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SOCIAL RESPONSIBILITY AS A DRIVER FOR CORPORATE GROWTH AND SUSTAINABILITY: A VIEW OF OIL AND GAS INDUSTRY IN NIGERIA

By

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Abstract
The objectives of this research is to make known to the Multinational Companies (MNCs) in Oil and Gas Industry to understand the effects of environmental degradation in the Nigerian Niger Delta and support the region in the following areas(a) Resources and effort should be committed to the promoting of environmental sustainability in Nigerian Niger Delta. (b) MNCs should identify strategic ways of improving the standard of living of the people of Nigerian Niger Delta. (c) MNCs should not prioritized profit making only but should include social philanthropy in their host communities. Journal articles and books relevant to and in the field of Corporate Social Responsibilities (CSR) from previous researches were combined and used in this research work.
Keywords: Corporate social responsibility, Multinational companies, Corporate growth, Corporate sustainability, Oil and gas industry.

1.0 Introduction

In 1956, oil was discovered in commercial quantity in the Niger Delta region of Nigeria. This discovery led to serious problems, exploitation, and degradation of resources, environmental contamination, and oil spills. Nigeria is producing more than 2.4 million barrels per day and generating over $50 billion every year from the sales of oil revenue (Eweje, 2006). The region of Nigerian Niger Delta is wholly inadequate regarding infrastructure and other social amenities despite the operations of oil companies which is the country's biggest internal sources of revenue (Dhir, 2007). Series of pressure from various stakeholders, rising demand and redress from the host communities of oil Multinational Companies (MNCs) operating in the Nigerian Niger Delta has forced the oil MNCs to take full part in CSR (Dandago and Arugu, 2014). They, however, argue that the rising pressure, seeking for redress from the oil MNCs host communities toward promoting living standard and the socio-economic development were neglected by oil companies

rather priorities the primary business objectives of making huge profit and seeking for a business license to expand their operation.

The current marketing strategy across the globe is the practice of CSR. More than 90 percent of both domestic and transnational companies presently engage in CSR in which 80 percent out of 250 multinational corporations produced report concerning their CSR activities (Korschun and Du, 2013). CSR is the act of contributing to the community and its members toward sustainable development and improving the quality of life (Lanton, 2001; in Hazarika, 2013). The act of CSR is highly needed in the region of Nigerian Niger Delta by MNCs or oil producing companies due to the environmental degradation and other pollutions caused by the actions of oil companies in their effort toward making profit and earn their sustainability. The host communities of oil producing companies in the Nigerian Niger Delta pays the price of the operation of oil MNCs that engaged in extracting crude oil as the communities suffer from socio-economic challenges. Those challenges called for the need of compensation from government that generate a lot of revenue and the oil MNCs that make extra profit from their operations (Dandago and Arugu, 2014).

CSR concerns with the business commitment to promote extreme support to its host community in order to secure their sustainability for the betterment of both firm and the entire society (Chaklader and Gautam, 2014). The growing interest and concern about environmental degradation and social consequences due to the operations of MNC's trigger the need for redress and emphases on social concern by MNC's not only promoting their economic value (Ozcelic, 2015).

1.1 Objectives of the study

The objectives of this research is to make known to the Multinational Companies (MNCs) in Oil and Gas Industry to understand the effects of environmental degradation in the Nigerian Niger Delta and support the region in the following areas (a) Resources and effort should be committed to the promoting of environmental sustainability in Nigerian Niger Delta. (b) MNCs should identify strategic ways of improving the standard of living of the people of Nigerian Niger Delta. (c) MNCs should not prioritized profit making only but should include social philanthropy in their host communities.

1.2 Methodology of the study

Secondary data was used as a source of collecting data from published journals and books relevant to and in the field of Corporate Social Responsibilities (CSR) from previous researches were combined and used in this research work.

2.0 Literature Review

The term CSR referred as the contributions of business organisation to their host communities. The major point is that managers are expected to act not only for the interest and maximisation of shareholder's wealth but in additions they should be ethically responsible for improving the quality of life of people living in their host community (Wilson, 2003). Similarly, CSR concern with an

economic relation between enterprises and stakeholder demanding the firms to act responsibly in social and environmental contributions while pursuing their economic objectives and the best way of creating business value and unique positioning of firm's product and reputation (Buchner, 2012). These attracts a lot of benefit and value such as corporate image, promote employee morale and competitive advantage (Luo and Bhattacharya, 2009). Therefore, CSR is an act of managing business in line with the best interest of shareholders whose primary concerns is wealth maximisation and at the same time abide by the ethical rules, values of society as stated in the law. It is better pass CSR as the ability of a business organisation to responsibly and ethically act in the best interest of shareholders and the general society.

2.1 The Setting of Nigerian Niger Delta

The Nigerian Niger Delta comprise of nine states out of the total number of 36 states and Abuja capital territory. The region has an estimated total population of not more than 20 million people with an area of 70000Km of land. The area serves as the country's major primary source of revenue of more than 70% and over 90% of countries export accruing directly to the national accounts from the sales of crude oil and other related products (World Bank, 1995; in Ite, 2004). Same source above, however states that the per capita from gross national product (GNP) in the Niger Delta region was less than the national average of $280.

The period of 40 years covered by oil MNCs and their operation in the Nigerian Niger Delta does not receive sufficient consideration from MNC's operation. The region of Niger Delta has a lot of socio-economic challenges such as high fatality rates, poor environmental sanitation, malnutrition, inadequate housing and infrastructure. These trigger the members of MNC's host communities and other stakeholders begin to agitate for the role of oil MNCs toward CSR. The challenges led to many conflicts that thrown the settings into severe social discomfort (Frynas, 2001).

