

The principles of a responsible management team flashcard



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- REFERENCES

In this study the writer will show a critical study on responsible direction first it will discourse the background to responsible direction and PRME and so divided in to three parts first portion will discourse the backgrounds of oil industry and Royal Dutch Shell Plc. Second portion will discourse about the company and its activities, corporate societal duty and the related issues of the company will be present and the 3rd portion will show the appraisal of success and restrictions of the company in meetings PRME standards will critically analyze at the terminal of the study decision and deductions for the hereafter will be drawn.

RESPONSIBLE MANAGEMENT AND PRME

The Principles of Responsible Management Education suggest a displacement in the manner we look at concerns and their directors, their function in society, and the values that ought to drive their behavior. This transmutation can non be introduced in a vacuity, but needs to be sustained by robust, respected and influential research paradigms that reference jobs and facets of direction that have so far being either neglected or at best non sufficiently good addressed.

This transmutation would be necessary, if nil else, to maintain up with the universe of professional pattern. The past 15 old ages have witnessed an of import alteration in the manner directors address the societal and environmental impact of their companies. In the 1990s non many executives would accept the duty for the societal and environmental imapct of their

companies beyond legal conformity or avoiding inauspicious effects on their main value concatenation. Today this has changed dramatically for many industries in many parts of the universe. Thousands of companies publish one-year studies detailing their societal and environment parts, and 10s of 1000s of houses have subscribed or been certified as compliant with a scope of independent voluntary criterions, including the UN Global Compact (Visser, Matten, Pohl, & A ; Tolhurst, 2007) .

Simon Zadek (2004) of Accountability (an NGO promoting concern answerability for sustainable development) has documented how companies frequently move in phases from ab initio disregarding and denying their societal and environmental duties, to a stage of repute direction which sees societal and environmental affairs in footings of costs and hazards to a 3rd phase, where prosecuting with stakeholders on societal and environmental issues is regarded as a mechanism for concern invention, to a concluding phase where executives recognize the bounds to voluntary action, and actively prosecute with other organisations, including authorities and rivals, to act upon the overall concern environment in order to do responsible behavior more financially feasible and accomplish better corporate results.

It is non clear whether current direction models and tools are of much aid to companies through this passage or whether it is through test and mistake that companies progress through the different phases and follow different attitudes towards managerial duty. What is clear nevertheless is the turning demand among concern leaders for models and tools that will assist them turn to the new aims of societal and environmental stewardship in a more systematic and effectual manner.

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It is hence of import both from the point of view of procuring the support from the academic field towards the Principles for Responsible Management Education every bit good as to function the current demands of directors, that we consider ways to further a new line of academic research around corporate citizenship that is believable with deans, module, pupils and recognizing organisations and that is relevant and utile to practitioners.

THE Company

The Anglo-Dutch oil company Royal Dutch Shell was formed in 1907 through the amalgamation of Royal Dutch Petroleum Company (60 per centum) and Shell Transport and Trading Company (40 per centum) . More exactly, their activities were joined through the creative activity of jointly held companies, but, for tactical and financial grounds, the parent companies remained two separate entities until 2005. The combined endeavor was frequently called Royal Dutch Shell, or the Royal Dutch Shell Group of companies, or merely “ Shell ” or the “ Group. ” Foreign subordinates had their ain names or were called by fluctuations of the Shell name (SLUYTERMAN, 2010) . Royal Dutch Shell plc (the Company) is a public limited company registered in England andWales and headquartered in The Hague, the Netherlands. Currently they are a planetary group of energy and petrochemicals companies with about 101, 000 employees in more than 90 states and districts.

Activities

Shell is one of the universe ‘ s largest independent oil and gas companies in footings of market capitalization, runing hard currency flow and oil and gas production. Our oil and gas bring forthing heartlands are the nucleus states <https://assignbuster.com/the-principles-of-a-responsible-management-team-flashcard/>

that have the available substructure, expertness and staying growing potency for Shell to prolong strong operational public presentation and support continued investing. They are Australia, Brunei, Canada, Denmark, Malaysia, the Netherlands, Nigeria, Norway, Oman, the UK and the USA. Russia represents a new heartland with Sakhalin II on-stream in 2009, and they expect Qatar to go a heartland in the coming old ages. (Annual report, 2009)

