

**MULTINATIONALS AND ADHERENCE TO THE UNITED NATIONS' GLOBAL COMPACT:
A FOCUS ON SHELL PETROLEUM DEVELOPMENT COMPANY IN NIGERIA**

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ABSTRACT

This study underscores the importance of ethical values in politics by using the indices of the United Nations' Global Compact to assess the profile of Shell Petroleum Development Company in the observance of the principles of the Compact between the United Nations and business concerns. The study explores prospects of improving the relations between multinational oil corporations and their host communities especially in developing nations. The paper concludes that Shell's profile with respect to the tenets of the United Nations Global Compact for businesses is opportunistic and devoid of promise. The study takes the view that implementing the Global Compact initiatives would be challenging, and advises the United Nations to ensure safeguards to prevent companies from relegating the Global Compact to essentially public relations gimmicks and propaganda.

Keywords: United Nations Global Compact; Shell Petroleum Development Company; Nigeria; Multinationals; Ethics

INTRODUCTION

Profit maximization is the specific goal for which multinationals operate in a particular environment, and society also has some specific goals she expects global businesses to meet. Tension often results when business enterprises are unable to accommodate societal goals alongside their own business goals. Such is the case in Nigeria's Niger Delta, where oil-producing communities have resorted to militant activism to press home a number of demands targeted at oil firms and the Nigerian State. This is because the impact of business corporations extends to and affects others beyond their immediate shareholders and customers; and as a result, society makes more demands on firms beyond the legal requirements. In most countries, big corporations have come under severe criticisms because of either the negative impacts of their activities on the society or their lack of concern on pressing social needs, thus the debate on the responsibility of multinational corporations in their environments of operation has burgeoned into a fertile area of political inquiry.

Multinational oil corporations operating in Nigeria have received scathing criticisms for the poverty and crisis in the Niger Delta region, where they obtain over 90% of their total production of crude oil and huge revenues, and also neglect to improve social amenities. The condition is exacerbated by the ugly fact that activities of the oil companies have completely devastated their environment, but unfortunately, the compensations the people receive for damages caused by oil activities are embarrassingly inadequate. This state of affairs has led to continuous protests to which government has reacted through suppression, thus aggravating the people into using further aggressive and violent methods in seeking compensations for the use of their land and resources.

Meanwhile, the question of values, morality and ethics in administration has become of great interest to scholars in recent times, and this is because of its importance in Nigeria as we are facing an ethical crisis. As noted in Ezeani (2006), unethical behavior have become so pervasive, and even institutionalized norms of behavior in Africa to the extent that one may conveniently speak of a crisis of ethics in African public services.

This study, therefore, focuses on multinational oil corporations operating in the Niger Delta region of Nigeria and their profile in relation to the tenets of the agreements they have entered into with the United Nations on the mode of their operations in Nigeria and in their immediate environment, the Niger Delta.

THE PROBLEM

The Niger Delta region of Nigeria has been engulfed in severe crisis of multiple dimensions for such a long time now that it has become synonymous with the concept of Nigeria especially to foreigners. The importance of this region cannot be overemphasized and the discourse on the Niger Delta has gone beyond the borders of the Nigerian State.

This region is richly blessed with crude oil, and Nigeria presently operates a mono-cultural economic structure, which is heavily dependent on revenue accruing from crude oil exploration, and is currently world's eighth largest exporter of crude oil and also leading in Africa; and this precious resource is found almost exclusively in her Niger Delta region. It is estimated that crude oil accounts for about 80% of Nigeria's GDP and 95% of her foreign exchange (World Bank, 2007). As such, any crisis, which disrupts the production of crude oil in Nigeria, would adversely shake her economy in general, especially given the fact that she presently has no viable alternative source of such gargantuan revenue from crude oil. The African Development Bank claims that Nigeria's total revenue from crude oil was estimated at \$600 billion (USD), about N84 trillion in the last 45-50 years of oil production (cited in Ekpu, 2007).

