Business Ethics and the Nigerian Oil Industry: A Study of the Niger Delta

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***Abstract:* - The oil industry in Nigeria is considered the fastest growing industry due to the dependent of the economy on oil and gas resources. Several ethical considerations have been neglected either due to lack of effective monitoring by the appropriate authorities or the absence of such regulations. There are several practices that are observed in Nigeria which are viewed to be at variance with what is applicable in other parts of the world where such companies equally operate. This paper critically examines the oil extractive activities of the multinational oil companies operating in the Niger Delta Region of Nigeria and the environmental hazards caused by such activities. In relation to business ethics, the issues of gas flaring and oil spillage are considered to be deliberate and unethical activities. This is a theoretical paper based on review of related literature. The paper suggests that the federal government of Nigeria has a major role to play in ensuring that wrong practices by oil multinational corporations (MNCs) are stopped for the benefit of the citizens. It concludes that business ethics should be taken seriously in order for the MNCs to secure the licence to operate in the host communities and peaceful coexistence of both parties.**

***Key words:* Business ethics, oil industry, gas flaring, oil spillage, environmental hazards, Nigeria**

I. INTRODUCTION

The Nigerian oil sector plays a central role in the nation's economy with over ninety percent of the nation's foreign exchange earning coming from the sales of crude oil. Nigeria has about 36 billion barrels of crude oil reserve. It is estimated that the country has realized about 600 billion US dollars from oil since 1956 when it was first discovered in a commercial quantity at Oloibiri, in Bayelsa State (Atakpu, 2007). Earnings from oil are derived through the petroleum profit tax, sales of crude, royalties, gas and rent from the industry operators. There are three main business engagements in the Nigerian oil industry which are: Joint Venture (JV) i.e. Join Operation Agreements (JOA) between the Federal government and the oil multinational operators, Production Sharing Contract (PSC) i.e. where Oil Prospect NNPC acts as concessionaire, and Service Contract (SC) i.e. where Oil Prospecting License (OPL) title is held by the NNPC while the operator selected as the service contractor provides all the funds required for exploration and production work (Ihua et al 2009).

The Niger Delta is endowed with 31 massive oil and gas fields and each has an estimated recoverable oil of more than 500 million barrels and produces in excess of one million barrels a day out of the nation's total production of about 2.1 million barrels per day (Obaje, 2009). According to Vassiliou (2009), 17 of giant oil and gas production fields are located offshore. With all the revenue generated from crude oil vis-à-vis the wealth to the Nigerian nation, one begins to imagine what goes to the local communities where these oil wells are located. It could be seen that oil exploration and exploitation has become the bedrock of the nation which needs to be guarded jealously. Despite the focus on oil, there are associated negative environmental impacts of the extractive processes on the people of the Niger delta region. The most common of such impacts are gas flaring, oil spills and pollution. These have adversely affected the local communities in the areas where such exploitation takes place. Most of these communities were involved in one form of livelihood activities or the other before oil was discovered but have been forced to abandon such because of the negative environmental impacts.

The question then is; what has the government done/doing about these negative impacts? And, what regulations have been put in place to checkmate the activities of the MNCs? Against this background, this paper would examine the negative effects of oil extractive activities on the environment and the people of this region consider the agencies set up by the federal government to monitor oil extractive processes and the need for ethical considerations to be upheld in order to reduce or eradicate such harmful practices.

