

Embracing Environmental Sustainability within a framework of Ethical Egoism

A research into the question if a concern for environmental responsibility falls
within the self-interest of Multinational Corporations



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1. Abstract

This paper examines if multinational corporations concern themselves with environmental sustainability if they are considered as moral actors within a framework of Ethical Egoism. First, there is a defence of utilizing Ethical Egoism when discussing corporations as moral agents. This defence is based upon the foundations of the framework correlating with the actual practises of corporations, namely that corporations must serve their self-interest to remain functional, and that Ethical Egoism poses that fulfilling self-interests is morally good. After this defence certain terms are explained, namely what self-interest and environmental sustainability could mean for moral actors within the framework. The corporation Royal Dutch Shell is examined as an example of a moral agent, and its actions are examined to see how far the commitments of oil companies are towards environmental sustainability. This paper concludes that there is a change in the activities of oil companies: While their commitment towards environmental sustainability seemed to have been shallower in the past, environmentally sustainable investments are now considered to be economical viable choices. This change brings environmental sustainability part of the self-interests of oil companies, now that it coincides with their desire for revenue generation and appeasing shareholders. This paper questions if these commitments are enough to tackle the problems brought about by oil companies, or that shareholders must demand more intense measures to ensure that corporations can continue to operate in the future.

2. Introduction

In trying to find solutions surrounding the threat of global warming caused by human activity, or shortages thanks to the depletion of natural resources, the question arises of who should carry the responsibility of 'fixing' these problems. Who needs to do what? Should someone expect this burden to fall upon nations, humanitarian organizations, or onto individuals? In this paper, I shall examine if large multinational corporations (MNCs)¹, who are in no small part an active participant in the above-mentioned problems, are able to play a part in solving this problem. Instead of regarding the possibility of placing sanctions or restriction on large corporations by governments or international organisations, I shall instead examine if it may be within their own self-interest that these entities implement measures of environmental sustainability.

¹ Within this paper I will use the terms MNC, corporation, and company interchangeable, though they all refer to the same entity.

While the importance and relevance of MNCs taking some sort of responsibility seems obvious to some, is it within the best interest of corporations to enact an environmental policy? Are corporations only concerned with environmentalism as a form of ‘window-dressing’, pretending to care for the public and concerned investors, or do they have a further commitment that goes beyond the superficial? To try and formulate answers to these questions, I will work in the following manner:

First, I shall pose that MNCs should be viewed as actors within a framework of Ethical Egoism. I will explain the details of this framework later, but in short it states that MNCs are moral agents of a specific character that distinguishes them from humans in practice. They are entities who are required to make decisions that are in their own self-interest, which differentiates them from individuals, who have a choice to see the pursue of self-interest as something morally good. I pose that this form of Ethical Egoism is fitting to describe the actions for large and influential corporations discussed in this paper, and why this should be regarded as the morally good outset for MNCs. After I have done this, I shall examine if a concern for environmental sustainability has a place within the framework of Ethical Egoism.² To accomplish this, I shall consider the policy and actions of Royal Dutch Shell as an example of a corporation that I assume to be acting to satisfy its own self-interests. I will utilize three criteria to examine the policy of the company to better analyse its contents. Do we see concern for environmental sustainability, and if so, how genuine are these considerations when it clashes with other interests? With this essay I hope to achieve a slight change in perspective on the applicability of Ethical Egoism within business ethics, and to explore the viewpoint that environmentally sustainable behaviour doesn’t necessarily needs to be enforced in a top-down manner by governments and institutions.