Merchandise

Royal Dutch Shell plc besides markets its merchandises under the Shell V-Power and Shell Fuel Save trade name names. Further, the company offers lubricant merchandises to the conveyance sector clients, such as rider autos, trucks, and managers, every bit good as for the fabrication, excavation, power coevals, agribusiness, and building industries. In add-on, it sells fuels and forte merchandises and services to a scope of commercial clients ; provides fuels, lubricators, and related proficient services to the marine industry ; provides liquefied crude oil gas and related services to domestic, commercial, and industrial clients ; provides conveyance, industrial, and heating fuels and related services to about 200, 000 clients ; and supplies about 11, 000 metric tons of bitumen merchandises (Businessweek,

Corporate SOCIAL RESPONSIBILITY

Corporate societal duty is going a cardinal enterprise and an indispensable tool in the growing of transnational corporations and the development of 3rd universe states throughout the Earth. The two constructs can work manus in manus to supply benefits for all ; However troubles in modulating an

implementing corporate societal duty need to be overcome before effectual alterations can be made. Definitions of corporate societal duty can be slightly varied depending on the perceptual experience and position an person or group has towards the state of affairs ; the definition has besides varied through clip. In general footings, Manakkalathil & A ; Rudolf (1995) specify corporate societal duty (CSR) as “ the responsibility of administrations to carry on their concern in a mode that respects the rights of persons and promotes human public assistance. ” In contrast to this, Christian Aid (2004, as cited in Pendleton 2004) defines CSR as “ an wholly voluntary, corporate driven enterprise to advance self ordinance as a replacement for ordinance at either a national or international degree. ” Blowfield (1995) indicates that through clip, the definitions and accounts of CSR have become more positive, with increasing apprehension of the benefits that can be obtained through successful execution.

Pendleton (2004) suggests that the first CSR enterprises were a response to public force per unit area and media unmaskings of hapless company behavior. The purpose of CSR was to demo these people that companies were capable of cleaning up their act. Pendleton (2004) suggests that “ modern-day CSR was christened by Shell in it ‘ s response to its annus horribilis of 1995. ” Monshipouri, Welch & A ; Kennedy (2003) besides outline this issue as a cardinal turning point in which Royal Dutch/Shell in a wholly socially irresponsible act, spilt 100s of 1000s of gallons of oil in a distant under-developed country in Nigeria ; where the locals are still enduring from their ordeal to this day of the month.

Today, director ' s sensitiveness to the issue is a consequence of force per unit areas from the populace, from involvement groups, legal and governmental concerns and from media coverage (Deresky 2006) . There is much argument as to what is considered socially responsible, and it is hard to reason where to pull the line in respects to where a company ' s duties begin and end. This ' grey country ' can be attributed in portion to the deficiency of a moral criterion that can be accepted across all civilizations. One side of this argument presents moralss and ethical criterions as supplying the footing for the acceptance of CSR codifications by transnational companies. Levit (2006) describes company ' s CSR codes as " self regulative instruments that address the issue of their societal, environmental and human rights outwardnesss. " These codifications are by and large developed in coherence with a company ' s civilization and what they deem as ethical. Manakkalathil & A ; Rudolf (1995) define moralss as " the elucidation of what constitutes human public assistance and the behavior necessary to advance it. " The issue with moralss and CSR in the planetary market place is the ambiguity and trouble specifying a widely accepted manner of behavior or moral universalism. Differences in the social values across the Earth make it hard to make a universally recognized codification of ethical criterions to stay by.

It is for grounds mentioned above, alongside other unfavorable judgments, that there is a batch of ambiguity, argument and unfavorable judgment as to how as transnational corporation (MNC) should travel about implementing a CSR codification or program both in their place state and abroad. Or even ; if they should trouble oneself with such an attempt. CSR nevertheless is an

indispensable issue in this twenty-four hours and age for companies to put considerable accent on. Not merely does CSR profit development peculiarly that of 3rd universe or developing states, but it can raise the profile and bottom line of and administration if implemented and adhered to sufficiently. Bennett (2002) suggests that international company operations “ can assist supply stableness by turn toing the concerns of those who are neglected and excluded from the benefits of the operations. ” This can be done through poorness decrease programs, revenue-sharing strategies which fund for foundations that support societal development and environmental redress which can do a universe of difference. “ CSR is now intertwined with international development and the related ends of poorness relief and sustainability, ” (Blowfield, 2005) . There are many benefits for a company who develops a high CSR profile. Although the costs of implementing a CSR scheme can be high, the overall result can turn out most good for both the bottom line and repute of the company ; every bit good as the development of 3rd universe states and as stated above, the relief of poorness.

