

Corporate Social Responsibilities of Oil Transnational Companies, Host Communities and Environmental Dynamics in the Niger Delta Region, Nigeria

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Abstract

Corporate social responsibility (CSR) is a way of given back to the immediate community of the organization. This study therefore analyzed the corporate social responsibility strategies of oil transnational corporations in the Niger Delta region in Nigeria. Data for the study were collected using the library research method (secondary data). Social exchange and frustration aggression theories were applied to guide the study. Study showed that the practice of corporate social responsibility by oil transnational in the Niger Delta were not good enough and as such have not made significant impact in positively affecting the lives of the people and the social and economic development of the host communities. It was recommended among others that the community relations department should be created out of the public relations departments of these oil transnationals companies which would be solely responsible for matters affecting the host communities, especially where such department does not exist; the oil transnational corporations should strive to necessarily seek the full participation of host communities in its corporate social responsibility projects to enable them gain more acceptance from the people whom the projects are meant for; that the oil transnational corporations should engage in projects that have direct impact on the people.

Keywords: *Corporate social responsibility; oil transnational companies; host communities; Niger Delta Region*

Introduction

The origin of corporate social responsibilities (CSR) is partly traced to one of the recommendations of the Hutchin's commission in the United States of America (USA) in 1947. As noted in Kenneth (2006, p.16) "a group of American scholars who came together in 1947 under Hutchin's commission to consider the role of the press in modern society was the first to articulate corporate social responsibility concept". Broom and Glen (2009, p.401) clearly states that "corporate social responsibility began property in 1960s and 1970s during the period of protest and empowerment (1965-1985) and championed by the environmental, consumer and civil rights movement in the United States". Today this concept and its practice occupy a prominent place on the global corporate agenda in a socially conscious market environment (Du, Bhattacharya & Sen, 2010). It is important to note that corporate organizations operate in a society. Their policies, decisions, and operational activities inevitably have effects on the society. They therefore, owe some basic obligations to society within which they operate.

From the general perspective, corporate social responsibility holds that corporate organizations are to be responsible to society, by carrying out certain essential functions (Ojobor, 2002). This concept places great commitment and obligation to every organization and humans to behave ethically and responsibly by contributing, to economic and social development, while improving the quality and quantity of life of the workforce, families as well as the local community at large. CSR is all about giving back to the immediate community.

Broom and Glen (2009, p.401) list the basic obligations as emphasized in corporate social responsibility to include:

- Provision of stable sources of employment with a visible commitment to diversify in hiring, promoting and compensating workers at all levels
- Voluntarily complying with or exceeding government regulations regarding health, safety and the environment.
- Setting aside a reasonable amount of yearly revenue for philanthropic purposes.
- Maintaining comparable operating standards in every country where the company does business.
- And to participate actively in public policy processes affecting the company, its industry, and other stakeholders who are part of the “public interest”.

Nwosu (2001) says corporate social responsibility is focused on objective and creative application of wisdom by individuals and organizations in the provision of social welfare in such a way that the provider of such amenities does not become paralyzed in running her business or service. Nwosu, further explained that, “when such amenities are provided, a mutual understanding is built and a company is well accepted by host communities and eventually the society at large” p.140. The result of such unity is always higher productivity and profit maximization. Organizations practicing corporate social responsibility are faced with less hostilities from their host communities. There is also a great advantage increase production and higher profit without obstructions.

Oil transnationals companies operating in the Niger Delta region according to Iyayi (2000) have not shown enough commitment to give back to their host communities. This neglect of host communities by the oil transnational companies in the opinion of Abubabori, Ogodu and Adedowale (2014) is a major source of concern and a major reason for violence and militancy experience in Niger Delta till date. The fact on ground is that whenever the communities approach the oil companies with demands as required by the principles of corporate social responsibility, they are often turned down by forceful means with the argument that they have paid taxes and royalties to the government and as such, are not obliged to listen to the demands of the host communities.

The fact is that government is a complex institution that the community may not be able to contend with rather they helplessly turned to the oil companies to ventilate their anger. The resultant effect of this community anger on the oil companies often include: the vandalization of oil pipelines, outbreak of serious conflicts between the host communities, insecurity of the oil company’s employees, kidnapping of staff, serious cases of sabotage and oil spillages. The general outcome is the drastic fall in the nations oil revenue and death of hundreds of people

from host communities as a result of efforts of government and oil companies to forstall and retaliate the harms done to oil companies installations.