3. The Framework of Ethical Egoism

Firstly, I will explain in detail what kind of definition of Ethical Egoism I utilize to explain the behaviour of MNCs. The traditional reading of ethical egoism states that it is necessary and sufficient for an action to be morally good if it maximizes the self-interest of an individual (Shaver, 2017). For the purposes of this paper, I make no claims about the applicability of this theory for individuals, or that the only way one can live an ethical life is to maximize their own self-interest. We are after all not concerned with the action of people, but with the actions of corporations. To consider corporations as being able

² This is not to say that other so-called ethical concerns, like obligations to customers and the employees of these companies, cannot also be considered. I simply do not have the space to regard them in this paper as while.

to make moral decisions needs to be discussed, though I wish to do this briefly as the question if corporations are eligible for the status of moral agent is not my main point of discussion. This in upon itself is a debated topic, as not everybody agrees with the notion that corporations are moral agents, capable of making moral decisions (Miller, 2006). In Miller's case, he ascribes that only individuals can be ascribed a moral responsibility and that this cannot be done for collective entities, corporations included. It is my stance that collective entities, of which corporations are an example, do qualify as moral agents. One notable defender of this idea is Peter French and I base my treatment of corporations as moral agents on his writings. French concluded that corporations exhibit three characteristics that qualify them as moral agents. These are; intentionality, rationality regarding their intentionality, and the capability to alter their intentions and patterns of behaviour (Arnold, 2006). I find these three characteristics both sufficient and applicable to corporations to call them moral agents for the purposes of this paper. This also corresponds with a more common-sense approach towards the question, as one often reads that a corporation has handled either good or bad against its employees, or that they made a morally questionable decision. As we take corporations as the moral agents of Ethical Egoism, my working definition of this framework becomes as follows:

'It is necessary and sufficient for an action to be morally good, if it serves the self-interest of the corporation.'

Let us now work to explain some of the more ambiguous elements that still remain in this definition. I will begin with self-interest, and what this means for corporations. After this I will more properly define environmental sustainability.

4. Defining Self-Interest

A definition of self-interest can generally be regarded as falling in two sets of theories, with hybrid forms between the two being a possibility (Shaver, 2017). The first set of theories state that self-interest is the fulfilment of self-serving desires or goals. The second set of theories state that it is the achievement of a certain state that is valuable independently if they are desired or not. The problem with these kinds of theories, is that they are foremost designed to be applicable to humans. Which theory would be applicable to a corporation? Fulfilling desires, being in a certain state, or a hybrid between the two of them? To answer this question, I will look at what kind of self-interests corporations display. After that I will evaluate on how this could be regarded, so that we can further solidify our definition.

Without any flowery terms or prevarication, MNCs in our current economic system and capitalist society are concerned almost primarily with generating revenue and meeting the demands of shareholders (Rhoades, 2005).³ I deem this as self-evident. Any considerable action that will cost either time or resources will be considerably judged with how much revenue it will create for the corporation, whether it is current, future, or potential. This isn't simply a want, or desire, for revenue like one could ascribe greed to a person in the traditional sense. A company like Shell, or any of the large oil titans, wouldn't have become the organizations they are today if they were not driven by this need for revenue and profit, and they would cease to be what they are if they would abandon this defining principle. Unconcerned if it is ethically permissible or not, the very existence of these corporations could be in jeopardy if they didn't generate enough revenue to continue to operate. Its very survival as an agent, moral or in general, depends on the state of its financial status. Because of this, I defend that a company needs to fulfil its main self-interests to exist.

Still, any close inspection of my writing betrays that I have not yet explained why this focus upon self-interest and revenue is morally good. How does the framework of Ethical Egoism justify that self-interest is good for corporations? I have indeed merely ascribed self-interest and the need for revenue as defining features of corporations, and this falls more generally speaking within the realm of economic studies. Not so much ethics. If anything, there is the common conception that a focus upon self-interest might very well promote immoral behaviour. We all know where a policy of serving one's own self-interest can lead in the corporate world. Egoism is often seen as slippery slope that leads to immoral, greedy behaviour by people. An individual manager, or a collection of individuals, filling their own pockets at the cost of the good of the company. This so-called managerial greed (Haynes, et al, 2015) represents the common conception that a framework build upon self-interest almost always leads to bad behaviour, as people are only looking out for themselves. For an example of this behaviour in the corporate world, one can use the practice of selling sub-prime mortgages during the financial crisis of 2008. While these practices were certainly seen as profitable for individuals, they could also be regarded as profitable for the corporations at the time, and a good source of revenue for while it lasted. If the framework that I propose to work cannot say that this kind of behaviour is morally unacceptable, then it is at a major disadvantage against criticism. How is this framework of Ethical Egoism to some extent defended against the worst examples of greedy and short-sighted decisions?