Despite this huge oil revenue, poverty and underdevelopment are still severe in the Niger Delta no thanks to the insensitivity of government. Worse still, poverty is even most severe in the Niger Delta region, from which comes the huge oil revenue to run the Nigerian economy. A recent study by Ibeanu and Luckham reveals that:

Only about 27% of households in the Niger Delta have access to safe drinking water and 30% to electricity, both below the national average. There are 82,000 people per doctor, rising to 132,000 in some areas, more than three times the national average of 40,000. While 76% of Nigerian children attend primary school, only 30-40% attend in some parts of the Niger Delta (Ibeanu & Luckham, 2006:37).

The critical issue in the Niger Delta is not only the increasing incidence of poverty, but also the intense feeling among the people of the region that they ought to do far better. This is based on the considerable level of resources in their midst, and the brazen display and celebration of ill-gotten wealth in Nigeria, most of which derives from crude oil wealth. In addition, the oil and gas industry has damaged farmlands and fishing grounds, which have harried traditional occupations.

It is paradoxical and contradictory that a people should wallow under the throes of so much poverty while so much wealth is derived from the resources in their immediate environment. When they consider how series of corrupt government officials have embezzled public funds with impunity and even display their loot ostentatiously, they cannot help but feel alienated. Then, to return to their traditional occupations of fishing and farming, they discover that the processes of oil exploitation and exploration have directly and adversely polluted their environment, degraded their land and destroyed aquatic life. Consequently, they extend their frustration to the oil companies operating in the region.

Meanwhile, the United Nations has come out with a Global Compact for all business operations with a diverse and global reach like Shell, which involves about ten principles. The principles of the Global Compact are that business:

1. Business should support and respect the protection of internationally proclaimed human rights;
2. Business should make sure that they are not complicit in human rights abuses;
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Business should uphold the elimination of all forms of forced and compulsory labor;
5. Business should uphold the effective abolition of child labor;
6. Business should uphold the elimination of discrimination in respect of employment and occupation;
7. Business should support a precautionary approach to environmental challenges;
8. Business should undertake initiatives to promote greater environmental responsibility;
9. Business should encourage the development and diffusion of environmentally friendly technologies;
10. Business should work against corruption in all its forms, including extortion and bribery.

Many factors might have contributed to making Shell the epicenter of the people's quest for increased social welfare. Firstly, it was Shell that first discovered oil in the Niger Delta at Oloibiri, Bayelsa State in 1956. By then, Nigeria was under colonial rule by Britain, so the people saw the Shell expatriates as representative of the government.

Secondly, Shell's oil activities cover a very large part of the Niger Delta, thus making them more popular than other companies in the region. It is estimated that in the Niger Delta Shell operates in oil mining lease area of about 31,000 square kilometers; the company has over 6,000 kilometers of pipelines and flow lines, 87 flow stations, eight gas plants and more than 1,000 producing wells (Kiikpoye, 2008). Thus, the presence of Shell is very conspicuous in the area.

Thirdly, and following from the second point above, Shell has the largest oil acreage in the country from which it produces about 43% of Nigeria's crude oil. Under normal circumstances, Shell produces about one million barrels of crude oil per day.

Finally, Shell more than any other oil company in the region makes frequent claims of sponsoring community development projects.

All the above factors combine to bring to the fore the importance of Shell in the lives of the average citizens of the region, and why so much is expected of the corporation. Therefore, the persistence and tenacity of the claim that Shell does not play its role in the region leads us to seek answers to the following research question: *Does Shell Petroleum Development Company observe the principles of the United Nations Global Compact for businesses in the Niger Delta?*

Our hypothesis for this study is that: *Multinational corporations' selective approach to social responsibility in resource-rich regions tends to impair compliance with the observance of the United Nations' Global Compact.* The importance of this study includes among others that, theoretically, it offers an understanding of the activities of multinational oil corporations in relation to their corporate social responsibility in Nigeria with specific attention to Shell Petroleum Development Company in the Niger Delta; and therefore serve as a documentary evidence for further researches in the area; and practically, it will help in awakening Shell to its responsibility as it pertains to the Global Compact and its Code of Conduct, which require it to give back to the host communities.

