

The theme of corporate social responsibility commerce essay

[Business](#)



INTRODUCTION

The theme of corporate social responsibility is that which covers diverse aspects of the everyday activity which comprises of any set-up i. e. a group or individual engages in. It is simply one of the fast emerging concepts most businesses engage in with much emphasis across the globe. However, this usually comes with an attached benefit in which a better reputation is expected or anticipated as a result of the responsibility shown towards the business environment. These among others may include workforce education, support and training, extended personal comprehension, product performance, different marketing programs for allowing and encouraging workers to participate in diverse projects be responsible for their diverse environments (Chitakornkijsil 2012). Regardless of the above mentioned duties or expectations from the organizations or individuals fully involved in corporate social responsibility, there have been several instances where loop holes have been identified and major draw-backs and tarnished reputations had been obtained. Failures in the corporate social responsibilities are usually as a result of either negligence on the path of the participating organization or poor management of its various channels of information passage which gives the public a poor perception of the entire set-up. It is a common saying that " Bad news spread faster than the speed of light". When there is a scenario in which a firm acts otherwise or in a socially or environmentally unacceptable manner at the expense of its immediate recipients thereby jeopardizing the social values and living conditions of those affected, then we can arguably state that there has been a case of a failed corporate social responsibility. This particular essay will be addressing

some of the dimensions where Shell Corporation got it wrong in Nigeria and how effectively it managed some of these pitfalls.

SHELL PRACTICES

The Niger Delta region of Nigeria i. e. the South-South part of the country is an environment that is richly blessed with oil, which had over time unsurprisingly attracted quite a few foreign investors such as shell and most notably the interest of the Federal government, this is as a result of the country's high dependence on the oil revenue and how much it generates. Niger Delta is an unstable community in which overtime, there have been disputes and so many controversies surrounding the revenue generated by the oil and the entire process of exploration and production with Shell at the fore-front (Coble 2007). In addition to this, a striking factor which fuelled the crisis engulfed in this region was the inter-ethnic disagreement in attempts to gain the sole access to the oil revenue. Going by the OPEC listings, Nigeria is regarded as the sixth world's largest oil producing nation and thus, no few eyebrows were raised when the activities of Shell became prominent in the country as expatriate. This however was not the main issue, rather the negligence and failed promises on the path of Shell Corporation after the damage and destruction of the environment in the process of oil exploration which the people of Niger Delta saw as a means to livelihood i. e. Livestock farming, fishing etc had the habitant's standard of living hanging. (Pfeffer & Salancik 1978: Scott 2008) explained the importance attached to the level of success attained by the organization if it fulfills the obligations and satisfies the expectation emerging directly from the environment. Shell made a promising start to its operations in 1956 which had approximately 5000

workers with an estimated figure of 95% as Nigerians and 66% of this figure were indigenes of the occupied region. This gave the people a sense of belonging, a better standard of living by providing employment opportunities for both the skilled and unskilled youths with a glimpse of a bright future ahead. However, Things took a dramatic turn when Shell started compromising, the alleged revenue generated from its operations was no longer evenly distributed for the development of the environment, instead it was given to the few highly placed personalities as incentives and gifts to further support its activities regardless of the damage these activities had caused to the environment. It went from a corporation that was eco-friendly with a great sense of responsibility to that which cared less for the environment and its inhabitants but more concerned with the realization of more revenue, further exploration at the detriment of health and safety, improved standard of living of the Niger Delta inhabitants and the eco-system in general. This act by Shell was contrary to one of their so called "Code of Conduct" to be precise, the third principle which is business integrity. According to the Corporation, " it is in their policy to do business by applying honesty, fairness and integrity" i. e. they stated not to compromise, offer whatsoever form of payment which could be a soliciting factor to gain entrance or acceptance for continuity. In same vein, they stated that facilitation payments are bribes and therefore should. These clearly explain that Shell was obviously not practicing the gospel it preached. It portrayed itself as a transparent set-up with integrity as one its key words, whereas this was not the case. Environmental protection is also regarded as one core element of corporate social responsibility, and going by the records gone by

