

Final Exam

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QUESTION #1

INTRODUCTION:

This paper will look at the ethical issues discussed in Dr. Dibie's article titled, *Ethical Leadership, Social Responsibility and Corruption in Nigeria*. Most of the ethical issues in Nigeria are centered on corruption. So in doing this analysis I will look at some of the steps Nigeria has taken to fix corruption issues, some of the underlying reasons for corruption, the opportunities that exist for Nigeria to improve in the area of ethical responsibility and some possible threats that exist. The format of this paper will include sections titled as: strength, weakness, opportunities, and threats, followed by a conclusion.

STRENGTH:

The predominant ethical issue in Nigeria is corruption. Obviously there are many underlying reasons for the corruption, some of which will be discussed later as we talk about the weaknesses in the country.

Dr. Dibie (2007) talked about how Nigerian officials have taken steps to battle the corruption that has infiltrated nearly every aspect of public administration. Earlier in this decade they passed anti-corruption acts and created several anti-corruption agencies in an attempt to hold accountable those individuals and agencies that are corrupt. Some of those acts and agencies include: Corrupt Practice and other Related Offences Commissions (ICPC) Act 2000, Economic and Financial Crimes Commission (EFCC), Budget Monitoring and Price Intelligent Unit (BMPIU), Nigeria Financial Intelligent Unit (FIU), the Public Complaint Commission (PCC), and the Code of Conduct Bureau and Tribunal (p. 13).

Although there are many issues that still exist when it comes to fighting corruption, there have been some small victories. According to Dr. Dibia (2007) the EFCC was successful in charging a former Inspector-General of Police who had embezzled billions of dollars from the Nigerian police fund (p. 19). By enacting the new laws and creating agencies to enforce the laws Nigeria is taking steps in the right direction. The major roadblock continues to be the high ranking government officials who pick and chose how these laws will be enforced and who will be held accountable. Once they have found a way to hold these officials accountable they will be able to make real in-roads to fighting corruption.

WEAKNESS:

There are many weaknesses when it comes to the ethical issues in Nigeria. Most of this paper could literally be about these weaknesses. As mentioned earlier the main problem is corruption. However, corruption does not just happen; there is a root for this problem, an underlying set of variables which lead people to take actions that are corrupt.

First, there is no sense of accountability. For the most part the public officials do what they want with no fear that they will be punished. In Dr. Dibia's (2007) journal he says it is normal for the police to request a bribe from a citizen who wishes to file a complaint and they are often required to provide transportation along with paper and writing material for the police to take their statement (p. 10). If the officials who are entrusted with enforcing the laws are themselves breaking the law then the public has no recourse.

Second, there is no balance of power. As an example in the United States we have a legislative branch, executive branch, and judicial branch. All three branches have their individual power but yet all three work together to hold the others accountable by balancing the amount of

power given to each. It appears in Nigeria this does not exist, at least in practice. When too much power is concentrated in the hands of one or a few then it is much more likely corruption will abound.

Third, a sense of survival or every man for himself seems to exist in this country. According to Dr. Dible (2007) most public administrators in the sub-region are underpaid and lack motivation to function effectively (p. 10). Furthermore, high inflation; along with workers going long periods of time without being paid, leaves many trying to find alternative ways to make money, so they can pay their bills and feed their families. Often times this alternative way of making money comes in the form of soliciting bribes from the vary citizens they are sworn to serve and protect.

Finally, there is no ethical framework in place. Dr. Dible (2007) describes those working in Nigerian public corporations as lacking management skills, absent of commitment, and having a repugnant attitude to work and total absence of accountability (p. 11). There does not appear to be a real code of ethics in place, not only one on paper but one that is taught to the employees and enforced. There seems to be a lack of proper training when it comes to ethics and management skills which make it difficult to properly train subordinates when the administrators are not trained.

All of these things and more work together to create the corruption that exist in Nigeria today. These issues did not occur overnight but instead have been learned and passed down from one generation to another. There is a real sense of survival and doing what you must to survive. This vicious cycle is difficult to break and will take a concerted effort in addressing all of these weaknesses if Nigeria is to be successful in dealing with corruption.

OPPORTUNITIES:

Nigeria faces many ethical issues, but there are many opportunities to fix these problems. They have started the process by passing anti-corruption acts and creating the agencies spoke about earlier. However, it will take more than this to fix the problem. They must attack this issue from several different areas:

First, to stop some of the corruption that occurs at the lower levels of public administration there must be an effort to increase the pay for the workers and to ensure they are paid in a timely manner. Nigeria is blessed with an abundance of natural resources when it comes to such valuable commodities like oil and natural gas. According to the United States Department of State (2010), Nigeria has over 36 billion barrels of oil and over 100 trillion cubic feet of natural gas in their reserves. They must find a way to fight the corruption that is associated with this industry so they can return to the status of being an oil exporter and the funds can be used to correct the infrastructure issues and increase the pay within the ranks of the public officials.