ENVIRONMENTAL IMPACTS AND HUMAN RIGHTS

Harmonizing to the UNDP, more than 400, 000 metric tons of oil have spilled into the brook and dirts of the Niger Delta over the past 30 old ages, the huge bulk of these spills ensuing from ageing installations, unequal care, and human mistake. The oil spills “ have destroyed natural resources cardinal to local supports ” . A June 2009 study by Amnesty International (AI) describes the legion human rights and environmental jobs related to oil spills and paperss several illustrations of specific spills, observing, “ Peoples populating in the Niger Delta have to imbibe, cook with and wash in contaminated H₂O. <https://assignbuster.com/the-principles-of-a-responsible-management-team-flashcard/>

They eat fish contaminated with oil and other toxins – if they are lucky plenty to be able to still happen fish. The land they farm on is being destroyed. After oil spills the air they breathe odors of oil, gas and other pollutants. Peoples complain of take a breathing jobs and clamber lesions – and yet neither the authorities nor the oil companies monitor the human impacts of oil pollution ” (Mnaby, 2010) .

Harmonizing to Royal Dutch shell “ overview of controversial concern patterns ” 2009 In Nigeria, Shell operates through three separate joint ventures, the largest of which is the Shell Petroleum Development Company of Nigeria Ltd (SPDC) . SPDC is besides Nigeria ‘ s largest oil and gas joint venture. Most of its oil production takes topographic point onshore in the Niger Delta. In the period 2003-2007 Shell Nigeria experienced an norm of 250 oil spills per twelvemonth, taking to 13 million liters of oil being leaked into the wetlands and brook of the Niger Delta. In 2008, the volume of oil spilled spiked to nine million liters in that one twelvemonth entirely. Information on the volume of oil spills in 2009 is non yet publically available. SPDC claims that two-thirds of the escapes from its installings are due to undermine by 3rd parties.

In its 2009 study, AI aggressively criticized Shell, observing, “ Despite its public claims to be a socially and environmentally responsible corporation, Shell continues to straight harm homo rights through its failure to adequately forestall and extenuate pollution and environmental harm in the Niger Delta ” . Shell responded to the AI study, saying: “ We hope people recognise that the employees and contractor staff of [SPDC] a^!have to transport out their work against a background of offense, force, menaces of kidnap and
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community actions. " The company continued, observing that " By far the most important cause of oil spills and pollution today is the activities of heavily-armed hawkish groups who attack and blow-up the SPDC joint venture ' s Wellss and grapevines and condemnable packs who tap into oil grapevines to steal rough oil " (Shell overview, 2009) .

Manby (2010) During the tallness of the Ogoni crisis, MOSOP and other local militants on a regular basis made allegations that Shell colluded with the armed forces, even after the company ceased production in Ogoniland. A papers alleged to be a leaked internal authorities memoranda from May 1994 stated that " pitiless military operations " were needed for oil production to restart, and that the oil companies should be pressured to be contribute toward the cost. The authorities claimed that this papers was a counterfeit ; Shell besides raised inquiries about its genuineness and disassociated itself from the contents. The caput of the Rivers State Internal Security Task Force several times publically claimed to be moving so that Shell ' s oil production could restart, kicking to three detained environmental militants that he had been " put on the lining his life and that of his soldiers to protect Shell installings. " Community members reported that the Task Force coerced persons to subscribe statements " ask foring " Shell to return. Former Ogoni members of the Shell " excess constabulary " (members of the Nigerian constabulary force for good attached to Shell installations and paid for by Shell, under a system common to all the oil companies) claimed that they were involved in intentionally making struggle between different groups of people, and in intimidating and hassling dissenters during the tallness of the MOSOP protests in 1993 and 1994 ; Ogoni detainees besides

alleged that they were detained and beaten by Shell constabularies during the same period.

Shell denied all such allegations, and distanced itself from statements by authorities or security functionaries naming for inhibitory responses to protests, while saying: " Our Chief Executive in Nigeria has repeatedly-both publically and privately-expressed our concerns over the force and heavy laterality both sides on the Ogoni issue have displayed from clip to clip, and is making what he can to advocate the governments non to make anything which will be given to increase the likeliness of force either to individuals or belongings. " Shell besides denied any collusion with the governments. However, Shell subsequently admitted holding made direct payments to the Nigerian security forces, on at least one juncture in 1993. Local groups alleged that such payments were-and remain- a everyday pattern among oil companies in Nigeria. The company made no public protests in relation to single instances in which security forces carried out human rights misdemeanors at Shell installations.

