential details such as the nature of employment, rates of wages, hours of work, and notice periods for termination.[8] The employment relationships of non-workers are also typically governed by written contracts, which serve to promote clarity, certainty, and fairness in the employment relationship.

The Labour Act also guarantees wage protection for workers, requiring that wages be paid in legal tender and expressly prohibiting payment of wages in any other manner.[9] In addition, it constitutes both a legal and ethical breach for an employer to dictate how, when, or where a worker spends their wages.[10]

[6] Section 10 of the MLA 2022
[7] Sections 4 and 11 of the MLA 2022.
[8] Section 7 of the Labour Act, LFN, 2004
[9] Section 1 of the Labour Act, LFN 2004
[10] Section 2 of the Labour Act, LFN 2004

4. The Nigerian Code of Corporate Governance 2018 (“NCCG”)

The NCCG applies to all public companies and regulated private companies in Nigeria. It aims to institutionalise corporate governance best practices in Nigerian companies and rebuild public trust and confidence in the economy.

According to the NCCG, it is the ultimate duty of the board to provide its ethical rules and norms, and monitor adherence and compliance by establishing a top-down commitment to professional business and ethical standards, formulating and periodically reviewing its code of business conduct and ethics, and ensuring that breaches are effectively sanctioned.[11] The leadership of an organisation can achieve this by establishing ethical policies, conducting compliance audits, training and workshops for all employees. Effective governance frameworks often align with and reinforce sound corporate ethics, as both seek to promote accountability, transparency, and responsible decision-making within an organisation. The NCCG provides that the chairman of the board should not serve as chairman or member of any board committee. In the same vein, the managing director or any executive director should not serve as chairman of any board committee.[12] Companies are advised to have a robust framework for managing risk and ensuring an effective internal control system to achieve their strategic objectives.[13] Good governance and ethical guidelines stress that no single individual should have the ability to dominate decision-making across committees.

5. Sector-specific Codes of Corporate Governance

There are sector-specific codes of corporate governance that exist to address particular governance and business ethics issues within specific industries; these include, the Securities and Exchange Commission (“SEC”) Corporate Governance Guidelines 2020, the National Insurance Commission (“NAICOM”) Corporate Governance Guidelines for Insurance and Reinsurance Companies 2021, the Central Bank of Nigeria (“CBN”) Corporate Governance Guidelines for Commercial, Merchant, Non-Interest, and Payment Service Banks in Nigeria, 2023, the Nigerian Communications Commission (“NCC”) Corporate Governance Guidelines for the Communications Industry 2024, among others.

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[11] Principle 24 and 25 of the NCCG
[12] Principle 2.9 of NCCG 2018
[13] Part B of the NCCG

Thinking beyond the Law

Corporate ethics and business integrity are built on moral principles that guide a company's conduct. They go beyond just complying with laws and regulations; they are the very essence of the organisation. These ethical principles govern every aspect of the company's operations, including its interactions with the government and other businesses, its treatment of employees, and its relationships with customers. When ethical dilemmas arise, a business will refer to its ethics to help resolve the situation. There is no specific set of moral principles that fully describes corporate ethics or enhances business integrity; however, a few principles align with recognised standards.

1. **Professional Conduct and Integrity**

   Management and employees must carry out their duties with honesty, diligence and respect with one another and other stakeholders in the society. A workplace governed by integrity discourages fraud, bribery and any form of dishonest practice. It promotes transparent communication, diligent handling of responsibilities and respect for confidentiality. Building such a culture requires clear guidelines, consistent leadership examples and a system that rewards ethical behaviour.

2. **Corporate Social Responsibility**

   This represents a company's duty to contribute positively to society beyond profit-making. This involves paying adequate attention to sustainability issues, including environment, social, occupational and community health and safety, ensuring successful long-term business performance and projecting the organisation as a responsible corporate citizen contributing to economic development.[14] Companies should engage professionals who advise on impact and sustainability initiatives.