Second, they have the opportunity to build a new ethical framework by using the laws in place to hold accountable those who are in higher ranking positions. With a solid code of ethics put into place and a dedication from other countries to help train their public administrators they can begin to change the mentality that corruption is an acceptable means of survival. It will take the people electing leaders who are ethical and will not stand in the way of the law and agencies who enforce those laws.

Finally, the power to change the ethical dilemma in Nigeria lies in the hands of those countries like the United States and Britain who oftentimes turn a blind eye to the corrupt acts of

those in power. By this I mean they are willing to continue to do business with these leaders and allow them to funnel money out of the country and into outside banks. The leaders of both of these countries must recognize the huge potential and opportunities that exists in a more stable and less corrupt Nigeria.

THREAT:

I believe there are two major threats that exist in Nigeria as it relates to ethical issues. First, is the suffering of the people who must daily live under a government that is corrupt. There is a total loss of public trust and a daily struggle to do what is right when so many are not. This feeling of helplessness is what often leads to civil unrest and instability in a country. The second threat goes along with the first, in that when people begin to lose confidence in their government; coupled with the abundance of corruption, poor infrastructure and the feeling of loss hope, a breeding ground for terrorism is formed.

CONCLUSION:

There are many ethical issues facing Nigeria today. I have touched on only a few in this paper. The people of Nigeria are in a no win situation when it comes to addressing these issues. They have created laws and agencies to fight corruption but still high ranking officials block many of the cases that are filed. The corruption has found its way into the election process so it is difficult to defeat those leaders who are corrupt. Still opportunities exist to fix the problems in time, if ethical leaders can be found who are willing to weather the storm and fight for a better and more ethical public administration. The stability of the country and even the continent of Africa may depend on if this process is successful.

QUESTION # 2

BACKGROUND/HISTORY:

The company I chose for this question is the “Hersey Company” which will be referred to as simply “Hersey” throughout the rest of this paper. Hersey’s founder, Milton Hersey started the company in 1894 in Lancaster, Pennsylvania as a subsidiary for the Lancaster Carmel Company. In the beginning the intention was to produce a chocolate covering for the company’s Carmel treats. However, things changed very quickly as it was determined much more could be done with the product. By 1984 Hersey was manufacturing 114 different items in various shapes and sizes.

While the company had become an instant success, Milton Hersey believed the real success of his newly found company was in the production of milk chocolate. In an effort to find an inexpensive way of producing the product, he built a manufacturing facility in rural Derry Township, Pennsylvania in 1896. Milton Hersey had a well thought out strategy in planning this location. The site is in the rural milk producing country of south central Pennsylvania near the port cities of New York and Philadelphia.

Since its beginning Hersey has experienced tremendous growth and change in the company. Over the past 100 plus years Hersey has gone from a subsidiary, producing only one product, to a fortune 500 company that produces hundreds of different products with subsidiaries of its own. Since the acquisition of Reeses Corporation in 1969 Hersey’s net sales have grown from \$334 million to \$4.4 billion in 2004 (Hersey Company [HC], 2010).

Today the Hersey Headquarters is located in Hersey, Pennsylvania with a worldwide workforce of over 13,000 employees. Hersey maintains three production facilities in Hersey,

Pennsylvania, one facility in Lancaster, Pennsylvania, one facility in Hazelton, Pennsylvania, and one each in Stuarts Draft, Virginia and Robinson, Illinois. Furthermore, Hersey maintains facilities in Guadalajara, Mexico, Canada, Brazil, India, Japan, Korea and China (HC, 2010).

Even with all of the tremendous growth over the past 100 years Hersey has remained faithful to its roots, as a company who cares for people. In the following section I will discuss some of the humanitarian efforts of the company over the past 100 years.

PHILANTHROPIC RESPONSIBILITIES:

Hersey's history of benevolences is well defined. In reading their *Corporate Social Responsibility Report (2009)*, over the past 100 plus years, Hersey has donated millions of dollars to numerous organizations around the world. In the 1950's Hersey began a program referred to as, "Teachers for West Africa" to support the nations of Ghana and Nigeria. The program was fully funded by Hersey and administered by Elizabethtown College in nearby Elizabethtown, Pennsylvania. Over the following 11 years 258 teachers were sent to the two nations to assist in teaching underprivileged students (p, 8).

In the 2009 Hersey continued its efforts in West Africa by donating \$1.3 million dollars to help support nonprofit organizations in their work to promote sustainable livelihood programs. Furthermore, Hersey continues to increase its support for local cocoa farming communities in this part of the world (p, 8).