THEORETICAL EXPLICATION

This study has a theoretical underpinning on the Stakeholder theory, which is based on the notion that beyond shareholders, there are several agents with an interest in the actions and decisions of companies. Stakeholders are “groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions” (Friedman, 1998). In addition to shareholders, stakeholders include creditors, employees, customers, suppliers, and host communities. Thus, the stakeholder theory asserts that companies have a social responsibility that requires them to consider the interests of all parties affected by their actions. Management should not only consider its shareholders in the decision-making process, but also anyone who is affected by business decisions because “the goal of any company is or should be the flourishing of the company and all its principal stakeholders” (Werhane & Freeman, 1999).

Some of the problems with the stakeholder theory lie in the difficulty of considering “mute” stakeholders, that is, the natural environment, and “absent” stakeholders such as future generations or potential victims (Capron, 2003). The difficulty of considering the natural environment as a stakeholder is real because the majority of the definitions of stakeholders usually treat them as groups or individuals, thereby excluding the natural environment as a matter of definition because it is not a human group or community as are employees or consumers (Buchholz, 2004). Phillips and Reichart (2000) rightly argue that only humans can be considered as organizational stakeholders and criticize attempts to give the natural environment stakeholder status.

Having established the importance of stakeholder management, a question that remains is which of the stakeholders do managers view as the most significant. This question has been addressed by Mitchell, Agle and Wood (1997). They offered a theory of stakeholder identification and salience that suggests that corporations' perceptions of three key stakeholder attributes (power to influence the company, legitimacy of the relationship with the company and urgency of the claim on the company) affect the degree to which managers give priority to competing stakeholder claims. This is because a stakeholder “may have a legitimate claim on the company, but unless it has either power to enforce its will in the relationship or a

perception that its claim is urgent, it will not achieve salience for the company's managers" (Mitchell, Agle and Wood, 1997).

The stakeholder theory best explains our discourse on whether Shell as an oil company has been using the United Nations Global Compact as a benchmark for its activities in the Niger Delta region of Nigeria. It rightly explicates the ethical notion that makes it mandatory for companies to have a social responsibility that requires them to consider the interests of all parties affected by their actions. Shell should be actively involved in activities that would help in the Niger Delta and voluntarily integrate socio-political and environmental concerns in their operations and interaction with the major stakeholders who are the citizens of the region as well as the Federal Government of Nigeria, who are their immediate landlords given the Land Use Act, Petroleum Act and other such legal forces that have taken over control of the land from indigenes. The theory is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with host communities, relations with suppliers and consumers of extractive resources that is the main reason for Shell being there in the first instance.

Moreover, the power to influence Shell to comply with the Global Compact lies with the government; the legitimacy of the relationship between the government and Shell is seen within the ambit of the manner of their operations and how the government seems to side with them even when it is obvious that they are not even following even the basic tenets of corporate existence in a host community that urgently needs help from Shell.

THE UNITED NATIONS GLOBAL COMPACT FOR CORPORATIONS

The United Nations Global Compact initiative emerged largely against the backdrop of the benefits as well as negative consequences of globalization. Towards the end of the last millennium, it was becoming increasingly acceptable that mankind was in dire need of harmonizing economic activities so that the benefits thereof will reach at least a greater majority. The United Nations Global Compact can be viewed as a partial response to the international social backlash that has arisen as the result of what many Europeans and socialist-minded academics perceive as unchecked economic expansion and globalization. This statement derives its strength from the expressed opinion of John Ruggie, a former Assistant Secretary-General of the United Nations, who observed that:

The backlash against globalization has grown in direct proportion to the divergence between global markets and national communities. The backlash against globalization is driven by three of its attribute. First, globalization's benefits are distributed highly unequally within and among countries...Second, it is triggered by an imbalance in global rulemaking...Third, a global identity crisis is emerging. It is questionable forces that can bring on economic instability and social dislocation, sometimes at lightning speed (Ruggie, 2006).