2.2 The Proportion of Oil MNCs in the Nigerian Niger Delta

Shell Petroleum Development Company of Nigeria Limited (SPDC) is the largest Oil MNCs operating in the setting of the Nigerian Niger Delta contained about 40% of Nigerian Oil production with Nigerian hydrocarbon reserve of 53%. The contract proportion look as follows; The Nigerian National Petroleum Corporation (NNPC) hold 50%, Shell with 30%, Elf with 10% and Agip with 5% respectively. The SPDC has a total number of employees of more than 10,000 people out of which 95% of its full-time staff are indigenes of Nigeria accounted for a total number of 4,000 employees (Ite, 2004).

2.3 Oil Companies and Corporate Social Responsibility (CSR)

During the early years of the operations of Shell Oil Company in Nigeria, the MNCs concentrated only on its reputation and risk management. In its kind gesture toward community development in the region of Nigerian Niger Delta, Shell carried out an approach called community assistance (CA) which include; (a) Education: Scholarship award into Secondary and Tertiary education, construction of classroom blocks and hostel accommodations. (b) Health: Construction of community health centres and the provision of drugs. (c) Water Supply: Construction of community clean water projects. (d) Micro Credit: Provision of capital for self-reliance. (e) Agriculture: Provision of farm implements and fertilizers. (f) Essential social amenities: This

includes roads, mass-houses, sports centres and so on. (g) Economic Empowerment: Training into various skills acquisitions (Omotola, 2007).

3.0 Discussion

Various research surveys were carried out on a topic CSR where different scholars, writers and academicians revealed their research results concerning the operation of oil MNCs in the region of the Nigerian Niger Delta including other similar results within the context of MNCs and CSR. Nweke, (2014) states that despite the CSR concern as a result of the operation of oil MNC's in theregion of the Nigerian Niger Delta, it is evident that oil MNCs played significant role in improving the quality of life to their host communities. These helps them in securing the social license to continue with their operation. Odia, (2015) argued that oil MNCs fails to deliver their best toward the provision of socio-economic development in the region of the Nigerian Niger Delta. The failure induced youth to become aggressive, seeking for redress and endanger the life of many expatriates, kidnapping and distort the operation of oil MNCs such as vandalization of pipe tunnels. Based on those factors, the region of the Nigerian Niger Delta falls into serious social unrest (Odia, 2015).

The social and economic support by oil MNCs to their host communities is regarded as one of the reasons why firms secure the social license to operate with low-level business associated risk (Moore, 2001). Moore, (2001) however emphasise that economic performance of a business only improve when it secures social license to operate hence reduces risk, waste and damage caused by aggrieved individuals. As such, there is a needs for oil MNCs operating in the Nigerian Niger Delta to take part in providing the high level of CSR activities that will help in promoting the quality of life and related socio-economic development among the members of their host communities. Those areas CSR's needs from oil MNCs include; provision of social amenities such as health facilities, good road network, portable pipe borne water supply, teaching and learning materials, scholarship award, power supply and much more.

Dandago and Arugu (2014) states that those CSR's actions promotes social understandings between oil MNCs and the members of their host communities hence reduces conflict, minimise vandalization of pipelines, will reduce kidnapping and promote peaceful coexistence. Hence, the oil MNCs will benefit a lot, secure social license to operate, multiply revenue and create conducive atmosphere for their operations. At this juncture, it is believed that conflict between MNCs and their host communities arose when MNCs fails to accommodate environmental, societal goals but focused and concentrated only on their corporate goals.

Therefore, if the long-time conflict between oil MNCs and their host communities persist, then it is conclusive that the billions of naira introduced and spent in CSR by the oil MNCs every year does not prevail. It equally shows that the MNCs on CSR has failed and all the project executed are not provided at higher quality to endure climatic conditions for a long run benefit of their host communities (Dandago and Arugu, 2014). If so, then it is suggested that both stakeholders responsible should come together, point out possible ways or strategies that will help and benefit both oil MNCs, the Government of Nigeria and the host communities of the Nigerian Niger Delta. Idemudia and Ite (2006) emphasised that failure of MNCs to handle the social responsibility to its

host community will lead to a serious business drawback such as destroying the corporate reputations and attract the extra operational cost.

4.0 Conclusion

The act of participation in corporate social responsibility has now become a tool in which the MNCs relied on to demonstrate that they have social and environmental concerns to their host communities (Nwagbara, 2013). Barnea and Rubin (2010) state that if and where firm's value does not appreciate and increase, then CSR is nothing but a kind of waste of business resources. It is part of stakeholder decision to involved and take ongoing concern about CSR which includes what social support is needed, design, and implementation of CSR strategies, environmental support, and approach to delivering the support and the level of engagement required to the cause. Stakeholders' participations help to monitor, measure and ensure timely initiatives were achieved (Korschun and Du, 2013). Stakeholders of MNC's should engage and motivate their consumers to take active part in word of mouth about their CSR initiatives known as corporate ambassadors because they directly or indirectly benefited from the firm's CSR's or operations. The strategy promote corporate image and break silent in media and enhance corporate credibility in CSR programmes (Korschun and Du, 2013).

Generally, CSR policies in the region of the Nigerian Niger Delta aims toward promoting socio-economic development of the people living in the areas where oil MNCs operates. It is an attempt by the oil MNCs to maximise profit and minimise the damages caused by their activities to the members of their host communities (Dandago and Arugu, 2014). Therefore, business operates within social, environmental settings not above the planet. Hence, they either afford to contribute responsibly to securing social license to operate, build corporate image, reputation, customer loyalty, and competitive advantage or decide to be irresponsible due to consumer awareness of CSR activities.

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