II. THE NIGERIAN ECONOMY BEFORE THE DISCOVERY OF CRUDE OIL

The economy of Nigeria before the discovery of oil is directly related to the different vegetation and its effects on the ways of life of the people and the pattern of economic activities they engaged in. Akanmidu (2014) opines that agriculture was the lifeblood of Nigerian economy from the earliest time to 1950s. Nigeria had an enviable record of food sufficiency but the era did not last beyond the 1960s when its economy began a descent into a horrible dependence on imports. As part of the efforts to integrate Nigeria into global economy, cash crops were introduced to Nigeria by the European from South American and India (Oluwansanni, 1960). Palm oil became an export commodity in Nigeria as far back as 1958 and 1980, the Niger Delta, which now produces crude oil, had nominated the major source of palm oil which dominated Nigeria's export list for more than 50 years (Olukoju, 2009). Cotton joined the export list in 1856, while cocoa was introduced and become an export crop in 1995 (Olukoju, 2009). Together with the rubber, groundnut, palm kernel, bennie-seed in the later years formed the main source of revenue, export and foreign exchanges for the government. It is important to note that the economy generally recorded incredible self-sustaining growth and expansion before crude oil became the mainstay. Nigeria boasted of it groundnut pyramids in the north and cocoa in the west. Palm oil also existed in commercial quantity in the east.

The income generated from agriculture was suitably used to build social and economic infrastructure, as well as providing basic services like education, healthcare, water and electricity supply. This enhanced farm settlement and cottage industry to services agriculture providing vast employment opportunity for the peoples. Before the discovery of crude oil in Nigeria, agriculture provided 95 percent of the food needed in the country, contributed 64 percent Gross Domestic Product (GDP) and employed over 70 percent of the Nigerian population before oil began to be exported. With the inception of oil in Nigeria, a study by Akinlo (2012) and Auty (2001) assert that in the last years of the 20^{th} century, it has been discovered that the countries with huge natural resources have low performance with regards to economic growth compared to those countries deficient in natural resources. Commercial production of oil in Nigeria started in 1958, yet the rate of growth and development of this region seems very slow. The huge revenue from oil has increased the expenditure and investment of the Nigerian nation making the economy totally dependent on oil. Despite the revenue from oil, the economy still faces many problems including high and rising unemployment rate leading to increased poverty, decline manufacturing production and poor infrastructure development. This therefore leaves one with the question of whether oil discovery has actually reduced or increased the problems of the people of the Niger Delta in particular and Nigeria as a whole.

III. OIL EXTRACTIVE ACTIVITIES IN NIGERIA

The extractive sector in the Nigeria economy is large and extensive, with oil playing a dominant role. With nearly 37.2 billion barrels in reserves and 2.13 percent of global production, Nigeria has the world's tenth largest proven reserve (3.1 percent global reserve), and is among the top 10 oil producers. Since the discovery and production of oil in Nigeria in 1958, the subsector has continued to play a major and dominant role in the Nigerian economy (Akinlo, 2012). Oil extraction in Nigerian in the last five decades has continued to boost the country's economic strength, generating about 80 percent of the consolidated government revenue and 37 percent of Gross Domestic Product (Ogun, 2010). Revenue from extractive industry (oil, gas development and mining) is sources of income for government of most producing nations (Rotimi, 2013). When such resources are properly managed and developed with the involvement of affected communities, this revenue should serve as a basis for poverty reduction and economic development. In most cases though, this revenue are squandered, fuelling corruption, conflict and social discord. Companies in the extractive industry are expected to contribute more to the development of the area where they operate in addition to the taxes or royalty they pay to the government (Gbegi & Adebisi, 2013). Extractive activities in Nigeria are enhanced through Nigerian Extractive Industry Transparency Initiative (NEITI). The NEITI is a Nigerian subset of a global initiative aimed at following due processes and achieving transparency in payment by Extractive Industry (EI) companies to governments and government-linked entities. Though the NEITI is not only limited to oil extraction in Nigeria, this paper is only concerned about the oil extractive industry.