and post activities of Shell Corporation in the Niger Delta region of Nigeria, the big question arises: " Does Shell actually protect its operating environment or just so particular about the profit maximization at the expense of the inhabitants' health, safety and welfare conditions?. The different oil spillages that usually destroyed the crops, the aquatic life, forests and creeks which was one of the stand-outs in this region gives a clearer picture as to whether Shell is responsible and eco-friendly or acts otherwise, the 1980 devastating spill with a rough estimate of 580, 000 barrels released into the eco-system destroying the livelihood of the supposed people it ought to be assisting in increasing their standard of living and other casualties. This trend is not just a thing of the past, but also continues to be on the high side as the years go by. The number of oil casualty in the year 2006 and 2007 were 224 and 241 respectively (Shell.com). Do we applaud Shell for this act? The above cited situation leaves a side to clearly pick and classify them where they really fit in. Corporate social responsibility should be about adding value to the immediate environment where your operation or business is been set-up. It is a social way of appreciation and also adding values to aid development; however this has not been the case in the Niger Delta region where Shell is consolidated. The stats have shown and spoken for itself depicting the living conditions of the residents of the richly blessed, yet poverty and underdevelopment has been the song of the day. A recent piece of work by the pair of Ibeanu & Luckham (2006: 37) indicates that only 27% of those living in the Niger Delta have access to safe drinkable water, also 30% have access to electricity, they further gave the stats of those that had primary education in Nigeria as

76% while in the Niger Delta only 30. 40% can actually afford to get one. Judging from these stats, it clearly gives a picture of what the average Niger Delta experiences in their quest for basic life amenities while on the contrast you see and hear some of the Shell workers and top level managers in this region living in luxury houses, driving exclusive cars and so on. According to the African development bank, Nigeria's total revenue from crude oil was estimated at \$600b in the last 45-50years of oil production (Ekpu 2007). With the overwhelming evidences against the practices of Shell Corporation and its mode of operation in their quest for oil exploration, the Ogoni people i. e. a part of the Niger Delta where the activities of Shell is prominent accused the Corporation of complete environmental mismanagement as regards the manner in which it had handled the natural resources including the land which was polluted. They also felt it was the responsibility of the corporation to be care i. e. ethically and morally. With the resources at their disposal, Shell had the adequate information and knowledge to address the issue but chose not to and was willing to boycott the possible outcomes of their action due to the sole interest in profit realization and complete disregard for the immediate environment. These actions by Shell were contrary to what was been preached by the Corporation when they were at the fore-front of the anti-pollution campaign, specifically in the year 1997 where it was portraying itself as a green company which was to be part of the company's operational future strategy.

ETHICAL THEORY

The ethical perspective of the United Nations global impact acts as a global regulatory framework for all business operations with a global outreach and

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vast operation to abide by in quest for doing business in host and home countries. Among these are: Business should always support and respect the protection of internationally proclaimed human right. Business should make sure they are not complicit in human right abuses. Business should uphold freedom of association and the effective recognition of the right to collective bargaining. Business should uphold the elimination of all forms of forced and compulsory labor. Business should uphold the effective abolition of child labor Business should uphold the elimination of discrimination respect of employment and occupation. Business and support a precautionary approach to environment challenges. Business should undertake initiative to promote greater environmental responsibility. Business should encourage the development and diffusion on environmentally friendly technologies. Business should work against corruption in all forms including extortion and bribery. Drawing conclusions from the points highlighted, Shell Corporation has been found wanting in some of these principles. They had in time past acted otherwise on the tenth principle. This was made evident in their decision to only give out the proceedings and part of the agreed allocation of oil funds/revenue to few highly placed personnel in the region at the expense of all affected inhabitants despite the degradation of their environment which served as their means to livelihood. Taking from one of the ethical quotes " We strongly believe that we should act as a force for good by supporting our communities & protecting our environment" one can undoubtedly say that this has not been the case with Shell as its actions have more or less been the other way round. Discrimination in terms of offering modern day employment to the members of the community and

filling of some important positions has also been on the rise, Shell have been accused of bringing in foreign workers and experts as to the local ones who can equally be trained to do the same duty. This according to them is as a result of illiteracy level which ironically and technically they are responsible for by taking away the major income source which is crucial in raising funds for schooling after selling off produce of their livestock activities.

