

## **SHELL PETROLEUM COMPANY AND ITS CORPORATE SOCIAL RESPONSIBILITY IN Ogoniland OF RIVERS STATE**

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### **Abstract**

This research critically examines the impact of Corporate Social Responsibility (CSR) on the performance of Shell Petroleum Development Company (SPDC), with a specific focus on its operations in Ogoni Land, Nigeria. The study was prompted by the persistent dissatisfaction and agitation among host communities over the perceived failure of multinational oil companies to fulfill their social responsibilities. In particular, the conflict-ridden relationship between SPDC and the Ogoni people has raised significant concerns about the effectiveness, sincerity, and implementation of CSR policies. The research aims to evaluate the extent of SPDC's CSR engagement, identify the challenges impeding its effective execution, assess the nature of SPDC's relationship with host communities, and analyze the environmental implications of SPDC's activities. Drawing on a qualitative methodology that included case reviews, the study revealed that CSR in the Nigerian oil sector, particularly by SPDC, has been largely inadequate and reactive rather than proactive. The company's neglect of its social responsibilities has exacerbated tensions, fostered mistrust, and led to environmental degradation, which in turn has intensified hostility from host communities. Findings indicate that the absence of a structured, community-inclusive approach to CSR has not only undermined SPDC's corporate image but also hindered sustainable development in Ogoni. The study concludes that for SPDC to achieve its operational and strategic objectives, it must prioritize community engagement, environmental protection, employment opportunities, and infrastructure development. Harmonious coexistence and mutual respect between SPDC and its host communities, supported by government oversight, are essential for long-term stability and success.

**Keywords:** Corporate Social Responsibility's, Shell Petroleum Development Company (SPDC), Ogoni Land.

### **Introduction**

The discovery of crude oil in Oloibiri in large quantity in 1956 launched the Nigeria into international limelight as an oil-producing nation. However, prior to this time, the Nigerian economy was purely agrarian in nature, being, heavily dependent on agricultural products for survival. Commenting on the state of the Nigerian economy prior to the oil boom, (Obadan, 2004) has noted that agriculture was the mainstay of Nigeria's economy, accounting for two-thirds of the Gross Domestic Product (GDP), about two-thirds of labour employment,

substantial supply of raw materials for industries and large production of non-oil export earnings. With the emergence of this crude oil and with a number of multinational oil companies operating in the Niger Delta Region including Shell Petroleum Development Company(SPDC), ELF, Agip, Chevron and ExxonMobil, the nation had a great hope of better life in the years ahead, while the resource-rich area known as the Niger Delta region hoped for good life, in terms of infrastructural facilities, pipe-borne water, uninterrupted power supply, schools, improved health-care centers and motorable roads.

The Niger Delta Region is the area that houses the crude oil and gas deposits found in Nigeria today, the Niger Delta is located in Southern Nigeria, and comprises Akwa-Ibom, Bayelsa, Cross-River, Edo, Imo, Delta, Rivers and Ondo States, with a land mass of 17,900 square meters. The Niger Delta Region has 185 local government areas and a population of about 20 million people, with 40 different ethnic groups and 250 dialects spread across 5,000 communities, (Ijaiya,2007). Of great importance is the fact that the region produces the oil wealth of the nation which for over 60 years have accounted for over 90 per cent of the national income. However, the region has perennially suffered from environmental neglect, crumbling infrastructures and services, high-level of unemployment, social deprivation, abject poverty and endemic communal conflicts. (Ozoigbo and Chukuezi, 2011). This has led to calls for oil companies operating in the Niger Delta to demonstrate augment the efforts of state and Local Government by undertaking increased community development initiatives that would provide direct social benefits such as employment opportunities, new infrastructure, schools, and improved health care delivery.

However, from the 1970s till date, there has been a gradual deterioration in the relationship between the multinational oil companies operating in the NDR and their host communities, arising from increasing spate of youth militancy restiveness and clamor for resource control, largely premised on the prevalence of abject poverty, marginalization and widespread of environmental degradation of in the host communities.