Such severe criticisms could not be taken for granted. A concern for a re-evaluation of business activities was growing rapidly and globally too. Thus, while addressing the World Economic Forum, in 1998, former UN Secretary-General, Kofi Annan, remarked that "by now we know that peace and prosperity cannot be achieved without active partnerships involving

government, international organizations, the business community and civil society; in today's world we depend on each other" (Rasche, 2007). It is because of this mutual interdependence (which globalization even enhances), that it became imperative to evolve a multi-stakeholder approach to world economic challenges especially in the areas of poverty and human rights abuse.

One would have thought that the United Nations should have used its position to design a code of conduct that should regulate business operations within its member states or for the world at large. On the contrary, the United Nations followed the path of dialogue, interaction and exchange of ideas. It was during the World Economic Forum in Davos on January 31, 1999, that the United Nations made its new business agenda open to the public. On that occasion, the then United Nations Secretary-General, Kofi Annan, unfolded their new package with these words:

...You, the business leaders gathered in Davos, and We, the United Nations, initiate a global compact of shared values and principles which will give a human face to the global market (www.un.org; also cited in Rasche, 2007).

His statement means *inter alia* that they are trying to humanize the global market. If what is at stake are sheer values and principles between the various stakeholders, then that message includes that they are not really issuing a new code of conduct, the initiative is therefore a form of partnership rather than a superior-subordinate affair. This initiative was eventually inaugurated on July 26, 2000. Rather than making new iron laws for business corporations, the view of the United Nations is that the Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption (Baylis & Smith, 2005).

Thus the Global Compact comes in the form of an appeal, indeed a moral one. However it should be noted that its expected scope of instance, the phrase "within their sphere of influence" could be applied to include spreading the message and ensuring that it is carried out even by third parties like corporate customers.

To make the demands of the Global Compact specific, the United Nations formed ten principles based on human rights, labor standards, the environment, and anti-corruption (as enumerated above earlier). According to the United Nations, those principles are derived from the *Universal Declaration of Human Rights*; the *International Labour Organizations Declaration of Fundamental Principles and Rights at Work*; the *Rio Declaration on Environment and Development*; and the *United Nations Convention against Corruption*. These are values which enjoy universal consensus or are at least accepted in all the member-nations of the United Nations.

The first two principles are based on *human rights* and state that "business should support and respect the protection of internationally proclaimed human rights" (principle 1); and "make sure that they are not complicit in human rights abuses" (principle 2). These principles based on human rights have been defended to be useful not only to the public, but also to the business corporations themselves. For instance Peter Muchlinski has argued on two grounds that:

First, business cannot flourish in an environment where fundamental human rights are not respected... second, corporations that do not themselves observe the fundamental human rights of their employees, or of the individuals or communities among which they operate, will be monitored and their reputations will suffer (Muchlinski, 2001:38).

Muchlinski's point leaves much to be desired. Indeed, if business continues to trample upon human rights with impunity, people will react very aggressively or even become very hostile. A Hobbesian state of nature would be the consequence and that means business will suffer severely.

Next, on *labor standard*, the Compact has four principles, which state that "business should uphold the freedom of association and the effective recognition of the right to collective bargaining" (principle 3); "the elimination of all forms of forced and compulsory labor" (principle 4); "the effective abolition of child labor" (principle 5); and "the elimination of discrimination in respect of employment and occupation" (principle 6) (www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html). These labor-based principles refer mainly to the type of relationship that should exist between the employers of labor and their employees. They are specifically derived from the regulations of the International Labour Organization. If applied in the workplace, they will help to diffuse the antagonism between the working class and the capitalists as described in Marxism. The abolition of child labor would help avoid a situation in which children are used as cheap supply of labor.