³ Other concerns, like following the law and ensuring a safe work environment, are of course not irrelevant for corporations, but I find it hard to justify these as self-interests of something as massive as an MNC to continue its operations on these concerns alone. Perhaps a small family business might continue to operate even if it is not making revenue anymore, and it might even have other self-interests, but I cannot ascribe this behaviour to MNCs discussed in this paper.

When we turn our eyes towards the behaviour of actual corporations, it is rather plain to see that they have a vested interest in the financial prosperity of their organization, as discussed prior. While one can state that in the end a corporation has revenue and profits as its main goals, one also needs to assure, as well as one is able, to be in a situation that they can achieve these goals. A corporation needs to be able to exist and operate, for there to be any profit. For one, there needs to be an open market that allows these companies to exist, as well as a planet that can sustain the operations of the company. Immoral financial behaviour places the survival of the company at risk. Either by fines, backlash from shareholders, or just a bad financial situation is a risk for the long-term operation of the company. While individual practices of current people in charge might be vested in short-term gratification, ideally this isn't the case as the company as an actor is regarded.⁴ In turn, I also do not think that we can simply do away with MNC's. Both employees and consumers have a vested interest in the long-term survival of MNCs, as well as shareholders and those who have invested capital into a company. MNCs, despite all their flaws, provide the employment and support for millions of people. Their focus upon generating revenue and continuation is of such general importance to the lives of so many people, that one could ascribe this as morally good (Friedman, 2007). To end the operations of these companies would lead to a desperate situation for many. corporations can only continue to operate if they are self-centred, and that their desire for revenue has a good balance between short-term gratification and long-term predictions.

Our working definition of Ethical Egoism for MNCs is ready now. I state it thus:

'It is necessary and sufficient for an action to be morally good, if it serves the self-interest of the corporation, and that in serving its self-interest a company remains economically viable to the best of its ability, for as long as it is able.'

Before we can examine if environmental sustainability comes into play within this moral framework as well, I wish to address three more important topics. The first is a more precise definition of environmental sustainability. The second is a short of the importance of the public perception of a company and how it influences this examination. The final point is a short explanation why I have chosen to examine an MNC in the oil industry for my focus in this paper. This last concern is mostly aimed at the notion that the very operation that an oil company concerns itself with goes against environmental sustainability as a whole.

⁴ To see a corporation in this manner is more easily done with an MNC that has thousands of stakeholders that depends on the survival of the company, like customers, governments, employees, etc. CEOs and other directors that aren't good for the survival or state of these corporations are often replaced with individuals that are more proficient in this. The many fired bankers and analysisist after the 2008 financial crisis serve as an example of this.

5. Defining Environmental Sustainability

Within the literature concerning corporate responsibility there are many aspects that fall under the canopy of sustainability. Social, economic, and organizational performance can all be seen as elements that are a part of a greater 'corporate sustainability' (Docekalová & Kocmanová, 2016). 'Sustainable' can be read as 'viable', in this sense of the word. If one wishes to make a valid and complete spectrum of all the different responsibilities a company has to ensure its long-term survival, it seems valid to examine if environmental sustainability is a part of this. I do not wish to imply that these other aspects aren't vital or important for a complete view of the notion of sustainability, merely because they shall not receive further notice in this paper. For simplicity, our concern is solely with environmental sustainability. Because of the nature of the companies that I am examining, a delineation that focuses on the 'practical' aspects of environmental sustainability seems the most apt.