IV. THE IMPACT OF OIL EXTRACTIVE PROCESSES ON THE ENVIRONMENT

There are several environmental impacts associated with oil extraction activities which include; site clearance, construction of roads, tank farms, brine pits and pipelines, and other land modifications necessary for the drilling of exploration and product wells and construction facilities (Kharaka et al 2003). For instance, some of the environmental problems associated with exploration and production include spills, gas flaring and venting discharges of petroleum-driven chemical wastes, contamination of controlled water resources, and contamination of soil and sediments, the destruction of the farm land and the marine environment (Scheren, et al 2002).Gas flaring and venting are widely used in the oil and natural gas industry to dispose of associated natural gasses for safety reasons during petroleum development operations and/or where no infrastructure exists to bring it to market. The process of flaring (burning) and venting (releasing into the atmosphere without burning) of petroleum associated gas has been intensely controlled in in developed countries (Christen, 2004). This is because gas flaring could result in huge economic loss. The amount of loss due to gas flaring and venting is estimated at 2.5 billion dollar annually (Campbell, 2004). Ite & Ibok (2013) opine that gas flaring and venting in the Nigeria's Niger Delta has generate complex consequences that affect the socio-economic lives, the natural environment and human health for more than fifty years. Gas flaring mainly releases carbon dioxide (CO_2) carbon monoxide (CO) and other air pollutants, such as VOCs, nitrogen oxides (NO_2) sulphur dioxide (SO_2), toxic heavy metals and black carbon soot. This has resulted in the pollution of the atmosphere in the Nigerian South-South geographical zone (Scheren et al. 2002; Ajao & Anurigwo, 2002). Ologunrisa (2001) opines that there is inadequate documentation of the impact of gas flaring in spite of the promulgation of Decree 99, which bans unauthorized flaring. Nigeria flares over 75 percent of the associated gas it produces and this represents a pollution equivalent to 45 million tonnes to CO_2 per day.

Currently, Nigeria has over 123 flaring sites in the Niger Delta region which is considered as one of the highest emitter of greenhouse gasses in Africa (Uyigue & Agho, 2007). Some 45.8 billion kilowatts of heat are discharged into the atmosphere of the Niger Delta from combustion of 1.8 billion cubic feet of gas every day (Agbola & Olurin, 2003) and this is a major contributing factor to the global warming crises. Further, it is known that incomplete combustion of petroleum associated gasses produces a variety of volatile organic compound (VOCs) and polycyclic aromatic hydrocarbons (PAHs) (Uyigue & Agho, 2007). There is a direct relationship between gas flaring and health problem in communities (Bhatia & Wemham, 2009; Ekpoh & Obia, 2010) and others have establish relationship between gas flaring and agriculture yields (Dung et al 2008).Dung et al. (2008) examine the unpredictable effect of gas flaring on the cultivation of cassava, waterleaf and pepper which are crops commonly grown in the Niger Delta, Nigeria. Their result suggests that gas flares negatively affect crop growth (Dung et al., 2008). Furthermore, assessment of the polycyclic aromatic hydrocarbons (PAH) compound of pyrogenic source in surface soils is an indication that oil leakage and gas flaring contributes to soil contamination (Sojinu, et al 2010). This explains why the residents of the host communities perceive gas flaring as dangerous to their health, environment, and general wellbeing (Edino et al, 2010). Other studies have shown that gas flaring contributes to the corrosion of zinc roof in this region (Ekpoh & Obia, 2010; Obia, 2010). With all the negative consequences identified above, there is therefore an urgent need for more research on the effect of gas flaring on the different environmental sections in the Niger Delta and how such menace can be prevented.

