



Utilizing Corporate Social Responsibility of Multinational Oil Companies in Alleviating Poverty of Host Communities in the Niger Delta Region of Nigeria

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Abstract

This paper deals with the role corporate social responsibility of multinational oil companies could play in alleviating poverty in their host communities in the Niger Delta Region of Nigeria. It x-rays the meaning of the concept of corporate social responsibility (CSR) and shows the relationship between multinational oil companies and their host communities in the Niger Delta. Glaring evidence indicates a deprivable situation of host communities by multinational oil companies and government establishment. However, corporate social responsibility when effectively utilized in line with global best practices will ensure a better working relationship and mutual benefits for the multinational oil companies and their host communities. This will further help in alleviating the impoverished situation of host communities in the Niger Delta caused basically by the operation of these multinational oil companies.

Keywords: Host Communities, Multinational, Oil Companies, Poverty, Corporate, Social Responsibility, Niger Delta.

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INTRODUCTION

The Niger Delta region of Nigeria is located in the southern part of the country and extends to about 70,000 square kilometers. The area consists mainly of muddy deposits formed where the Niger River flows into a relatively tide less sea. According to Efik (2011) the region is inhabited with over twenty million people of more than forty (40) ethnic groups speaking some 250 dialects while their livelihood is primarily derived from fishing and farming.

Since the discovery of oil in Oloibiri in Ogbia local government area of Bayelsa State in 1956, Ashton-Jones, Arnott and Douglas (1998) disclosed that oil reserves from the Niger Delta region provides about 25% of gross domestic product (GDP), 90% of foreign earnings and 70% of budgetary expenditure in Nigeria.

Despite the huge revenue generated from oil and gas exploration, the region has remained highly impoverished and underdeveloped. Etigbamo and Arikawei (2014) averred that communities of the oil rich Niger Delta are left with sad tell-tale and signs of absolute environmental degradation and utter neglect as the region is characterized with bad roads, poverty, high unemployment, low life span, infrastructural decay, female prostitution, high illiteracy level, low industrialization rate and environmental pollution.

The government and the multinational oil firms operating in the region seems not to have done enough to ameliorate the situation. This has led to several agitations resulting in loss of lives and property, disruption of operation of oil firms and loss of quantum of resources and yet the people are still living in absolute want amidst plenty.

It is in this light that this paper seeks an alternative measure through the corporate social responsibility for ameliorating this deprivable situation and alleviating poverty in the host communities of the Niger Delta.

The Concept of Corporate Social Responsibility

Like most concepts, corporate social responsibility (CSR) otherwise called corporate sustainability, corporate citizenship or responsible business is conceived, defined and practiced differently by different organisations, companies and countries. Over the years the concept of corporate social responsibility has gained prominent as a means of effective and stable business operation utilized by various corporate organisations in maintaining cordial relationship with stakeholders, employees, host and society in general.

Lambardo (2013) noted that although the idea of business helping society can be traced back to ancient times, the full thrust of corporate social responsibility was born in the 1950s with the birth of very large corporations. She defined social responsibility as the use of a business's resources to help solve social problems and achieve social goals.

The Business Dictionary (2018) conceived corporate social responsibility as a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship through their waste and pollution reduction processes, by contributing educational and social programmes and by earning adequate returns on the employed resources.

The Investopedia (2018) saw corporate social responsibility (CSR) as a self-regulating business model that helps a company to be socially accountable – to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. To engage in corporate social responsibility means that, in the normal course of business, a company is operating in ways that enhances society and the environment, instead of contributing negatively to it.

To Yusuf (2009) corporate social responsibility is a self-effort undertaken by an organisation for the preservation and enhancement of their operation. It is usually integrated into a business model for an organisation to be able to live in harmony with its operating environment. Corporate social responsibility when proactively undertaken promotes the public interest by encouraging community growth and development, and voluntarily eliminates practices that harm the public sphere, regardless of legality.

In a nut-shell, corporate social responsibility is a strategy used by firms to conduct their business in a way that is ethical and society friendly. This is done through working in partnership with local communities, employers, customers and stakeholders.