Though everyone has a notion and idea about the concept, and it often involves the word 'green' in popular publication, I wish to work with a more precise notion of environmental sustainability that keeps with the spirit of utility. Therefore, I shall keep myself to a definition as explained by Randall Curren:

*"At its core, the language of sustainability is a way of referring to the long-term dependence of human and nonhuman wellbeing on the natural world in the face of evidence that human activities are damaging the capacity and diminishing the accumulated beneficial products of the natural systems on which we and other species fundamentally rely."*⁵

This notion of environmental sustainability encompasses both human and nonhuman wellbeing. One could read this is the wellbeing of other species, though it can also concern the wellbeing of companies as we consider them to be moral agents. It isn't merely that oil companies extract a finite resource from our planet that one day will run out and then we need to invest in a new form of energy. Their actions, from oil-spills to man-made climate change by utilizing fossil fuels, degrade the ability of the planet to provide the same quality of beneficial products. Think about the tangible essentials of life; food, clean drinking water, breathable air and the preservation of fauna and flora.⁶

⁵ This specific quote comes from an interview he has given for the National Public Radio, but this definition also returns, though worded differently, in *Living well now and in the future: Why sustainability matters*.

⁶ This certainly is the case where oil companies damaged the capacity directly by oil spills and pollution, though in general one could also regard man-made climate change as damaging this capacity over a longer period of time.

All vital elements for the long-term wellbeing of different species, and most certainly humanity in the future. Corporations themselves are included in this. They require a suitable world and environment to operate in and remain profitable as they operate now. Worst case scenario, if the natural world becomes that damaged that humanity itself is threatened, the existence and survival of corporations within a free market will be highly uncertain.

Being sustainable is limiting the damage done to our capacity to accumulate beneficial products of the natural systems. Funnily enough, one could say that Shell would do the least damage if it ceased to exist, but this would clash with the other interests of the company and our world at large as discussed earlier. There is an undeniable need for energy, so closing the doors without someone fulfilling the world's hunger for fuel and energy seems to be out of the question for the damage it would do in our own time. Ideally, we would call the operations of corporations environmentally sustainable, if the damages inflicted upon the natural systems would be kept to a minimum. For an oil company to be environmentally sustainable, it would try to lessen the damage it does to the natural system compared to its earlier activities and compared to the activities of other companies. While this definition can be criticized as a being too lacking considering the monumental task of battling man-made climate change, it seems to me at this point for the context of this paper the most reasonable definition of sustainability that could possibly be adopted within the framework of Ethical Egoism.⁷

6. Zeitgeist and Public image

A large MNC is aware of the changing times and the current zeitgeist (Dunning, 2007), which results in the company changing its behaviour accordingly. For example, the sustainability of our world and its natural resources is being called into question more and more, as well as the effects companies have on man-made climate change. A company that disregards any concern for these issues, or outright rejects them, faces scorn from involved individuals and possibly sanctions from institutions, in the form of environmental fines. Because of this current public opinion, companies that have adopted a policy of sustainability that goes further beyond their peers, have a certain advantage in the public eye (Bhattacharya & Polman, 2017). In my examination I will regard this particularity in two ways.

⁷If I would make the burden of my definition weigh more heavily on oil companies, it would clash with my goal of examining if these companies would concern myself with environmental sustainability without restrictions placed upon them by governments.

For one, this could potentially be considered a positive promotion of actual environmentally sustainable behaviour, as the label of sustainability can be something to aspire to (Rusinko, 2007). To be a forerunner in this aspect has a certain quality to it which can be beneficial for the public perception of your company, as well as in certain cases improving revenue by entering a market that the company was previously not. I will discuss a tangible example of this later, but I actually addressed this point to discuss a possible barrier that will make a honest and objective examination of my sources problematic.

This is the fact that while a company could adopt a genuine policy of environmental sustainability, there is always the question of how honest a company is to ideals it claims to hold dear. Companies can lie about their actual dedication towards their supposed policy. As being 'green' became a more and more important quality to possess, it became a matter of public relations that could be manipulated. Which facts do you emphasize, and which facts do you try to keep out of the public eye? Are the plans that are said to be put into motion, actually being enacted in the real world and on the scale as they are promised? Because of this, a critical reading is essential, as well as the thought that everything that is being said and published by companies might not be genuine. When I discuss the actual practices of Shell, and compare them with my notion of Ethical Egoism, it will certainly be one of the main points that I will further focus on. Hindsight might tell us about the past, but not the future.