In 1963 the M. S. Hersey Foundation gave a \$50 million gift from the Milton Hersey School Trust to the Pennsylvania State University for medical school and teaching hospital also known as the Milton S. Hersey Medical Center. This generous gift resulted in the construction of a medical school, teaching hospital and research center in Hersey, Pennsylvania (p, 8).

Finally, in 2009 Hersey gave a \$1 million gift to the Penn State Hersey Children's Hospital. Hersey's history of giving since its beginning as a company is well documented, with multi-millions of dollars given to organizations and causes around the world (p, 8).

ETHICAL RESPONSIBILITIES:

According to Peter and Sarah Stanwick (2009) in their book, *Understanding Business Ethics*, "the code of ethics gives a firm an opportunity to declare to all of its stakeholders its ethical vision"(p. 181). Hersey has a very detailed forty-four page code of conduct which is translated into eight different languages to cover all of the company's employees around the world. It covers every conceivable topic as it relates to conduct, from employee and stockholder commitment to supporting the community and protecting the environment.

It is clear that they expect all of their employees to follow the guidelines that have been put in place from the director down to the lowest level employee. I believe it is important that they have gone beyond including employees of Hersey to also include those employees of joint-venture efforts. In 2010 they revised the code of conduct to include their expectations for those companies who supply Hersey with products used in their production. In the third quarter they began disseminating, to all of their suppliers, what they titled as the revised "Supplier Code".

According to the 2009 Hersey *Corporate Social Responsibility Report* they claim to be working hard to identify those small supply companies in which they can do business with, "especially those owned or operated by minorities, women, veterans and disadvantaged and disabled individuals"(p. 19).

Finally, Hersey requires all employees from the director down to undergo an annual code of conduct training session and to certify their belief and willingness to adhere to the company's

business code of conduct. Additionally Hersey maintains a “Concern Line” administered by an independent third party where individuals can report anonymously any violation of the company’s code of conduct.

Perhaps nearly as important is their ethical duty to supply the best possible product, using safe high quality supplies and ingredients. One example given in the *Corporate Social Responsibility Report* (2009) is that during the major peanut recall in 2009 scientist from Hersey volunteered to participate in the U.S. Peanut Safety Task Force even though Hersey was not directly affected by the recall (p. 16).

After reading and researching this company there is no way I could offer any ethical recommendations. I believe Hersey has covered every aspect of ethical responsibility and in most cases has exceeded the requirements.

LEGAL RESPONSIBILITIES:

The legal responsibilities can cover a variety of areas from personnel issues and product concerns to how the company operates in a global market. A large company such as Hersey has many concerns when it comes to how they operate in tune with the many legal requirements not only in the United States but also in the other countries where they do business. Hersey has a detailed 2009 yearend report which covers every aspect of the company’s operations. In keeping with Sarbanes Oxley Act of 2002 the report has been signed by the Chief Operating Officer, Chief Financial Officer and the Board of Directors. Furthermore, Hersey complies with all of the requirements of reporting to the Security Exchange Commission. Hersey has a very detailed corporate governance guideline that describes the responsibilities of the board of directors and other operating procedures within the company.

Finally, Hersey has a comprehensive legal requirement and business integrity document that all of its suppliers must agree to abide by. The document includes such areas as: child labor, forced prison labor, working hours and rates, freedom of association, non-discrimination, health and safety, and food and safety quality to mention a few. Hersey takes a proactive stance when it comes to reducing liability and providing for a fair and safe work environment.

ECONOMIC RESPONSIBILITIES:

To say Hersey, Pennsylvania would not be on the map today if it was not for Hersey, would be a literal statement. When Milton Hersey built his factory in the rural countryside of Derry Township, Pennsylvania around the turn of the 20th century there was literally nothing there but land and farms. The town that was imagined by Mr. Hersey was quickly built to accommodate the many workers who would be employed at the new factory. He provided for housing, schools, and businesses. The Hersey Improvement Company was formed to sell lots and build roads. As the factory grew so did the town. Mr. Hersey provided bigger schools, more restaurants and adequate utilities like electric and running water (Milton Hersey School, 2010).

Perhaps one of the greatest economic contributions made by Mr. Hersey was the building of his dream – The Milton Hersey School. The school was built in 1909 with just four students initially attending the school. However, it did not take long for the school to grow; in 1918 Mr. Hersey donated his entire personal fortune, which totaled \$60 million, to the school's trust fund. Today the school has over 1,800 students and is the school of attendance to three counties.

Finally, there is little doubt that The Hersey Company has shown tremendous economic responsibility in the city where it is located. There may not be another city in the U.S. that has been influenced more by an organization than Hersey, Pennsylvania.

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