Over the years, the operations of SPDC and its relationship with host communities generated immense interest and controversy, with SPDC occasionally temporarily stopping oil exploration activities in the area and later resuming same.(Robinson, 1979). Generally, oil multinationals are regarded as agents of exploitation in developing countries, because of the unpleasant experiences of their operations. The cost to the host economies in terms of oil pollution and environmental degradation is said to be far higher than discernible benefits, whereas oil companies such as SPDC are known to reap windfall or super-normal profits. In Nigeria, the operations of the multinational corporations, particularly oil companies, have had negative effects on the host-communities, particularly in terms of destruction of the environment, ecosystem, destruction of fishes and other aquatic lives, destruction of roofs of buildings etc. (Rugman, 1985)

Although standards are set for the companies to perform certain corporate social responsibilities to the host-communities, over the years there have been known of a conscious and outright neglect of these responsibilities, without due regard to the health and

environmental implications of their operations such as occasional oil spills to the host communities. However, with increasing hostility of most host-communities to what they perceive as the environmentally and people-unfriendly activities of Shell Petroleum Development Company (SPDC), this research intends to review these activities of the SPDC in Ogoni community, assess its performance with regard to its corporate social responsibility, as well as factors that militate against SPDC in its effort to maintain a clean and sustainable environment in Ogoniland and suggestions would assist SPDC in maintaining harmonizing relationship with Ogoni community.

### **Conceptual Clarification**

#### **Multinational Corporations**

A multinational corporation (MNC) or “*mega-corporation*” is a company with its parent Headquarters located in one country (home state) and subsidiary operations in two or more countries (host states), with a common pool of financial, technical, managerial and marketing resources (Akinsanya,1985). SPDC is a multinational corporation. There is no internationally agreed upon definition of a multinational corporation. Multinational Corporations are generally described as business entities that have investments in other countries that add value. Based on Spero and Hart (1999), a multinational corporation (MNC) is described as a company that makes direct investments in different countries and possesses valuable assets in numerous nations. A company cannot be considered multinational if it only operates overseas or acts as a subcontractor for foreign companies. Multinational companies send capital, technology, management expertise, and marketing skills abroad to conduct production in foreign countries. Dunning (2008) shares a similar perspective, defining MNCs as companies that participate in foreign direct investment (FDI) and possess or control valuable assets in multiple countries. Hennart(2008) offers a unique definition of MNCs as privately owned institutions designed to coordinate interdependencies between individuals in multiple countries through employment contracts. In contrast, Multinational Corporations, as defined by Kogut and Zander (2003), are economic organizations that expand across borders from their national origins. According to an (ILO 2010) report, the key characteristic of a multinational company is that its managerial headquarters are in one country while it operates in several other countries simultaneously.

#### **Corporate Social Responsibility**

According to Ijaiya (2014), Corporate Social Responsibility (CSR) encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a particular time. Usman (2014) expands on this by describing CSR as a voluntary system for corporations to integrate social and environmental concerns into their operations and public interactions, beyond their economic and legal obligations. This concept implies that organizations bear moral, ethical, and philanthropic responsibilities, in addition to their duties to generate fair returns for investors and comply with the law. Baba and Onuoha (2018) describe CSR as a function of corporate citizenship, involving moral, ethical, and social obligations between a corporation and the public (David et al., 2005; Wang, 2007). It includes corporate policies or practices that impact stakeholders (Smith, 2013). Kenneth et al. (2006) and Adeyanju (2012) define CSR as the intelligent and objective concern for societal welfare that prevents harmful

activities, regardless of their immediate profitability, and promotes human betterment. Adeyanju (2012) also characterizes social responsibility as a personal obligation to act in one's interests while ensuring that this freedom does not hinder others from doing the same, emphasizing the importance of obeying laws to respect others right

### **Theoretical Framework**

The theoretical framework adopted in this study is the Frustration-Aggression Theory initially propounded by Dollard et.al. (1939) but later refined and reformulated by a member of Scholars Leonard Berkowitz (1984, 1990), Feierabend and Feierabend, (1969), Davis (1962), Gurr(1970), Runciman(1970) and a host of others. The original formulation of frustration-aggression theory, (or hypothesis) by Dollard et al (1939) was that “the occurrence of aggressive behaviour always presupposes the existence of frustration and contrariwise, that the existence of frustration always leads to some form of aggression”. Frustration must be understood as “an interference with the occurrence of an instigated goal-response”. Frustration is a feeling of tension that occurs when our efforts to attain some goals are blocked. Such disappointment produces a feeling of anger which, in turn can generate feelings of aggression and subsequently, aggressive behaviour. In a nutshell, the theory states that when people perceive that they are being obstructed and prevented from achieving their goals or objectives, they can feel a sense of frustration which could eventually translate aggression. The theory states that aggression is caused by frustration.

The theory admits, though, that “displaced aggression” could occur when aggressive response to Frustration is directed not towards the source of frustration but rather towards individuals not responsible for interference with the attainment of goals and objectives (Geen, 1968). However, the theory acknowledges that the strongest aggressive reactions are those directed towards the perceived source of frustration such aggressive reactions then become retaliatory behaviour (Zillmann and Cantor,1976).