This study therefore sets out to investigate the corporate social responsibility strategies of oil transnational corporations in the Niger Delta region to ascertain the relevance and success of such efforts and to examine the perception of the host communities towards the corporate social responsibility strategies of the oil transnational corporations.

Objectives of the Study

The specific objectives of the study are:

1. To investigate the corporate social responsibility (CSR) efforts of oil transnational companies in the Niger Delta.
2. To examine the extent to which the success of such efforts impact the lives of the host communities positively.
3. Ascertain the corporate social responsibility strategies of these oil trnasnationals in the Niger Delta.
4. To determine the perception of the host community members about the corporate social responsibility strategies adopted by the oil companies.
5. Ascertain the extent to which host communities react to neglect or failure of the oil transnationals to implement corporate social responsibility.

Research Questions

The following research questions were formulated for this study.

1. What are the corporate social responsibility (CRS) efforts of oil transnational companies in the Niger Delta?
2. What is the extent to which the success of such efforts impact the lives of host communities positively?
3. What are the corporate social responsibility strategies of these oil transnationals in the Niger Delta?
4. What are the perceptions of the host communities about the corporate social responsibility strategies adopted by oil companies?
5. What are the ways host communities react to neglect or failure of the oil companies to implement corporate social responsibility?

Conceptual Review

Overview of the Niger Delta Region

What is known today as the Niger Delta region under in the Nigeria's political arrangement is made of nine states, namely; Abia, Akwa Ibom, Bayelsa, Cross Rivers, Delta, Edo, Imo, Ondo and Rivers State. Niger Delta Region is a home to about 28 million people of different languages (National Population Census Report, 2006). As the Niger Delta Regional Development Master Plan indicates, a main feature of the structure of the population of the Niger Delta region is its significant level of young people with over 62% of the population below the age of 30 years. The plan further reveals that adults in age brackets of 30-69years constitute 36%, while these age 70 years and above make up 2% of the population (THISDAY, May 9, 2007:p.3).

According to Nwankpa (2011), the Niger Delta Region covers a surface area of about 112,110 square kilometres and constitutes about 12% of Nigeria's land mass. It is one of the 10 most important wet lands and costal marine ecosystems in the world and has basically three major physical divisions: The freshwater zone, the mangrove swamps and the costal sand ridge zone. Niger Deltans are predominantly fishermen and farmers, and so depend heavily on the environment for survival. A 2002 World Bank report indicates that as much as 60 percent of the poorest in the region obtain their income from the environmental resources; 42 percent of the households derive their income from environmental resources; while 58 percent depend on one or two resource (THISDAY, Feb. 7, 2006).

The Niger Delta region of Nigeria is richly endowed with both renewable and non-renewable natural resources. It contains 20 billion of Africa's proven 66 billion barrels of oil reserves and more than 3 trillion cubic meters of gas reserves. Oil and gas resources of the Niger Delta account for over 95% of nation's gross domestic product (GDP), over 85% of the national budget, and over 80% of the nation's wealth. Paradoxically, the Niger Delta remain poorest region, due largely to the ecologically unfriendly exploitation of oil and gas and the state policies that exploit and impoverish the indigenous people of the Niger Delta of their rights to those natural resources. Ecological devastation, which is occasioned by the activities of the oil transnational corporations (TNCs) have rendered useless farming and fishing activities which are major livelihood of the people.

Niger Delta environment is heavily polluted by the activities of firms which operate with utter disregard for the health of the people. The unacceptable standards of living and long years of injustice, exploitation, underdevelopment and neglect by the state and oil transnationals operating in the region have led to protests, vandalization, kidnapping of workers and in most cases outright stop age of operations by host communities a situation that have led to loss of revenue to the nation. This has become a major concern both to the Nigeria government, the oil transnationals and the host communities.

Oil Transnationals and Corporate Social Responsibility (CSR) in the Niger Delta Region

According to Nwankpa (2011), the Nigerian government is both a regulator of and operator in, the oil industry. Its regulatory function is carried out by the Ministry of Petroleum Resources (DPR), while the Nigerian National Petroleum Corporation (NNPC) manages its business interest. Actionaid (2005) disclosed that there are some 64,000 transnational corporations (TNCs) around the world.