On the other hand, oil spillage is as a result of accidental or operational discharge of petroleum hydrocarbon into the environment. Oil spill incidents are common phenomena in the Niger Delta region of Nigeria (Eweje, 2006) and have plagued various oil-producing host communities since the discovery of oil. It has been estimated that over 2,567,966 barrels of crude has been spilled in 5,733 incidents in the Niger Delta from 1976 – 2000 and about 549,060 barrels were recovered while 1,820,411 barrels were lost to the environment (Edoho, 2008). However, the official report of the incidence by multinational oil companies operating in this region are often underestimated (Moffat & Olof, 1995). Further, the cases of unreported spills could be related to the Nigerian National Petroleum Corporation (NNPC) inspectorate classification guidelines whereby spillage are classify into minor, medium, major and disaster. Ite et al. (2013) note that in the past, major oil spills attracted a global attention and created awareness due to the related risk and damages it could cause to human health, ecology and the environment. The main sources of oil spill and pollution in the Niger Delta are attributed to- equipment failure, leakages from old and corroded network of the pipeline, operational mishap, oil blowouts from the flow stations, sabotage and vandalization of the oil pipeline by the local militant groups. However, research has shown that oil spill resulting from the destruction of pipelines either as a result of antagonism with the political process or as a criminal activity causes a serious contamination of the environment (Nwilo & Badejo, 2006).

Although the Department of Petroleum Resources contends that 88 percent of the oil spill incidences are traceable to equipment failure (Nwilo & Badejo, 2006), in recent times, oil spills in the Niger Delta are ascribed to militancy, bunkering, sabotage and oil theft operations. Generally, oil spill and gas flaring in this region have had devastating effect on land, freshwater swaps and the marine environment as well as possible threats to human health in the host communities where oil extraction is carried out. The effect of large scale spills and oil pollution in the coastal areas is well-known as well as their impact on most of the terrestrial ecosystems (Linden & Jernolov, 1980). This has adversely affected the corporate-community relationship that has resulted in strained attitudes (Idemudia & Ite, 2006a). The effect of oil spills on agricultural lands in the Niger Delta has been reported since 1971 (Osuji & Opiah, 2007) though there are very few researches on the impact of crude oil on the environment (Snowden & Ekweozor, 1987; Osuji & Opiah, 2007). It is also known that crude oil can release acute or constant toxic substances on the soil which affects its yield (Snowden & Ekweozor, 1987; Banka-Coker & Ekundayo, 1995). Hence, the effect of oil spills is encompassing which affect the productivity of agriculture thereby making the area uncomfortable for rural life. It is therefore pertinent to know what structures have been put in place to curb this menace and sustain good ethical practices in oil and gas industry operations.

V. FEDERAL GOVERNMENT AGENCIES MONITORING THE OIL EXTRACTIVE PROCESSES

Iledare (2008) identifies five agencies of federal government in charge of oil extractive activities which include the following (i) Nigerian Petroleum Directorate (NPC): This agency is designated as the primary institution to initiate, create, and implement the petroleum policy governing the oil and gas sector in Nigeria. The predecessor, the Ministry of Petroleum Resource (MPR) has not been up to these tasks of oil and gas policy initiation, formulation, and implementation. It is our opinion that the ineffectiveness of MPR in its functions as a policy-making institution has never been because of its location in the ministry environment. However, a lack of competent and highly skill manpower and lack of institutional empowerment are contributory factors which seems to look like putting a 'round peg in a square hole' by the central government. Thus, the oil and gas industry policy initiation and implementation functions ended up being assumed by NNPC to the detriment of its commercial and operational responsibilities over the years. Accomplishing the thirteen stated objective for NPD by Oil and Gas Sector Reform Implementation Committee (OGIC) would depend significantly on institutional empowerment, funding, and finding and putting highly skilled personnel in the likely management positions as envisioned by the OGIC.

(ii) Nigerian Petroleum Inspectorate (NPI): This agency is the regulatory institution for the upstream segment of the oil and gas industry in Nigeria. NPI will assume the functions of the

Department of Petroleum Resources (DPR) and it will be upstream industry operation and technical regulator. It will have operational autonomy from the NPD unlike its predecessor the DPR, which traditionally drives its operational directives from the Minister of Petroleum Resources. The extent of NPI's strategic autonomy from the NPD, which serves as the secretariat of the Ministry of Petroleum Resources is not clear. The term of the employment for the management positions in the NPI and the optimal approach to filling these positions either as political appointees or professionally recruited management staff are very important if the ongoing restructurings efforts are to be successful. Putting political appointees here may not yield the required result as every appointee will be interested in what he or she can grasp within the tenure of office rather than the effectiveness of the agency.