7. Can Oil Companies be Environmentally Sustainable?

Lastly, I wish to address why I have chosen Royal Dutch Shell, or oil companies in general, to examine in more detail. By the very nature of their industry and product, one would say that they reap the very earth of its finite natural resources. Why didn't I examine the environmental impact of other industries like the production of food example, which is estimated to have a comparable negative impact on the environment (Poore & Nemecek, 2018)? My choice for this sector isn't all that odd when we look back at the definition of environmental sustainability that I utilize in this paper. Even though the operations of oil companies damage our natural systems both directly by oil spills and more indirectly by playing a role in man-made climate change, we know that there are alternative technologies that can be utilized to generate energy and provide fuel. Wind and solar energy, as well as the prospects of hydrogen, seem to be promising alternative energy sources that could be utilized. Therefore, I deem oil companies capable of shifting their operations to adopt these alternatives if they so

desire, the question remains if they adopt them out of their own volition, or if they require further incentive or force to do so.

I also assume that Shell, both as a moral agent but also as an agent in general, does not make its choices irrationally and without deliberation. Too much money and resources are spent into projects for them to not be well-considered choices that further the interests of the company. This correlates with my notion that any and all policy and actions discussed, are done so in the self-interest of the company. If these actions wouldn't be within the self-interest of the company, we would need an alternative explanation of why companies would act as such. As discussed about mismanagement, a single individual might not hold the interests of the company as a whole in regard, but we assumed that the company as a whole would act within its own self-interests unless we have a clear indication to the contrary.

8. Three criteria to examine Shell

Now I shall examine Shell's own public position on environmental sustainability, to try and gain an overall picture of what goals the company sets for itself. Again, I emphasise that we will later examine if these claims hold any merit, yet for now we shall keep ourselves to the publications and statements that Shell openly presents. I will utilize data and statements from the company's annual sustainability reports, the first of these reports published about the year 1997.⁸ These kinds of publications for the general audience are common for large companies in the oil industry, as companies of similar size as Shell like BP and Exxon Mobil produce similar reports about their own activities and promises. At the time of writing this paper, the latest report of this kind by Shell is about the year 2017. I will mostly focus on the statements and goals as they are formulated and examined in this most recent publication, as it stands to reason that the most recent edition reflects the company's public stance on environmental sustainability the most accurate. While this report also focuses on workplace accidents and human right violations, other definitions of sustainability, my focus is solely on the statements about environmental sustainability. I focus on the company's stance on researching and implementing a so-called energy transition. This transition refers to a shift from exploiting crude oil and coal, to alternatives like natural gas and renewable energy sources, to reduce the amount of greenhouse gasses coming into the atmosphere. After examining the published statement of the company, I shall assess if the implemented and proposed policies are a genuine commitment to introduce a more sustainable alternative to energy production.

⁸ I will break with my usual citation to give references to the exact pages of the report on which my statements are based, as they are many and varied.

I will do this by addressing the following three criteria when evaluating Shell's environmental commitments:

1. Are the implemented and/or proposed policies of the right type and scale to be genuinely called environmentally sustainable in a meaningful way?
2. Are their indicators that Shell will fully commit to its own plans, certainly those which span several decades.
3. Are there other aspects not explicitly stated in this or similar reports by Shell that could discredit their commitment towards the project of environmental sustainability?

These criteria make use of my previously defined definition of environmental sustainability. With the first criteria I wish to examine if the policies could be considered as sustainable according to the definition. If the proposed plans do not contribute to halting or reducing the damage inflicted upon the natural systems, then I cannot rightfully call Shell a company that is genuinely concerned with environmental sustainability in a meaningful way. With the second criteria I wish to examine if we have any evidence that Shell might break its long-term promises in favour of satisfying short-term interests of the company. As we have explained that we regard Shell as an entity that will act in its self-interest, we have to examine if the long-term commitments to environmental sustainability are steadfast. Lastly, we have a bit of an inclusive criteria that is left deliberately broad to discuss matters not explicitly brought in the public by Shell, but that discredits the policy of the company. This could be conduct that directly harms the capacity of natural systems by careless behaviour, or the company influencing governments to ignore environmental violations.