Frustration-Aggression theory provides the most common explanation for violent or aggressive behaviour arising from inability or individuals and groups to fulfil needs or to attain goals. In their efforts to explain aggression, scholars adopting frustration-aggression framework point to the difference between what people feel they want or deserve, on the one hand, and what they actually get, on the other. What Feierabend and Feierabend, (1969:256:7) refer to as “the want-get ratio “or what Davies (1962:6) refers to as the difference between “expected need satisfaction” and “actual need satisfaction” the salient point in Davies analysis being that where expectation does not meet attainment or actual accomplishment, the tendency is for people to be aggressive towards those they hold responsible for frustrating their ambition. Scholars like Charles Tilly, Theda Skocpol and Sidney Tarrow have argued that we should being explanation of political violence by examining social and political structures (Skocpol, 1994), political mobilization (Tilly 1978) and mass social movements (Tarrow, 1998). Mark Lichbach (1995) had shown that the “anger-grievance-rebellion sequence” could be explained within rational choice framework.

In his book, *Why Men Rebel*, Ted Robert Gurr seeks to explain frustration by use of the term “relative deprivation. Employing the relative deprivation thesis” Gurr (1970) hypothesizes that “the greater the discrepancy however, marginal between what is sought and what seems attainable, the greater will be the chances that anger and violence (aggression) will result” that is, the discrepancy between what people think they deserve and what they actually think they can have. Gurr says that, ordinarily frustration does not necessary lead to aggression but that when it is sufficiently prolonged and sharply felt, it often would result in anger and eventually, violence.

Inhabitants of Ogoni land have always longed to enjoy the proceeds of oil deposits in their land, but unfortunately what they receive in exchange is pollution and environmental degradation caused by activities of SPDC. The neglect of the Nigerian State and SPDC towards the development of Ogoni land was captured by the New Partnership for Africa’s Development (NEPAD) thus:

Nigeria presents a remarkable paradox of an enormously wealthy country both in potential and real terms serving as home to the third largest concentration of poor people in the world. The country annually makes substantial revenue from oil and gas but has apparently failed to provide basic services for its people (NEPAD, 2003:33).

Hence, frustration is enshrined in the region over the insensitivity of the state and its allies (oil companies) which often turn the region into a hostile environment characterised by social vices among the youths, conflict between the communities and oil companies. To further buttress the plight of the people, the Amnesty International 2009 Report thus; The fact that the people of the Niger Delta have not benefited from oil wealth is only part of the story. Widespread and unchecked human rights violations related to the oil industry have pushed many people deeper into poverty and deprivation, fuelled conflict and led to a pervasive sense of powerlessness and frustration. The multi - dimensional crisis is driven by the actions of the security forces and militant groups, extensive pollution of land and water, corruption, corporate failures and bad practice and serious government neglect. Thus, it could be rightly observed that when the Niger Delta region especially Ogoni community perceive that they are being prevented from achieving a goal frustration is likely to turn to aggression. This is also true of the fact that for over half a century, the closer the region get to their goal of enjoying the proceeds of oil that was deposited in their land with great sense of relief and hope, the more frustrated they get by being deprived. The aggressive behaviour exhibited by the people in the oil-bearing communities especially Ogoni in the Niger Delta region against the Nigerian state and Niger Delta Development Commission (NDDC) fits perfectly into the frustration – aggression theory.

The people (Ogoni community) have for a very long time been deprived of their means of livelihood; even in the midst of plenty; they also understand the fact that the natural resources from their soil are exploited and the revenues carted away to provide social and capital infrastructural facilities to develop other regions and for financing huge budgets of the Nigerian government; while leaving the region and its people impoverished and wallowing in pains and poverty. These inhabitants whose agro-based livelihoods and indeed their life security are dependent on the environment, (their farmlands, rivers, creeks, fish, forest and ecological

features) are being destroyed and degraded by the industrial activities of oil exploration and exploitation carried out in the area (Nsirimovu, 2000) are no longer secured but live in the midst of poverty and glaring deprivation.