Multinational Oil Companies and Host Communities in the Niger Delta

Pearson (1970) reported that petroleum resources exploration in Nigeria dates back to 1908, when German Surveyors for the Nigerian Bitumen Corporation, began prospecting for Tar Sand deposit in the South Western Nigeria. These pioneering efforts ended abruptly with the outbreak of the World War I in 1914. Exploration of petroleum resources did not begin until in 1938 when shell D'Arcy (a Consortium of Iranian Oil Company (later British Petroleum) and Royal Dutch Shell was granted sole concessionary right. However, World War II (1939 - 1945) terminated the initial oil exploration activities by Shell D'Arcy. Oil exploration in the Nigeria's Niger Delta resumed in 1946 and by January 1956, oil was discovered at Oloibiri Field. By February, 1958 Shell British Petroleum started exporting crude oil from Oloibiri and Afam Oil Field Stations.

Since the discovery of oil in Oloibiri, the petroleum sector has continued to play a vital role in the Nigerian economy, contributing significantly to its foreign exchange earnings and budgetary expenditures. Odeyemi and Ogunseitan (1985) reported that oil revenue provide 90% of Nigerian foreign exchange earnings and 85% of government revenue.

Uzoma and Mgbemena (2015) opined that currently, there are over eighteen (18) multinational oil companies which are involved in oil and gas exploration in the Niger Delta and the major players include Dutch shell, Exxon Mobil, Eni/Agip, Total Fina Elf and US-based Chevron Texaco operating about 606 oil fields with 355 situated Onshore and 251 situated offshore with 5,284 drilled oil wells and 7,000km of oil and gas pipelines producing over 2 million barrel of crude oil per day.

Despite the huge earnings from these oil fields in the Niger Delta for over six decades by the multinational oil firms and government, Iwori (2017) averred that host communities and multinational oil and gas companies operating in the oil producing areas of the Niger Delta region relate like cat and mouse. There is mutual distrust and suspicion between the oil-producing companies and the oil producing areas. The host communities and the multinational companies are embroiled in a rancorous uneasy relationship.

This acrimonious relationship has led to loss of several lives and destruction of properties worth millions of naira in several instances. The case of Ken Saro Wiwa and the Ogoni eight and many others in the Niger Delta readily come to mind. This distrust is basically caused by the glaring neglects, 'divide and rule' and deprivation of host communities by multinational companies and the government.

Wilson (2017) noted that the general impression previously was that the coming of the oil industry will positively transformed the local economy of the oil producing host communities, the reality seems to be that the perceived changes may not in summary be said to be altogether positive in nature. The effects of oil exploration activities are at best ambivalent, and most local activists insist that they have proved negative for the host communities. The Oloibiri community, for instance, till date still lacks the basic necessities of

life as the ‘black gold’ an exhaustible asset has since dried up and the company moved on regardless of the dislocation caused to the natives.

Commenting on the situation in Oloibiri, Ibaba (2001) opined that “Oloibiri is a shadow of its former self, farming which used to be the mainstay of the community’s economy has been paralyzed as farmlands have been destroyed, fishing activities grounded and aquatic life virtually castrated by many years of oil prospecting and exploration”.

Today, host communities in the Niger Delta are in pains as oil exploration has become a curse rather than a blessing. They are plagued by communal crises, increase in violence and crime, corruption, loss of sources of livelihood, violation of human rights, land disposition and displacement, lack of work security, militarization and increased police presence, loss of biodiversity, pollution, soil erosion and soil contamination, food insecurity, oil spillage, deforestation and loss of vegetation, malnutrition, rape, depression, accidents and deaths.

Jeremiah (2017) describing the pathetic situation of host communities in the Niger Delta, opined that the communal unrest involving the oil multinational companies and their host communities of the Niger Delta is largely due to the fact that the bounties of nature bestowed on this geographical area has gradually metamorphosed into an instrument of pain, poverty and squalor. The reality appears to be that while the oil industries prosper and grow with their personnel who are mostly not indigenes of the host communities living in affluence, the indigenes of the host communities whose environment have been constantly polluted live in abject poverty with very few of them having the opportunity of occupying meaningful positions in these companies while majority are at best engaged as casual or non-managerial staff. The Niger Delta region of Nigeria therefore has assumed a central position in extreme socio-economic problems requiring multi-dimensional strategies to ensure sustainable development since the adverse effects of oil spillage, gas flaring, and continuous acquisition of farmlands to sustain the activities of the oil industries are irreparable. This has led to the recurrent calls for resources control, restructuring of the polity, review of the derivation formula and more recently demand by Niger Delta indigenes for allocation of oil blocks, which up till now appears to be the exclusive preserve of only the Northerners.