9. Shell's Sustainability Report 2017

Shell expresses that they strive towards a 'low-carbon' energy future.⁹ In support of the Paris Climate Agreements, the company outlined that they have the ambition to reduce the net carbon footprint of their products by 2050. This has to be achieved while the company predicts that the world's demand for energy will only increase, meaning that each unit of energy consumed must be produced at a lower amount of emission during production.¹⁰ The most readily-available solution that Shell explores is the development of projects that exploit natural gas, instead of alternatives like coal and diesel. The company started such facilities in Australia and Nigeria.¹¹ The company favours natural gas because of its lower greenhouse gas emission compared to similar carbon-based alternatives, as well as the technology already being widely available to implement gas as a fuel source around the world. To extract this natural gas, the company makes use of fracturing ('Fracking') techniques in some places, most notably the United States and Canada, and in a lesser scale in Argentina. The company assures that it only practises safe and proven techniques, and that their projects are optimised to have a minimal impact on the environment.

The company also states that they wish to develop and implement so-called 'lower-carbon alternatives', or 'new energies' for transportation. The expected investment in new energies is estimated to be on average \$1-2 billion a year till 2020. This includes developing biofuels as an alternative to diesel and petrol, as well as investing in 'new fuels' like hydrogen and electric vehicles that utilize a battery. Concrete steps that the company made in 2017 were opening up hydrogen charging stations in the UK and the US, as well as acquiring the company NewMotion. This company is responsible for over 30.000 private charging stations for electric cars, as well as 50.000 public charging points to offer an alternative to fossil fuels.¹² Lastly, Shell has showed an increased interest in developing and expanding projects relating to wind and solar energy production as a lower-carbon alternative. This includes the Borssele III and IV off-shore wind farms near the Dutch coast.¹³

Let us examine the data from the sustainability report with our three criteria.

⁹ Shell Sustainability report 2017, Page 17

¹⁰ Shell Sustainability report 2017, Page 18

¹¹ Shell Sustainability report 2017, Page 20

¹² Shell Sustainability report 2017, Page 23

¹³ Shell Sustainability report 2017, Page 25

1. Are the implemented and/or proposed policies of the right type and scale to be genuinely called environmentally sustainable in a meaningful way?

Let us first address that Shell's plans to commit on average \$1-2 billion a year till 2020 is a large investment when compared to other companies of its size (Scott, 2018). Still, as previously addressed, for now this is only a commitment and a budget plan. We cannot yet be certain what they will precisely do with this money, but their current plans and projects seem to indicate that their policy is partly focussed on buying or leasing off-shore wind parks. If Shell truly commits the promised amount into new energies, it is a good step into the right direction to call Shell's practises sustainable with my definition. Regardless of these investments, Shell will keep relying for the greater part on oil and natural gas in its investments and projects. While it is true that a shift from other fossil fuels to natural gas might be regarded as a reasonable step in the right direction, it can also be criticised as excluding more renewable investments (Perrée, 2017). While it is cleaner than burning coal, the greenhouse gas methane can still be released when natural gas is extracted from the earth. There also is the argument to be made that when countries are able to be supplied in their energy needs with gas, Shell might be less likely to be interested to fund research into other sustainable energy sources.

While Shell's reliance and expansion of its natural gas production might prove to be averse to even further commitment to renewable energy production, on the whole Shell's current plans and policy seem to indicate that they are committed to adopting a degree of environmental sustainability, while still remaining reliant on fossil fuel for the majority of its business.