As regards *environmental protection*, the next three principles of the Compact state that "business should support a precautionary approach to environmental challenges" (principle 7); "undertake initiatives to promote greater environmental responsibility" (principle 8); and "encourage the development and diffusion of environmentally-friendly technologies" (Principle 9) (www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html).

It is very important here to remark that not only that these environmental principles ask corporations to be sensitive and protect the environment, but more so a precautionary approach is preferred and recommended. The appeal to the adoption of a precautionary approach to the protection of the environment has earlier been advocated in the *Rio Declaration on Environment and Development*, of which principle 15 declares that "lack of full scientific certainty shall not be used as reason for postponing cost-effective measures to prevent environmental degradation" (Baylis & Smith, 2005).

This means that corporations cannot allow environmental degradation even on the grounds that it was doubtful that their effort would have yielded a significant result. Given this approach corporation (expectedly) should be severely criticized, and remedy the degradation of their environment resulting from their business activities. The criticism would no doubt be worse if the corporations involved have the technology to renew the environment but deliberately refuse to do it.

Finally, we have the 10th principle, which is on *anti-corruption*: it states that "business should work against corruption in all its forms, including extortion and bribery" (Moore & Pubantz, 2006). It should be noted that this last principle was not

included initially. It was later added to lend credence to the global anti-corruption fight. It should be clear that bribery and corruption are detrimental to business in that they give unfair advantage to some people, which in the long run might instigate unhealthy competition. Where a corporation is notorious for bribery, it is likely to be ridiculed by public opinion. It could also lead to a boycott of goods and services especially if it is not a firmly established monopoly.

The United Nations is optimistic that if corporations abide by these principles, the society would be better and business would still flourish. Leisinger underscores this point when he remarks that:

The UN Global Compact is a corporate responsibility initiative based on the conviction that weaving universal values into the fabric of open global markets and corporate practices will help advance broad societal goals (Leisinger, 2007:26).

This sounds quite interesting, but one incontrovertible fact is that many business firms have welcomed the idea. It is on record that “by 2007 over 3,000 companies from all regions of the world, along with many international labor and civil society organizations were engaged under the UNGC” (Moore & Pubantz, 2006). However, it should be noted that there is no necessary connection between efficiency and the number of people or groups that support an idea. That is to say, it is possible that many organizations could join the Global Compact and yet its attractive goals might still be far from being realized.

THE PLAUSIBILITY OF THE GLOBAL COMPACT

Our concern here is to examine and possibly postulate whether the goals of the Global Compact initiative are feasible especially given the fact that companies and other interest groups enter into it voluntarily. There are variegated opinions as to whether the aims of the Global Compact could and would be realizable in this contemporary world of capitalism. According to Rasche (2007), three major allegations against the initiative can be identified in the extant literature. They include that:

The compact supports the capture of the UN by big business; the principles are vague and thus hard to implement and the Compact is not accountable due to mission verification mechanism (Rasche, 2007:6).

Rasche argues that those allegations are unfounded and that they rest on a misunderstanding of the nature of the compact as well as its mandate and the goals it tries to achieve. He explains that a proper understanding of the initiative is one which takes it as learning rather than a regulatory program. He cautions critics to note that:

The Compact is not designed as a certification instrument or tool to regulate and sanction its participants, but instead to foster a dialogue among a diverse set of actors in a non-bureaucratic way.... The change model that underlies the compact is based on the idea that through dialogue and partnership projects corporations can foster CSR and make a difference once they learn from each other and other actors (Rasche, 2007).

He notes, however, that he does not mean to say that regulations are not needed. The point is that many companies still have a lot to learn concerning the issues raised by the ten principles, and should be given the time and opportunity to do that. Furthermore, Rasche argues that those who are afraid that the United Nations would be captured and manipulated by the big

companies should note that this is not the first time that the world organization is engaging in a partnership with business. He adds that:

It is necessary to understand that it is not the Global Compact that allows corporations to 'capture' the agenda of policy makers at the UN, but that corporations already are political players that need to be recognized by politicians regardless of whether the compact exists or not (Rasche, 2007:18).