The deprivation, marginalization, glaring injustice and neglect of the host communities by multinational oil companies and government were the main reasons that led to the springing up of militant groups in the Niger Delta region. However, at the root of these challenges is the question of responsible business or corporate social responsibility of these multinational oil companies operating in the Niger Delta. Corporate social responsibility could be effectively deployed to address most of these challenges to bring about a better and harmonious relationship between multinational oil companies and their host communities in the Niger Delta region of Nigeria.

Poverty in the Niger Delta Region of Nigeria

According to Akande (2009) poverty can be regarded as synonymous with deprivation and material deprivation is the core of poverty. Material deprivation, which manifest in the form of low income and consumption levels, results in poor nutrition, inadequate clothing and low quality housing. According to Obaseki and Onwioduokit (1997) poverty from this vantage point is a ravaging economic and social phenomenon that manifests in the inability to acquire the basic necessity of life needed for a decent living.

Englama and Bamidele (1997) opined that poverty when viewed in both absolute and relative terms, is a state where an individual is not able to cater adequately for his/her basic needs of food, clothing and shelter, is unable to meet social and economic obligations, lack gainful employment, skills, assets and self-esteem, and has limited access to social and

economic infrastructures, such as education, health, portable water, and as a result has limited chance of advancing his/her welfare to the limit of his/her capabilities.

Booth as reported by Ebegbulem, Ekpe and Adejumo (2013) conceived the poor as those living under the struggle to obtain the necessities of life and to make both ends meet, and the very poor as those who live in a state of chronic want. A poor person lives in deprivation and social insecurity, hunger, inadequate shelter, squalid environment, deficient health services, unemployment, very low life expectancy and illiteracy conspire to make life an intolerable burden for the poor in any society.

The rate of poverty in Nigeria is very high and alarming. A report by the Brookings institution, a nonprofit public policy organisation based in Washington, DC, United States of America, as reported by Vanguard (2018) indicates that Nigeria has overtaken India as the country with the largest number of extreme poor in the world with six persons becoming poor every minute. According to the report, 87 million people are in extreme poverty in Nigeria. Similarly, the National Bureau of Statistics as reported by Ahiuma-Young (2016) disclosed that 112 million Nigerians are living below poverty line. In fact, Nigeria is one of the few countries that have maintained a steady rise in poverty over the years.

Aworawo (2000) noted that it is in the midst of this excruciating poverty that is facing Nigeria that the people of the Niger Delta are routinely being impoverished and pauperized. He opined that the economic conditions of the Niger Delta reflect unequivocally that poverty is endemic in the region and that one of the indicators of poverty in the region is the constant disruption of the mainstay of the traditional economic of the people by the activities of the multinational oil companies operating there. Consequently, this leads to pollution of the coastal water that produces fishes to the people and stoppage of farming activities because of oil spillage. Because of this type of economic incapacitation of the people, inhabitants of the Niger Delta region are today living in poor health conditions and environmentally polluted atmosphere that constrain good standard of living. He averred that it was as a result of the economic consequences of oil exploration in the Niger Delta region that made the World Bank in its report of 1995 to lament that despite the vast oil reserve, the Niger delta remains poor. GNP per capita is below the national average of US\$ 280 in the face of high population growth rate combined with severe habitable land constraints.

Nwanna (2000) as reported by Ebegbulem, Ekpe and Adejumo (2013) also noted that the people of the Niger Delta region are among the poorest in terms of living conditions in Nigeria. According to him about seventy percent of the inhabitants still live in rural subsistent existence characterized by a total absence of such basic facilities as electricity, pipe-borne water, hospitals, proper housing and motorable roads.

Bird (2004) noted that the revenues from Nigeria's oil export have benefitted Shell and other multinational oil companies like Mobil, Texaco, Agip, Elf and Chevron and have provided the primary source of revenue for the Nigerian government, helped built a new national capital and enriched a number of high-ranking government officials. But after 45 years, the people of the Niger Delta, one of the world's largest wetland, are practically as impoverished as they were in the 1950s.

Similarly, Orebiyi and Ekong (2018) averred that the wealth from oil in the Niger Delta is yet to have a significant effect on the well-being of the people as abject poverty seems to be the identity of the region. They noted that incidence of poverty has remained high in the Niger Delta region despite its oil wealth.