2. Are their indicators that Shell will fully commit to its own plans, certainly those which span several decades.

In the period between 1999 and 2006, Shell began investing around \$1.25 billion into green energy (Scott, 2018). While the amount isn't as large as the company's current proposed investment till 2020, for the time it was a considerable sum of money. Shell was for a time very committed to the idea of sustainable energy, till they suddenly weren't. In 2009 the company abandoned its commitments to sustainable energy sources when oil prices plummeted, and alternatives weren't seen as economically viable (Webb, 2009). The main reason for this abandonment was said to be that alternatives weren't a good investment in comparison to other projects. Only in 2016 did the company recommit itself towards sustainability when it created a separate division for 'New Energies', with that trend eventually leading to its current relatively high expenditure into renewable energy (Macalister, 2016). As Shell could abandon its

commitments in the past simply because they weren't profitable, could we expect such behaviour also in the present or future? A scenario in which the price of oil and gas would drop considerably enough that any other project would simply not be economically viable?

While there is a chance that interest and investments in renewable energy might fluctuate slightly, Bloomberg New Energy Finance analyst and founder Michael Liebreich states that solar and on shore wind power exceeded predictions in both its cost and adoption in the past few decades (Holder, 2017). If anything, developments in solar and wind energy influence the price of oil than the other way around, as the current costs of wind energy continues to drop. While companies like Shell will still play into the fluctuations of dropping and rising oil prices when they happen, Liebreich predicts that this will have less and less an effect on the separate investments into sustainable energy. Sustainable energy that keeps becoming more cost effective, and therefore profitable. He also predicts that oil companies will still remain partly if not mostly reliant on fossil fuel for the foreseeable future till the world has transitioned into adopting renewable energy as its major source of energy. If Liebreich's predictions are correct, then Shell's commitment into environmental sustainability seems to be genuine, all though it is based on sound economics instead of a public image or altruism.

3. Are there other aspects not explicitly stated in this or similar reports by Shell that could discredit their commitment towards the project of environmental sustainability?

Shell has a rather long history with oil spills, one of the most criticized examples being oil spills in the delta of Nigeria. The United Nations Environmental Programme concluded in a report in 2011 that decades of oil spillage from Shell's pipelines devastated the region thanks to heavily contaminated soil and water (UNEP, 2011). Shell responded inadequately towards cleaning up the environmental damage that was done, as the company initially placed the blame on oil thieves and environmental terrorism, though in their most recent sustainability report they admit that about 10% of the spillage can be attributed to 'operational reasons'.¹⁴ This combined with the allegations of hefty bribes and illegal payments within the country, making Shell's involvement enough to build multiple legal cases against the company for its dealings in Nigeria (Chapman, 2018).

This was but one example of the multiple oil spills that have been caused by Shell during its existence, and it is certainly the most discussed and malicious thanks to the questionable behaviour of Shell about denying or downplaying its wrongdoings. This

¹⁴ Shell Sustainability report 2017, page 30

kind of behaviour shows that Shell as a moral agent has attempted to hide its more shadier business practises in the past when it concerns the environmental damage they have committed and the responsibility that they take for their actions. On the one hand it can be explained that it is not in the self-interest of the company to pay billions of dollars in settlement and reparations, and that acknowledging the faults will hurt the public image of the company. It can also be said that the actions weren't truly within the interests of the company, as addressing these problems when they first appeared and cleaning up the oil spills would have been more beneficial in the long run of the company. Hiding the truth didn't seem to work in the favour of the company, as it was still revealed in the end and the damage it inflicted upon the company's credibility came into question with major organisation like the United Nations.

10. Ethical Egoism; can it embrace Environmental Sustainability?

After examining Shell as an example of a moral agent within my framework of Ethical Egoism, what did it tell us about the behaviour of oil companies and their relationship with environmental sustainability? If anything becomes clear from this short research into Shell's behaviour and promises, it is that it is clear that environmental sustainability is important to some degree. I pose that it does so in two different ways. For one, Shell cares about the public image of the company, and if they are seen as sustainable or not. How we see the company as being concerned with their own impact on the environment. In Shell's case, it tried to downplay its own involvement in their own created environmental disasters, and pose their shift to natural gas as something positive for the environment despite this choice being criticised by some. If oil companies were only interested in this manner of environmental sustainability, I would personally conclude that it is a rather shallow commitment that will often devolve into 'Window-dressing' as long as the public image remains positive. Cleaning or hiding your mistakes, while placing whatever new technology could be called sustainable on a pedestal. Still, I believe that Shell has at least a deeper commitment towards environmental sustainability than this scenario, based upon it coinciding with the self-interest of generating revenue.