At the 1997 stockholders meetings of the Dutch and British parent companies of the Royal Dutch/Shell group, the company published the first one-year study on the operations of SPDC looking at issues of environmental criterions and human rights, and the first group-wide study on wellness, safety, and the environment. The group ' s direction besides said that it agreed in rule with a policy of external confirmation of environmental information but rejected this attack for the clip being. At the same clip Shell took stairss to incorporate its committedness to " show support for cardinal human rights " into its internal direction processs, necessitating managers of <https://assignbuster.com/the-principles-of-a-responsible-management-team-flashcard/>

Shell group companies to do one-year statements to Shell central offices bespeaking that they have complied with the demands of the Statement of General Business Principles, in the same manner that they have to do statements of conformity with fiscal and other criterions. Shell besides produced a “ direction primer ” on human rights issues for distribution throughout the group. (Manby, 2010)

Critical Analysis

This could hold clarified many allegations and intuitions “ degree of secretiveness ” that the universe and Ogoni people had over Shell ‘ s unethical affiliations with the Government and even instilled a sense of assurance from the victims. Shell being the taking operator in Nigerian Oil and stand foring democratic states had the competency in footings of know-how every bit good as resource wise ; the Military authorities ‘ s religion on Shell could hold leveraged this for an amicable dialogue. After that Shell could hold influenced the amendments in Government policies for leaving civil rights. This could turn out to be a win-win and a safe-landing for all the three parties concerned.

Shell ‘ s new direction, had committed internal reforms to stay by the international compacts on Human rights and environment concerns. It was to transport out internal restructuring and adult male power development to follow with these issues. A slow but certain footed attack, a alteration from within is decidedly sustainable. The committednesss had triggered immediate hope on Ogoni ‘ s and good as Shell ‘ s stockholders for a alteration. There were high outlooks from this move.

An independent external organic structure to supervise the public presentation Human rights issues from both the Government and the Shell can cultivate an ambiance of transparency- reflecting the land worlds and would bear the best consequences, owing to continual scanning and taking stock of the state of affairs. Protests were the manifestations for non run intoing outlooks as per their cardinal rights -both from the authorities and the Shell. Monitoring of human rights misdemeanor would take attention of safety of protestors and because of these Oklahomans or subsequently the demands would be fulfilled.

Human rights misdemeanor was for protecting huge-revenue bring forthng Shell and the authorities itself. Indeed the protests erupted out of Lack of chances (e. g. Employment) , economic corruption (e. g. negligible grosss pumped into communities, no societal or physical development) and environment debasement (e. g. Oil spillage for good impairing dirt, escape non cleared) . Further, Ogoni ' s were barred from Shell ' s activities, non paid commensurate compensation for environment harm etc. Shell being to a great extent dependent on Ogoni ' s oil militias, should reasonably compensate for the environment amendss and offer employments to Ogoni ' s in its operations and undertakings like Liquidified Gas works. In fact, oil spillage clearance could best be done through right pecuniary benefits by Ogoni themselves. All these will transfuse a sense of ownership on Ogoni and perceive Shells as a friend than ill will or an ally of suppression. This could hold a multiplier consequence on Ogoni-Government-Shell inter-dependency.

Decision

In this study the critical analysis on responsible direction as a illustration of royal Dutch shell is presented in great inside informations to run into the PRME standards and critically analysed as the company face many jobs for its environmental impact and human rights issues. However Shell ' s new direction had committed internal reforms to stay by the international compacts on Human rights and environment concerns. One thing has been identified that Shell ever comes up with new thoughts and invention.

However Shell bitterly failed to follow with western criterions for protection of human rights and the environment and refrained from societal duties at Ogoni. Shell, a direct donee of Nigerian oil, had no right to stamp down protests but owed duties to boldly halt it. In fact, human rights misdemeanor was ignited, fuelled and culminated by Shell itself. Shell had to protect its employees & A ; belongings, but non at the cost of human rights misdemeanors. Shell had a responsibility to avoid both complicity in and advantage from human rights maltreatments, and as it failed to talk out when governments reacting to its petitions for security protection commit human rights maltreatments is complicit in those maltreatments.

To clear-up its tarnished image, Shell should see different options.

1. Take the duties for economic promotion, political and societal justness and the full spectrum enforcement of human rights at Ogoni. Mare presence in the vicinity and grosss to the Government would non heighten regard for rights as there is no warrant of it being pumped back.

2. Abide by all international & A ; national environmental criteria and supply compensation in conformity with the jurisprudence for harm ensuing from oil geographic expedition and production.

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