The Niger Delta region has remained one of the poorest areas of the country despite the presence of multinational oil companies operating in the area. The vast oil wealth of the region has not transmitted into improved living standard of the people. Various attempts by government and multinational oil companies such as the establishment of the Oil Mineral Producing Areas Development Commission (OMPADEC) and the Niger

Delta Development Commission (NDDC) and other projects carried out by multinational oil companies have not yielded the desired result of alleviating poverty in the region. This is attributed to many factors such as corruption, outright neglect and the absence of well-defined corporate social responsibility policy by multinational oil companies.

The Global Memorandum of Understanding (GMOU) currently used by multinational oil companies in the execution of development programmes and projects has proved highly ineffective in confronting the poverty facing the region. The GMOU is elitist and government oriented while community participation is not encouraged. This is why a comprehensive corporate social responsibility policy that takes cognizance of all stakeholders especially the needs of the host communities should be designed and implemented to tackle the glaring poverty in the Niger Delta region.

Alleviating Poverty of Host Communities of Multinational Oil Companies through Corporate Social Responsibility

Corporate social responsibility which encompasses a wide range of practice such as strategic philanthropy, corporate-community partnership, corporate diversity, host community participation and consultation can be effectively utilize to alleviate poverty in host communities and bring about an improved living standard.

A well-defined and implemented corporate social responsibility policy of multinational oil companies can alleviate poverty of host communities in the following ways:

- Create employment opportunities: Onyeozu (2007) opined that one way a business company can hope to secure public approval from the community is through a liberal employment policy whereby members of the community who are qualified for recruitment into the services of the company are given employment. A comprehensive corporate social responsibility policy should be designed to create meaningful employment opportunities for the indigenes of host communities rather than the casual employment given to host communities. Employment of indigenes of host communities by multinational oil companies will provide a meaningful source of livelihood and alleviate poverty.
- Provision of educational opportunity: This could be done by direct scholarship to deserving students of host communities, building of classrooms and teacher's quarters, provision of instructional materials and furniture, building and equipping science laboratories and provision of literacy programmes for school drop-out and the illiterates. This will enable indigenes of host communities to acquire quality education that will enable them excel in life and hence alleviate poverty in the host communities.
- Provision of vocational skills: Through corporate social responsibility policy, multinational oil companies can train and equip indigenes of host communities in various vocational skills such as tailoring, plumbing, masonry, carpentry and furniture making among many other skills. This will help them to gain employment or be self-employed and earn a living for themselves and others thereby alleviating poverty among host communities in the Niger Delta.
- Provision of Physical infrastructures: Multinational oil companies can through corporate social responsibility provide physical infrastructures such as link roads, market stalls, jetties, bridges, electricity, town halls and pipe-borne water for their host communities. This will solve the problem of lack of social amenities and make life easier for their host communities. It will also improve their social and economic life and contribute in no small measure in alleviating poverty.

- Provision of health facilities: Most host communities of multinational oil companies lack basic primary health facilities. Through corporate social responsibility policy, multinational oil companies can build and equip health facilities in these areas. This will enable the residents of host communities to have access to medical care and safe life which in most cases are lost as a result of distance to health facilities in the Niger Delta.
- Preservation of the environment: Through corporate social responsibility, better environmental protection policy can be developed to preserve the biodiversity, reduce pollution and spillages. This will not only help to preserve the environment but also protect the rivers and farmlands which are the main source of livelihood of most inhabitants of the Niger Delta.
- Provision of agricultural services: Onyeozu (2007) noted that the multinational oil companies can offer agricultural extension services, provision of demonstration farms, sponsoring of the production of new crop species and involvement of live-stock farming. This will help to engage most people in meaningful ventures and improve their earnings and alleviate poverty in their host communities.

Finally, multinational oil companies should develop a corporate social responsibility that will show respect for the culture and tradition of their host communities. They should show respect for the people's way of life, their food, their mode of dressing, their way of expression, their festivals, celebrations and ceremonies, and also their burial rites, wedding and other practices.

CONCLUSION

The deprivation and neglect of host communities by multinational oil companies in the Niger Delta can be altered for better through corporate social responsibility. This can be achieved through concerted and deliberated efforts designed to bring a better living condition of host communities in the Niger Delta by initiating and implementing corporate social responsibility policies that have direct bearing on the needs and aspiration of these communities. This requires the sincere involvement of government, multinational oil companies and the host communities in designing a corporate social responsibility policy that is truly people oriented and development centered.

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