We believe that given the enormous wealth at the disposal of many companies, especially the multinational corporations, they can no longer be ignored in international politics, whether there is Global Compact or not. Since companies agree to make available information concerning their activities, the non-governmental organizations can act as watchdogs to erring companies. Also, companies who stay up till a period of three years without submitting information about how they have fared with the principles are delisted. This can serve as deterrence. Rasche's conclusion is that the compact should be properly seen as a necessary supplement and not a substitute for state regulation of laws controlling business.

Concerning how the initiative can work without a strict regulation of conduct, some scholars have insisted that it is possible because corporations are also urged to submit case studies demonstrating how they have met the Compact's ten principles, which are then discussed and put into a learning bank for emulation by other enterprises (Moore & Pubantz, 2006). If corporations cooperate and publish their progress, others are likely to learn from their achievements, and even from their mistakes.

Responding to critics, Ruggie has also offered three reasons why the initiative could not and should not be authoritative or too regulatory. He notes:

First, the probability of the General Assembly adopting a meaningful code approximates zero...Second, the logistical and financial requirements for the UN to monitor global companies and their supply chains, let alone small and medium-sized enterprises at national levels, far exceed its capacity...Third, any UN attempt to impose a code of conduct would not only be opposed by the business community, but also would drive progressive business leaders into a more uniform anti-code coalition (Ruggie, 2006).

These are really serious points. It would not be easy to convince the UN General Assembly to adopt the Global Compact as a complete regulatory mechanism for private business. Besides it would cost much to the initiative as a regulatory or monitoring mechanism. It would even amount to total failure should business leaders pull out of the initiative.

Another pessimistic view of the Global Compact, which is related to the ambiguity and vague argument, is the claim that its ten principles are merely food for thought, lacking in any specific analysis of any strategy to achieve corporate responsibility. But in defense of the initiative, Leisinger argues from the perspective of moral introspection. He claims that:

Self-critical reflection on corporate responsibility in the light of the Global Compact principles can perform precisely this function for companies: all core business ethics aspects are covered by the ten principles (Leisinger, 2007:8).

Thus he advocates that the top management of companies can and should evaluate themselves by self-questioning of their activities in the light of the principles of the Global Compact.

SHELL'S CODE OF CONDUCT

It is very normal for business organizations to have self-made principles that guide their operations. Sometimes, this is known as a company's policy. Shell is not an exemption. According to the management of Shell, "we have Eight Principles, which apply to all our business affairs and describe the behavior expected of every employee...based on our core values of honesty, integrity and respect for people" (www.shell.com). They claim that they abide by those principles and that their success is largely owing to their commitment to doing business with honesty, integrity and respect for people. We shall highlight some of these principles.

The first principle in Shell is an economic one. It states that *long-term profitability is essential to achieving our business goals and to our continued growth*. It is not surprising that the first principle emphasizes profit. This is because it is generally assumed that the main aim of the private sector is to make profit. The second principle says that *Shell engages in fair competition while doing business*.

The third principle is on business integrity. Here *Shell claims that they do business by applying honesty, fairness and integrity*. To this effect, they declare that the direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made.

Elsewhere, Shell's management declares that they have zero-tolerance to corruption. They re-emphasized that they do not bribe, nor do they accept bribes; they do not allow illegal payments of any kind and investigate all suspicious circumstances. Any employee found to have breached Shell's 'no bribes' policy may be dismissed (www.shell.com). Shell claims that part of how they prove their honesty is by voluntarily reporting their environmental and social performance.

The fourth principle of Shell, which focuses on political activities states in clear terms that *Shell does not make payments to political parties, organizations or their representatives. Shell companies do not take part in party politics*. By declaring that they are politically neutral, it is expected that Shell should not sponsor candidates in elections or sponsor state repression of people. However, Shell maintains that they have the right and responsibility to express their opinion to the government on issues that affect them or their clients, shareholders or local communities.