Furthermore, the stake holder theory gives an insight to what the expectations usually look like. According to Friedman (1998), stakeholders are groups and also individuals that usually benefit from or are harmed directly or indirectly by those whose rights are been isolated or respected by the corporate actions. These stakeholders could take the form of creditors, customers, suppliers, host communities and employees. (Werhane & Freeman 1999) explained that it is the duty of the management not to only put into consideration its shareholders in decision making process but also whosoever that is one way or the other affected by the various decisions. According to him, this is because the goal of any company should be about the flourishing of its company and as such its core principal stakeholders. This theory brings in another dimension to actually determine if Shell as a corporation over the years had been applying the principle stated clearly by UN global compact in all of its operations which should include the ethical aspects and also put into consideration all other parties involved in one way or the other as a result of their actions. It should be that which will address issues cropping up such as human resource management, health and safety, environmental protection, customers etc.

SHELL CSR AMENDMENTS

Following the various accusations levelled against Shell corporation which still has the aim of continuing its oil activities in the Niger Delta region, it did what any multi-national organisation would embark on to further patch up its reputation and also prove some of the reports as being false by getting involved in some reputation management activities and playing a more prominent role in the region and country at large. Burger (2011) gave an extensive report on some of these corporate social responsibilities. The first point was the move by Shell in the provision of basic standard of living essentials such as infrastructures needed in this region, the corporation also went on in building roads, schools, provision of drinking water and better health facilities situated in clinics. Shell was able to achieve this due to the slow response of the government in providing such fundamentals for its citizens. If these heroics displayed by Shell after much criticism had been in place, the community would not have voiced out as much as they did regardless of the hazardous conditions Shell's practises had put them into as long as it is been considered in their operations and day to day dealings. Shell also indicated that they had overtime developed strategic partnership across borders in an attempt to foster the needs of its operating environment inhabitants. These included: provision of both health and micro credit scheme to the region, they also boasted about establishing 27clinics to better the lives of the residents and most notably one of the most popular educational scheme in the country i. e. the Shell scholarship scheme which covers over 17, 000 beneficiaries. Still very much in the rebranding line, Shell claimed to have trained about 1900 providers of services in different

aspects of business, awarded about 3000 individuals in craft, project management, entrepreneurship and catering. Shell also appealed to the community to co-operate with them by making adequate use of funds that will be made available in self development, they however agreed in 2010 to provide secure funding for the next five years to help in developing and also making the community a better one. However, the big controversy remains; "Has Shell stood by all these promises" if they have, the Niger Delta region of the country would have been a better place than what it is of late with the situation just getting worse. The standout and applauding factor for Shell was when it organised the Shell dialogue in Nigeria. It was an event that addressed all issues such as controversies, spillages and others relating to the public thereby attempting to operate in a transparent manner contrary to the negligent attitude exhibited earlier on, it also provided a valuable insight into all of its operations, developed the mindset of the major multinational oil and gas company which was in the line of getting a stable and eco-friendly society. It helped address the failings, cleared all pending queries and provided a firm base from which all of its major stakeholders were better informed about its dealings.

CONCLUSION

This essay attempted to paint the scenario of a failed corporate social responsibility in one of the multinational corporations in the world i. e. Shell oil in the Niger Delta region of Nigeria. This study was able to pick out some of the flaws of the corporation as it operates in a selfish manner at the detriment of the inhabitants of their working environment towards the maximization of greater profit. This piece of work was able to highlight the

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lack of attention and high level of negligence by shell in this region as a direct result of its oil spillages. Also lack of transparency in their operations was one of the draw backs, while its integrity was called into question when it compromised on its initial proceedings by settling some of the highly placed individuals in return for their support. The overwhelming scenario signifies the neglect in ethics and also the low interest in the environmental protecting issues, degradation of ethical values and less concern for people. It is not just acceptable for the so-called big companies to operate solely on the motive of profit realization, but also include some of these provisions such as high level of safe-guarding and also life changing development programs in their policies. However, this aspect has been addressed by Shell and we can only hope for a complete implementation plan.