In Nigeria, the leading oil transnational corporations (as joint venture partners with the NNPC) are; Shell Petroleum Development Company (SPDC), Mobil Producing Nigeria Unlimited, Chevron Nigeria Limited, Nigerian Agip Oil Company, and Elf Petroleum Nigeria Limited. Although there are six major TNCs operating in the Niger Delta, SPDC along with NNPC, Elf and Agip produce about 42% of Nigeria's total oil output, thereby making shell the dominant operator in Nigeria's oil sector as shown in table below:

Oil Company	Shareholders	%	Operators	Share of National produce
Shell Petroleum	NNPC	55	Shell	42.0%
Development Company	Shell	30		

	Elf	10		
	Agip	5		
Mobil	NNPC	5	Mobil	21.0%
	Mobil	42		
Chevron Nigeria	NNPC	60	Chevron	19%
	Chevron	40		
Nigerian Agip Oil	NNPC	60	Agip	7.5%
	Agip	40		
Elf Petroleum Nigeria	NNPC	60	Elf	2.6
	Elf	40		
Texaco Overseas	NNPC	60	Texaco	1.7
	Texaco	20		
	Chevron	20		

Source: Iyayi (2000).

Oil was discovered in commercial quantity in Oloibiri in then Rivers State (now in Bayelsa State) in 1956. From an initial production of 6,000 bpd (barrels per day) in 1958 when the first cargo of oil was lifted to Britain, Shell's daily potentials is now over 100,000 bpd (Ogbondah & George, 2004). As the major oil company in the Niger Delta, statistics from Shell indicates that it has over 6,000km of pipelines, 87 flow stations, two exports terminals, gas plants and more than 1,000 producing wells in over 1,500 communities spread across eight Nigerian states (Vanguard, January 17, 2006, p.26).

Narrating the predicament and neglect of host communities, Nwogu, Onyesoh, Amaele, Nwodim & Nweke (2003) explained that Umuechem community in Etche Local Government Area, Rivers State, one of host communities to shell since 1958, for example has 29 oil wells and one flow stations. By November 1990 when the community protested peacefully, it had no electricity, pipe borne water and no motorable road, no native of Umuechem was in the employ of Shell. This is the typical attitude of the oil multinational companies across most host communities in the Niger Delta. While it is in controvertible that oil transnationals have made some significant contributions to the welfare of some of its host communities, industry watchers however argue that when compared with billions of dollars they have made in oil profits, these contributions pale into oblivion.

It was for this reason Jamshedji Tota the pioneer of social responsibility, said "wealth that comes from the people as far as possible must go back to the people (cited in Nwankpa, 2011). This has remain the philosophy behind CSR and it is only organizations that adhere to this counsel that can be guaranteed the social and economic licences to operate in today's complex world.

Theoretical Framework

Two theories are imperative in this study. They are: The social exchange theory and the frustration-aggression theory.

Social Exchange Theory: According to Anaeto, Onabajo and Osifeso (2008):

Social exchange theory explains how we feel about a relationship with another pension, depending on our perception of the balance

between what we put into the relationship and what we get out of it; the kind of relationship we deserve, the chances of having a better relationship with someone else (p.137).

Anaeto et al. further say that “every interaction involves an exchange of goods or services and that people try to get from others as much as they have given to them” (p.136). Folarin (2002) however cautioned that if the exchange becomes frequent the rewards might be devalued.

In the opinion of Thibult and Harold (1952); Cook and Richard (1976:21), “the exchange of social and material resources is a fundamental form of human interaction”. This means that every human relationship involves exchange which is “give and take” in our balance here in Nigeria. In this symbiotic relationship, the balance must have to be meaningful. The social exchange theory finds expression in the relationship that is expected between the oil transnational companies and their host communities in the Niger Delta region. The host communities expect improvement in their living conditions which would be made possible when the oil multinationals provide them with essential amenities like; pipe borne water, good hospital, road, scholarship for their school children, employment for their youths and better safe and cleaner environment. However, what they got in return were pollution, skin diseases, decreased fertility, diarrhoea, poverty and environmental degradation and molestation by security agents attach to the oil companies.

The Frustration-Aggression Theory

The frustration-aggression theory emanates from the pioneering work of John Dollard (a psychologist) and his associates in 1939 and was expanded by such scholars as Leonard Berkowitz (1962) and Aubrey Yates (1962) as cited in Nwankpa and Onyekosor (2015, p.56). This theory focus on aggression resulting from inability to fulfil needs. The main thrust of this theory hinges on the “want-get-ratio” Feierabends (1969) cited in Faleti (2006, p.47) and the differences between “expected need-satisfaction” and “actual need-satisfaction”. That is, the dependency between what people feel they want or deserve and what they actually get (Nwankpa & Onyekosor, 2015:56).