In principle five which addresses health, safety, security and the environment, *Shell claims that they have a systematic approach to manage the challenges of health, safety, security and environmental protection for good results*. They hopefully

asserted that they continually look for ways to reduce the environmental impact of their operations, products and services; that they view such issues to be critical. At least, they are aware that their activities have impacts on the environment.

It is in the principle six that Shell explains *their relationship with local communities*. They claim that they aim to be good neighbors by trying directly and indirectly to improve the well-being of the communities. To achieve this, the management claims thus: “We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities and to mitigate any activities”. Here Shell admits that their activities have social impacts. However, it is not stated whether their efforts “to enhance the benefits to local communities” is charity or an obligation.

Communication and engagement form the seventh principle of Shell. They accept that *it is essential to regularly dialogue with their stakeholders*. This underlies why they give report concerning their performance. They note that in their interactions with employees, business partners and local communities, they seek to listen and respond to them honestly and responsibly. What should be noted here is that they not only listen but also find it wise to respond to their stakeholders, including local communities, ‘honestly and responsibly’.

Finally, the last principle is about compliance. *Shell states categorically that they comply with all applicable laws and regulations of the countries in which they operate*. Here they claim to be a law-abiding company. All these principles are contained in what they call “Shell General Business Principles” signed by the former Chief Executive, Jeroen van der Veer.

In addition to their company principles, Shell claims to be a member of, and active supporter of such institutions like Transparency International, International Chamber of Commerce (ICC), Business and Industry Advisory Committee of the OECD, the UN Global Compact Principles. Thus it is expected that Shell would (or at least should) share and implement their values.

There are matters arising from Shell General Business Principles. For instance, a critic John Donovan, once wrote R.M. Wiseman, the General Counsel and Company Secretary, Shell U.K. Limited, asking him if the attractive business principles together with their core values of honesty, integrity and respect for people constitute (or has an intention to create) a legal relation. In his response to Donovan, Wiseman wrote:

I have consulted widely on the intention of those responsible for the drafting of the statement. They have confirmed that there was no intention to create a document for use in courts. It was intended to lay down a code of behavior by which we think we should be judged by the public at large and in this respect perhaps define higher standards than some other commercial organizations impose upon themselves (cited in Ekpu, 2007:12).

This gives one the impression that the so-called principles, which constitute Shell’s code of conduct, may be a form of public relations strategy. This view logically follows from Wiseman’s description of the principles as “*a code of behavior by which*

we think we should be judged by the public at large". Perhaps, these principles are like the ten principles of the United Nations Global Compact, which are meant to guide and direct but not to regulate.

It is interesting to note that Shell has acknowledged that there is need to revise their principles and make key changes. To do this, the management has shortlisted the following: the emphasis on compliance; growing concern about security after 9/11; emphasis on social performance and engagement with communities; diversity and inclusiveness; Shell's values and behaviors; a focus on dialogue as opposed to the dissemination of information; development of sustainable development principles; and clarity on treatment of facilitation payments. As we wait for Shell to make these proposed changes, their general business principles still remain a framework to analyze their activities.

The oil spillages destroy crops, forests, swamps and creeks of the Delta. When they occur in the rivers, they destroy aquatic life and this is a painful loss in the case of fishing which is the occupation of many in the region. In 1980, Shell had one devastating spill that destroyed aquatic life, when Shell's Forcados terminal tank failure spilled as estimated 580,000 barrels. Oil spillage has continued to be the rule rather than the exception whenever Shell operates in the Niger Delta. It continues to be so high that Shell, in its 2007 annual report, put oil incidents recorded that year at 241 compared to the previous years (2006) figure of 224 incidents (www.shell.com).