Environmental sustainability has become economically viable to a degree, at least enough for Shell to invest a substantial amount of money into projects that have a large enough return. While it is still a small part of the total expenditure of the company, Shell's acquisition of wind parks and charging stations for electric cars are seen as more than simply having a 'green label' on its already existing practises. With the costs

of renewable energy sources becoming lower, it becomes more profitable to invest in these practises. There was a time where this was different, and we saw that Shell behaved differently at that point. In 2009, Shell abandoned its research into renewable energy because it wasn't seen as profitable at the time. Yet now, with the current technological developments and predictions, experts in the field believe that the lower costs of renewable energy production will prevent them from being abandoned simply because the oil price fluctuates. This makes it a relative secure investment, as one becomes more independent of global economic and security concerns that comes with the fossil fuel trade. This comes on top of the importance of the current zeitgeist that expects oil companies to commit to sustainability. Not expanding into renewable energy would leave a potential profitable market untapped by your company, and this demand might be filled by a competitor. But the point that is raised by this is the following; Can Shell interest in environmental sustainability be called worthwhile, if it is always required that these investments are lucrative? If Shell will only invest in sustainability projects that carry with them a minimal risk, does this show that Shell cares for environmental sustainability, or for safe investments with the added bonus that it is positive publicity to make shareholders happy?

To give my answer to these questions, within the actions of our agent Shell, we do not see any environmentally sustainable projects that are also major economic projects. The current investments that the company promises are all relatively safe, and within our framework of Ethical Egoism, there doesn't seem to be currently a reason to expect investments that are more risqué. The company needs to make revenue and while the company seems to be incentivised to make a portion of that revenue with renewable energy projects, the commitments of the company do not seem to go beyond this. The question remains if this commitment is enough to continue the operations of Shell in the future.

11. Conclusion and further research

I have examined the question that if MNC's are regarded as operating within the framework of Ethical Egoism, will they adopt a concern for environmental sustainability. I have done this by formulating the merit of applying this particular moral framework when discussing corporations as moral agents. It corresponds with the undeniable fact that gratifying self-interests appear to be a requirement for the survival of a corporation. It is a must that MNC's of great size need to keep generating revenue and appeasing shareholders to remain operational and have any agency at all. We have examined the policy and predicted investments of Shell as an example of the actions taken by an

MNC to see if they would adopt a concern for environmental sustainability. Within the framework of Ethical Egoism, as well as indicated by the case study, there doesn't seem to be any incentive for MNC's to invest into environmentally sustainable projects that aren't also economically viable.

Further research is required to examine if these kinds of investments are sufficient in decreasing the damage done to the natural system of earth, or if greater investments are required from MNC's. Only then can we say if the current commitment is enough to be called morally good, as the self-interests of a company can only be satisfied if the company can continue to operate. If examination shows that projects which are both economically and environmentally viable are enough to decrease the damage to our world, then it would seem that corporations are already adequately taking their responsibility for climate change, if they continue with progressing in these kinds of projects. If it shows that this would not be adequate, and that the long-term survival of the company to operate comes into jeopardy, then further commitments need to be decided upon. The option could be explored that shareholders, who desire not only a liveable world but also a return on their investment in corporations, place further expectations on corporations. They might desire them to be actual gamechangers within the field of renewable energies and invest a greater amount into new forms of energy. Or they might expect companies to shutdown certain activities. While this would bring short-term disadvantages, if it allows the company as a whole to survive and return on investments, it is preferable over a total shutdown.

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