(iii) Petroleum Products Regulatory Authority (PPRA): This agency has been designated to regulate the downstream sector of oil and gas, it is an independent institution with no functional relationship with NPI. Alternatively, it could have been a division of the NPI should be directed by a technically competent Deputy Director General (DDG) and not a political appointee. This arrangement would optimize the distribution of the limited skilled labour force available at this time both locally and in the Diaspora. This revised arrangement is also not expected to affect the already defined function and the funding of PPRA. The term of employment for the management positions in the PPRA and the optional approach to filling these position either as political appointees or professional recruited management staff are very important positions is the ongoing restructuring efforts are to be successful.

(iv) Nigerian National Petroleum Company (NNPC Ltd): There is no doubt that restructuring the Nigerian National Petroleum (NNPC) is the focal point of the ongoing oil and gas sector reforms in Nigeria. The general observation by the public that NNPC has failed woefully its charge is perhaps justifiable. It must be recognized that its failure to attain the prospect to drive the national economy has not entirely been the corporation's error of judgment. For instance, there has been as many NNPC CEOs as were Heads of State or Presidents in Nigeria from 1976 to date. Thus, the degree of operational strategic autonomy of the old NNPC from the national government in comparison to successful global NOCs is appalling. Ironically, most of these successful NOCs companies are old as NNPC, which was created in 1976. Therefore, the new goal is to reposition the new Nigeria Petroleum Nigeria Company, NNPC Ltd., on a level comparable to the status of successful National Oil Corporation (NOC) worldwide. The desired goal is to get the new corporation to a level in which the degree of operation and strategic autonomy from the government is similar to the Norway Statoil. The separation of commercial and business operation from regulatory and policy-making functions in the oil and gas sector in Nigeria will help NNPC Ltd to be more focused, more so because the regulatory and operational functions of the oil and gas sector will henceforth be undertaken by separate and autonomous institution.

(v) Nigerian Petroleum Assets Management Agency (NAPAMA): This is commercial and operational institution empowered to undertake cost/commercial regulation of the oil and gas industry. It is conceived to manage all national assets and investments in exploration and production venture to ensure maximum government returns and take statistics. It is paradoxical, however for NAPAMA to regulate and control costs within the Incorporated Joint Venture (IJV) framework. The IJV concepts seek to convert all of the existence IJV arrangements into autonomous commercial entities.

With all these regulatory agencies in place one would have thought that the issues of oil spills and gas flaring would have come to a minimal or stopped out-rightly. Unfortunately, Royal Dutch Shell and the Italian multinational oil giant, ENI have admitted to more than 550 oil spills in the Niger Delta last year, according to an Amnesty International analysis of the companies' latest figures. This is in sharp contrast of an average of 10 spills a year across the whole of Europe between 1971 and 2011. Surprisingly, ENI, which operates in a smaller area, reported 349 spills while Shell reported 204 Niger Delta spills in 2014. These figures are extremely frightening and an indication that the MNCs have undoubtedly lost control over their operations in the Niger Delta. It also indicates that there is little or no progress made in terms of dealing with the oil spills by the MNCs and the federal government. Such alarming and recurrent hazards would have resulted in a national emergency but it seems to be the standard operating procedure for the Nigerian oil industry. This is considered unethical behaviour due its dreadful cost on humans as people are forced to live with pollution every day of their lives. The disregard for business ethics could jeopardize the reputation of the organization.