Unfortunately, as many incidents of oil spillages occur and reoccur, instead of responding to save the environment, both Shell and the government often waste their time blaming the local community and accusing them of sabotage. However, the World Bank maintains that in the Niger Delta, oil spills are generally caused by the companies themselves, with the most frequent cause next to corrosion being equipment failure, followed by sabotage, which is ranked third in World Bank assessment. Yet the local community continues to suffer untold hardship from spillages owing to poor maintenance of Shell pipelines. Deforestation and destruction of wild life, toxic waste, acid rain, etc continue unabated. Pollution from oil industries like Shell is complex. Their effects on the region are quite devastating and are exacerbated by inadequate infrastructural facilities. Their activities could rightly be described as an ecological war in the region.

SHELL'S MODE OF OPERATION VIS-À-VIS THE GLOBAL COMPACT

In its official website, Shell is proud to be associated with the UN Global Compact. It is also a member of the International Labour Organization (ILO). It pledges to support and promote the values of these movements. Shell claims to be actively engaged in promoting ethical business behavior through its membership of the various aforementioned global bodies that support the United Nations Global Compact (www.shell.com/home/content/aboutshell-en/whoweare/ourvalues/honesty_integrity). As a member and supporter of the Global Compact, Shell is supposed to maintain international labor standards, respect human rights, protect the environment through precautionary measures and be anti-corrupt in its activities. But in the Niger Delta, despite Shell's claim to the contrary, it was found to be complicit with Nigerian government in human rights abuses. It should be noted that the international legal standards for complicity would, for instance, require a corporation not to lend its equipment to government forces with knowledge they would be used to suppress human rights. Following this criterion, Shell was found guilty of providing the Nigerian military with weapons and helicopters to use against the Ogoni

people. Shell even went to the extent of applying for the permission to purchase and possess weapons. This was granted. As if complicity with government in human rights abuses was not enough, Shell even went further to work to save Nigeria's image in the international community following the outcry against the Nigerian state by the Human Rights Watch and other international organizations.

The state execution of Ken Saro-Wiwa was globally criticized. The Nigerian government was even sanctioned variously by the Commonwealth of Nations, the European Community and the United States. As this was happening, Shell's reaction was to advertise to change facts. Thus, it has been noted that Shell was running adverts in the British media which portrayed MOSOP as a terrorist organization, which was not true. Shell therefore could be said to have financially sponsored state terrorism in Nigeria. Terrorists do not hold public seminars; they do not organize symposia for the public; they do not hold environmental conferences; they do not block roads with mere placards. MOSOP used the above approaches and was not violent. However, MOSOP was so effective in its strategies, that it paralyzed oil explorations in Ogoniland pending the resolution of environmental damages. Here Shell could not demonstrate its core values of integrity and honesty; and it is safe to say that the present performance of Shell falls below the demands of the Global Compact.

CONCLUSION

We set out in this study to discuss the issue of the Global Compact of business corporations which was administered by the United Nations in order to make sure that they treat their host communities well in their areas of operations. We related it to the activities of Shell Petroleum Development Company in the Nigerian Delta region, to see whether they comply with the tenets of the Compact and their own codes of conduct which are more or less the same. After a thorough examination of the divergent opinions and armed with facts that are on ground, we came to the conclusion that Shell Petroleum Development Company does not respect the tenets of the United Nations Global Compact for businesses, as the host communities in the Niger Delta region of Nigeria have not benefited much from the presence of Shell in their midst after over fifty years of operation.

From the above expositions, it has been noted that implementing the Global Compact initiatives is not an easy task. It poses numerous challenges. The United Nations should among other considerations, ensure safeguards to prevent companies from using the Global Compact for essentially public relations purposes.

More efforts are required in gathering information about performance of participants. Such accumulated information should be communicated effectively to others so that they can learn.

We do not subscribe to the Hobbesian view that without a coercive supervisor, agreements are mere words. We are optimistic about the future outcome of the Global Compact; but we must mention that we do not suppose that its influence over business would be overwhelming.

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