Onyekosor (2014, p.51) in his contribution to violence and aggression states “whether the person actually engages in aggressive actions will depend in part on his or her learning history, interpretations of events and individual way of responding to frustration.” He went further to add, “it also depends on the presence of aggression eliciting stimuli in the environment” (p.51). When what people get fall short of their expectations, frustration sets in. The tendency is for such frustrated folks to vent their anger on those they consider as being responsible for their pains and deprivation. This is the situation in the Niger Delta region. The people of the Niger Delta had expectations and when these expectations are not met, the result are frustrations that culminated into all manner of agitations, arms struggles and militancy that have been recorded in the Niger Delta. Even when the oil transnationals are giving their “handouts” to the host communities, it was often discovered that those handouts were not actually the “actual needs” of the people in the host communities.

Methodology

Procedure

The historical or retrospective research design was adopted for this study. Akogu (2000, p.77) states that historical or retrospective research design is that area of investigation which deals with the collection of information on past events and situations using objectives tools. The design includes the organization of the information obtained in order to appreciate the internal consistency in the past and thus generalize to present and future events. Data for this study were collected using the secondary data collection method of library research (Akogun, 2000). According to Akogun, “secondary data are data collected from sources which also obtain them from some other sources” p.78.

In this study, the researcher examined previous reports in journals, newspapers, magazines, seminar papers, and empirical research efforts by scholars, environmentalists and media practitioners on related topics of corporate social responsibility of oil transnational companies in the Niger Delta, region. The reports of these writers and their comments were critically analyzed from which the researcher presented the report of this study. This was done in conformity with the set objectives of this study. The data analysis was done qualitatively and manually by the researcher.

Findings

Findings of analyzed data showed that the oil transnational in the Niger Delta had the intentions of carrying out social responsibility programmes within the host communities. This was evident in some reported cases of projects sited within the communities of operation. The problem was that these projects fell below the expectations of the people or they are not the “actual needs” of the people. In most cases projects are executed without consulting the people to know their needs or have their inputs. The communities therefore see such projects as “their project” instead of “our project”. As a result, the Niger Delta people, especially the host communities have become impoverished due to the neglect and insensitivity on the part of these oil companies. These have added to problems of soil, air and water pollution and general destruction of aquatic life.

Some of the projects carried out by the oil transnational companies in the Niger Delta region according to SPDC Annual Report (2000) include: Health care, vocational training, science teachers scheme, agricultural support, water scheme, classroom blocks, science equipments, roads/bridges, market stalls, town halls, electrification, scholarships, grants and donation and others. While research reports and analysts are in agreement on these CSR strategies as being the right steps in the right direction, they nonetheless noted that what the oil transnational gave out is next to nothing compared to what they the multinationals are taking from their communities.

Study also found that most host communities in the Niger Delta have lost hope in these companies. They see them as people who were out to exploit and impoverish the host communities by making their living conditions worse. Their perception of corporate social responsibilities of these oil companies is unsatisfactory. These often lead to frustration and aggression which result in all manner of agitation among host communities.

A situation when a host community like Umuechem community in Etche Local Government Area, Rivers State, which has been a host to Shell Company since 1958 by November 1990 has no electricity, pipe borne water, no motorable road, and no native of Umuechem was in the employ of Shell, is not a good example of “social exchange”, nor a good public relations. Corporate social responsibility believes that wealth that comes from the people as far as possible must go back to the people. This has remained the philosophy of CSR.

Conclusion and Recommendation

The underdevelopment and impoverishment of the people and the host communities in the oil rich region of Niger Delta by oil transnational companies, informed this study. Finding of this study has shown that the corporate social responsibility strategies employed by the oil transnational companies operating in the Niger Delta have not made any significant impact in the life of the people nor impacted the social and economic life of the communities positive. The said efforts they have made in these communities are far below expectation. This study did not find any significant or tangible efforts of the oil companies to improve the lives and conditions of these people or their communities.

Based on the findings and conclusion of this study, the following recommendations are made: the people in the host communities must be consulted and carried along through the stages of the project or programme; community relations department should be created out of the public relations department to handle issues relating to the communities; oil companies should try to seek the full and effective participation of host communities in its project to enable them gain more acceptance; the oil transnationals corporations should strive to carry out projects that have direct impact on the people; the size and the number of projects should be expanded; and lastly members of the host community should be allowed to participate in the planning and execution of projects that are meant for their development and that of their communities.

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