VI. CONCEPT AND IMPORTANCE OF BUSINESS ETHICS

Learning to recognize ethical issues is the most important step in understanding business ethics. Ethical issues is an identifiable problem situation or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. In business such a choice often involves weighing monetary profit against what a person considers appropriate conduct. A very important and influential aspect of business is the way in which various organizations execute their moral beliefs and incorporate them into their specific objective. The philosophical reflection upon this particular aspect of business is known as business ethics (Ojumu, 2004), which has become an increasingly essential focus of society due to its recently discovered values. As commercial enterprises, business organizations should consider ethics as a vital aspect of their activities because it is the conscious reflection on the integrity, credibility and responsibility of that which is being assessed and which portrays its image in the society (Raheem, 2007). Unethical behaviour attracts negative consequences for organizations therefore demanding a focus on ethical issues within the work context, as well as considering those factors that may have positive influence on ethical behaviour

Hellriegel et al (2008) describe ethics as the code of moral principles and values that direct the behaviour of an individual or a group in terms of what is right or wrong. Smit, et al (2007) note that ethics affects both individual and business organizations; at individual level, ethical questions arise when people face issues involving individual responsibility, such as being honest or using organizational resources for personal purposes. At business level, ethics relates to the principles of conduct within organizations that guide decision making and behaviour. Business ethics is the standard used to judge the rightness or wrongness of a business relation to others. Hellriegel et al (2008) furthermore, notes that business ethics involves how an organization integrates core values such as honesty, trust, respect and fairness into its policies, practices and decision making. Similarly, Rossouw (2004) points out that business ethics is about identifying and implementing standards of conduct that will ensure that at a minimal level, business does not affect the interest of its stakeholders in ways that are detrimental. In the views of Almed, et al (2003), the study of ethical values regulating the economic activities of an organization is what he refers to as business ethics.

Business ethics therefore is the principles and standard that determines acceptable conduct in business organization. The acceptability of behaviour in business is determined by customers, competitors, government regulators, interest groups and the public, as well as individual's personal moral principles and values. Business ethics has gained strategic significance for business. The neglect of business ethics constitutes a high risk behaviour that can cost organizations dearly in terms of both reputational and financial damage. It is important to understand that business ethics goes beyond legal issues. Ethical conduct builds trust among individuals and in business relationships, which validates and promotes confidence in business dealings and enhance a firm's performance (Daud, 2006). Establishing trust and confidence is much more difficult in organizations that have established reputation for acting unethically. This explains the attitude of the host communities towards the MNCs and the feeling of distrust. The host communities do not seem to see anything good in the MNCs and consider their action as being selfish and not in the interest of the people (Idemudia, 2009).

VII. `THE PRACTICE OF BUSINESS ETHICS IN THE NIGERIA OIL INDUSTRY

Multinational corporations have, over the years been accused of complete environmental mismanagement as regards the natural landscape of their areas and grossly unethical in their business dealings. Continuous spilling of oil and flaring of gas are clear indications that the issues of business ethics seems to be disregarded by the MNCs in the Nigerian oil industry. The existence of multinational oil companies in the region does not show any sign of true development there, rather they exist to maximize profit, as their main concern is to explore and produce oil profit. This view corroborates the thinking of Ebegbulem et al (2013) as they argued that the underdevelopment of the oil producing communities in the Niger Delta region is a direct consequence of oil exploration and environmental degradation in the region. Oil exploration and exploitation has destroyed the means of livelihood of the inhabitants and the youth of the region are the hardest hit by unemployment (Idemudia, 2009). This is why many of them have resorted to militancy in an effort to focus national and international attention to their plight (Idemudia & Ite 2006b). The oil money is neither invested in their localities nor in the cities around them, rather such monies are channelled to other major towns and cities outside the region or invested in infrastructure which the region hardly benefit from.