3. **Transparency**

   Companies need to engage in open communication, decision-making and reporting. Transparent companies provide clear information about their products, financial performance, operational challenges and business risks. Companies should avoid misleading marketing and advertisements. The Federal Competition and Consumer Protection Act 2018 restricts any person or organisation from making false representations to a consumer in a manner that is likely to create an inaccurate or deceptive impression concerning goods offered for sale.[15] Similarly, the Nigerian Code of Advertising Practice, Sales Promotion and Other Rights/Restrictions on Practice states that the product advertised must conform to the descriptions as provided in the advertisement.[16]

[14] Principle 26 of the NCCG 2018
[15] Section 123(1) of the FCCPA
[16] Article 84

Promoting Business Integrity: Best Practices

This section recommends best practices for achieving sound corporate governance and business integrity.

1. Comprehensive ethics and compliance policy

Every organisation should have its ethical and compliance policies clearly outlined, which should address behavioural expectations, reporting procedures, prohibited actions and consequences for misconduct. Such policies should be simple enough for every staff member to understand yet detailed enough to address real workplace scenarios. The policy should cover issues such as conflict of interest, corruption, bribery, fair labour treatment, confidentiality, data protection and responsible use of company resources. It is ideal to engage professionals to prepare each specific policy to ensure efficiency.

2. Adhering to compliance and best corporate practices

Organisations must also comply with all applicable laws and regulations governing their industry and practice. Beyond legal requirements, organisations are expected to embrace best corporate governance practices that promote transparency, fairness and accountability. Such standards are clearly outlined in the NCCG, as well as various sector-specific governance and ethics codes applicable. By aligning their operations with these frameworks, companies ensure that their internal processes, board structure, reporting systems and ethical conduct meet recognised benchmarks of good governance and boost investor confidence.

3. Audits

Audits help a company assess whether its practices align with legal requirements, internal policies and international standards. Compliance audits focus on regulatory obligations like tax, workplace safety, data privacy and labour rules, while ethical audits examine organisational culture, integrity risks and employee behaviour. Audits encourage accountability, uncover unethical practices early and mitigate risks. A company that reviews its systems periodically is more likely to prevent scandals, reputational damage and regulatory penalties.

4. Trainings and Workshops

Employees at all levels should undergo periodic training on ethics, workplace conduct, anti-corruption rules and responsible decision-making. New staff should receive ethics orientation during onboarding, while existing employees benefit from refresher sessions. Practical training that uses real examples, case studies, and role play helps employees understand how to respond when faced with ethical dilemmas.

When workers are aware of the consequences of misconduct and see leadership demonstrating integrity in practice, ethical behaviour becomes part of everyday work.

5. **Whistleblowing and complaint mechanisms**

Companies should make it easy and safe for employees or third parties to report unethical behaviour. It has often been said that without proper legal protection, fear of retaliation can make whistleblowing an unfavourable concept in any industry. Companies can address this by using anonymous hotlines or third-party platforms and by guaranteeing non-retaliation. Recognising and rewarding integrity can encourage ethical reporting. The NCCG encourages an effective whistleblowing framework for reporting any illegal or unethical behaviour, to minimise the company's exposure and prevent recurrence.[17]

Conclusion

Corporate ethics and business integrity are essential pillars for responsible and sustainable business operations in Nigeria. Organisations that deliberately cultivate ethical values through detailed internal policies, compliance frameworks and well-structured governance systems create workplaces built on trust, fairness and accountability. Developing a comprehensive code of conduct, conducting regular compliance and ethical audits, providing continuous staff training and adopting transparent reporting practices make ethical behaviour part of everyday operations rather than mere theory. Adhering to relevant laws and regulations, as well as aligning with recognised best practices contained in the NCCG and other sector-specific governance standards, further strengthens institutional credibility and reduces regulatory exposure. Companies also stand to benefit from partnering with accountability-driven platforms such as the Convention on Business Integrity, which promotes transparency and responsible conduct across industries.

Implementing these structures effectively, however, often requires professional guidance. Engaging experienced lawyers, compliance consultants and auditors ensures that company policies are robust, legally sound and tailored to operational needs. These professionals can assist in policy drafting, risk assessment, staff training, review of internal controls and the conducting periodic audits that help identify and correct weaknesses before they escalate. Ultimately, ethical business conduct is not only a legal obligation but a competitive advantage. Organisations that prioritise integrity attract investment will retain talent, earn public trust and achieve long-term growth. Ethical commitment, therefore, remains a fundamental pathway to sustainable corporate success in Nigeria.

[17] Principle 19 of the NCCG