The Nigeria government and the multinational oil companies operating in the Niger Delta area have refused to come to terms with the fact that they are obligated morally and ethically to provide clean pipe-born water, good roads, schools, healthcare services to the people of this region in reciprocation of the crude oil extracted from there. Even when these amenities are provided, they only facilitate the exploitation of the communities as evidenced in the construction of access roads that link up their various oil and gas fields and not necessarily to develop the host communities (Azaiki, 2003). What is going on in the Niger Delta region is a clear demonstration of the fact that after many decades of oil exploration in the region, the host communities have become poorer and less empowered, contrary to what one would have expected, judging from cases of oil countries like Saudi Arabia and Venezuela, who have learnt how to manage the excess wealth generated by oil. Crude oil is an essential commodity in this technological age, even though it has empowered many countries that possess it.

The corporate response of the multinational oil companies to the socio economic problems in Niger Delta, Nigeria could be properly explained through two major concepts; these are micro and macro corporate social responsibility. The macro response strategy of multinational oil companies refers to indirect consequence of sudden and steep rises in revenue for extractive industries for the host country and society, such as the effect of oil revenues on corruption, human rights controversies and lack of democratic progress in developing countries (Shjaerseth, et al 2004). In contrast, micro response encompasses the immediate effects of the intervention programmes of the multinational oil companies on the local communities and these include employment of the host community members in their companies and provision of basic infrastructural facilities in their areas of operations to improve their living condition.

The distinction between macro and micro corporate social responsibility is not clear cut since local corporate responses, such as employment of local people or building of new schools, can produce significant results with unintended consequencies to the macro levels. Nevertheless, there is a fundamental difference in the risk involved. Micro corporate social responsibility projects benefit both companies' reputation and community development. Whatever initiatives a multinational oil company decides to embark upon, it is obvious that the two strategies will benefit the oil corporation's reputation and the development of the host countries (Shjaerseth et al., 2004). However, a major criteria use for analysing such corporate response is the level and degree of commitment. Where level of commitment refers to the extent to which oil companies recognize and respond to demand for responsibility for developments on the macro level in host countries, while the degree of commitment refers to the link between rhetoric and realities (Shjaerseth et al., 2004). All these greatly depend on the company's policies and commitment to business ethics.

VIII. MULTINATIONAL OIL COMPANIES' POLICY AND ETHICAL CONSIDERATION FOR SUSTAINABLE DEVELOPMENT

The intervention policy of the MNCs can also be better explained through the concept of corporate integrity. Jones & Pollitt (1995) posit that there are three dimensions of integrity in business life and these include the personal, the corporate and the macro-economic. It is thus appropriate to conceptualize integrity as an organizational level concept since organizations are engaged in a web of relationships with stakeholders and are therefore bound by the ensuing expectations and agreed standards of operation (Kaptein & Reeneen, 2001). Ahaiuzu (2003) explains integrity with reference to strength which involves a reputation for truthfulness, honesty and conscientiousness. These three fundamental characteristics features are seen as the determinants of the level of trustworthiness of individuals or organizations. However, Werhane & Freeman (1997), in their definition of integrity emphasized the quality of moral self-governance at both the individual and group level. Therefore, integrity is rooted in moral convictions (Ejiofor, 1987) and is very important for corporate success. Secretan (2001) posits that companies that build their cultures around integrity are likely to achieve a quantum leap in effectiveness. Thus, if the multinational oil companies operating in Niger Delta Nigeria follow the principle of corporate integrity ethics, they will be able to reach out to the host communities in their area of operations and this will help them to maintain cordial relationship with the host communities and the goodwill of the people.

The approach of multinational companies who have attained some level of moral integrity to social responsibility should therefore be anticipatory and preventive rather than reactive and retrospective (Ivancevich et al., 1997). Integrity, which is bounded by justice, dependability, and morally justifiable principles and values, should influence the MNC's policy intervention to the developmental process in its host community (Ahiauzu, 2003). This should also be considered with regards to sustainability. Being sustainable is not mere about economic transformation, but rather as improvement in all aspects of life, without compromising the rights of others to achieve the same. It is in this respect that development is being seen as strongly related to democracy (Owolabi & Owolabi, 2009). The scenario in the Niger Delta region suggests the absence of active participation of the host communities in the attempt of the MNCs to meet their needs (Idemudia, 2009) which makes such initiatives unsustainable. In essence, sustainable development is attainable only if it is democratic, that is, if the very people who are the objects of development freely define what they consider as development. The idea of genuine development as one that is democratic clearly underscores the ethical essence of development (Owolabi & Owolabi 2009).

Ethical consideration by the multinational oil companies in this region is necessary because ethics is directly related to sustainable development. Business ethics cannot be achieved without development ethics guiding our development project. This imperative of development ethics has been strongly advocated for by many Third World scholars from the Latin America countries, Asia and, recently, Africa (Owolabi & Owolabi 2009). Ironically, this advocacy is due to the fact that in these developing areas, the more the project of development is seriously pursued the more we discover that we are moving far away from it. Goulet (1998) asserts that the development project is not getting results because we often neglect the ethical dimension of development. MNCs operating in the Niger Delta region are therefore expected to take issues of business ethics seriously and act accordingly if they desire peace and cooperation of the host communities.

IX. CONCLUSION

Unethical behaviour is characterised by adverse consequences which affects an organization‘s credibility and integrity. Every business organization is often faced with identifiable problem situation or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. However certain factors must be taken into consideration in choosing the best option which ought to be in the interest of human survival rather than profit maximization. The Nigerian economy is dependent on oil and gas resources, which have made this sector a focal point in the country. Since 1956 when oil was first discovered in a commercial quantity, oil has become the lifeblood of the Nigeria economy as the earning from crude oil are used for infrastructure development as well as improving the socio-economic wellbeing of Nigeria. Adequate attention has been given to the MNCs because of the huge sums they generate to the nation without considering the effects of their activities on the host communities and the fate of the future generation.

The discovery of oil has brought wealth to the nation, but untold hardship to the host communities due to the negative impacts of oil extractive processes. The residents perceive gas flaring as hazardous to their health, environment, and general wellbeing. Similarly, there are associated ecological, human, health and environmental risks and damages that result from oil spillages. The main sources of oil spill and pollution in the Niger Delta include equipment failure, oil blowouts from the flow stations, leakages from aged and corroded network of the pipeline, operational mishap, sabotage and vandalization of the oil pipeline by the local militant groups. With the menace of oil spillages and gas flaring one wonders if there are any form of regulations and checks on the activities of the MMCs. In this regards, five agencies of the Federal government were identified to be in charge of oil extractive activities which include: Nigerian Petroleum Directorate (NPC), Nigerian Petroleum Inspectorate (NPI), Petroleum Products Regulatory Authority (PPRA), Nigerian National Petroleum Company (NNPC Ltd) and Nigerian Petroleum Assets Management Agency (NAPAMA). With all these agencies in place, it is expected that the issue of oil spills and gas flaring should have been history as recorded in other developed nations but the reverse seems to be the case as several incidences of oil spills were recorded as recently as 2014.

This therefore calls for an urgent intervention by the federal government to save the people and environment in the Niger Delta region. The MNCs have over the years been accused of complete environmental mismanagement as regards the natural ecosystem of this area and grossly unethical in their business dealings. The existence of multinational oil companies in the region does not show any sign of true development there, rather they exist to maximize profit, as their main concern is to explore and produce oil profits. The happenings in the Niger Delta region is a clear indication of the fact that after many decades of oil exploration, the host communities have become poorer and less empowered, contrary to what one would have expected, judging from cases of oil countries like Saudi Arabia and Venezuela, who have learnt how to manage the excess wealth generated by oil. The federal government of Nigeria through its agencies should ensure that wrong (and unethical) practices by the MNCs are stopped for the benefit of the citizens generally and the people of the Niger Delta region in particular. Business ethics should therefore be taken seriously and applied accordingly in the Nigerian oil sector.

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