They become frustrated since the political system and its allies (NDDC) are not doing enough to restore their hopeless condition. These collective discontents of the people in Ogoni are well shared as they are ready to intensify struggles to confront the forces standing to deny or deprive them the goods and conditions of life security. This underscores the pattern of aggressive behaviour exhibited by the people of the oil-bearing communities particularly Ogoni community in the Niger Delta region against the Nigerian state that is represented in this study as the Niger Delta Development Commission (NDDC). This theory is related to this study since the rationale for agitation for all-round development in the host community. The theory also attempts to reveal factors that contribute to the frustration of the people

### **Roles of Multinational Companies in Developing Economies**

There are three basic strands in the debate about the roles and contribution of multinational oil companies in the economic development of a nation. Firstly, multinational oil companies feature quite prominently and contribute positively to the economic development strategies of less developed countries. This school of thought believes that the multinational corporations are major agents of foreign direct capital flow and investments whose participation in the local economy enhances the flow of technology, production efficiency, manpower development, managerial skills and expertise, employment opportunities, income generation and philanthropy etc. In addition, the multinational corporation's investments tend to increase the economic output, foreign earnings, and the diffusion of technology, managerial skills, local production, industrialization, economic growth and development of a nation (Gidodo, 1999).

Secondly, multinational corporations from a more realistic perspective provide investment capital and technology, through exploitation of resources which impact positively on the economy in several ways especially, in terms of enhancing industrialization and development. The multinational corporations by their giant size, investment outlay, technology, market share, bargaining strength and huge profit, play significant roles in the economy of host nations. In several developing countries of Africa, including Nigeria, multinational corporations tend to dominate the exploitation of mineral resources like petroleum, copper, gold and diamond etc, on which they critically depend for economic growth. The key challenge then, is how to curb the excesses, minimize pervasiveness, maximize benefits, orient behavior, influence policies and regulate the conduct of the multinational corporations in such a way that can generate more healthy and concrete contributions to the overall growth and development of host nations. The other challenge is for the individual countries to ensure that multinational corporations harness resources and create tangible benefits and improve livelihood of the people and the nation at large.

Thirdly, this strand points to the perverse and negative consequences of the manner and logic of exploitation, the behavior of multinational corporations and the effects on the overall development of the host nations. This is perceived as undermining development and real

economic growth, causing social and cultural disarticulation. While the multinational corporations invest huge capital outlay and operates in such manner as the creation of enclaves, non-integration into this economy, spillage of natural resources and exploitation of labor that is antithetical to the host country's development (Gidodo, 1999). The multinational corporations have exploited the cheap labor, unequal agreement on resources and cheap raw materials to take huge profit from the developing countries. Thus, the rate of returns to Multinational Corporation's investment in the third world countries including Nigeria is higher (US Department of Commerce, 1980).

However, whatever the strand and perspective, the central facts are that multinational companies constitute major agents of economic development of the third world countries (i.e less developed countries). The activities of the multinational corporations in partnership with the government impinge on the right, security, stability and sustainable development of their host countries. The intensity of multinational company's capital resources, activities, role and influence have directed attention to the critical issues and needs for regulation and moderation of the activities of the multinational companies and achieve the desired economic growth and development of the nation.

### **Shell Petroleum Development and Corporate Social Responsibility in Ogoni**

In a bid to forestall the conflictual relationship that exists between host communities and the oil companies, these oil multinationals embark on various projects aimed to ameliorate the sufferings of the people who have been adversely affected by their activities and also to create an enabling environment for the continuation of business. It is in this light that they build classroom, hospitals, support education, encourage and provide for vocational learning or training, boreholes, provision of scholarship to selected students from the catchment's communities and creating some level of employment opportunities were also focused on. According to the World Business Council of sustainable development, CSR is defined as the obligation of a business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality-of-life (WBCSD, 2004). This definition is all encompassing as it includes the family, employees and the society which includes the community. The emphasis here is on sustainable economic development. This therefore points to the fact that any economic development activity that does not consider future generation is not an effective CSR. Corporate social responsibility is also described as the commitment of businessmen to pursue those policies and make those decisions and line of action which are desirable with regards to purposes and values of the society (Inyang, 2011).

Hence, CSR is enclosed in three broad sentences; firstly, CSR creates a connection between corporations and societies with whom they interact, secondly, it involves responsibilities that exist on the two sides of these relationships and by society. Thirdly, all the stakeholders who make up the groups sustain continuous interest in the corporations Werther and Chandler, (2006:10). It is implied in these three broad descriptions of CSR that business does not operate in isolation hence, there is a connection between business and the society which is made

possible through CSR. It also suggests that there is a reciprocal responsibility for both business and society which relates to their expectations from each other. Similarly, this description presupposes that the stakeholder interest has to be accommodated in the delivery of a firm's CSR. In the Nigerian context, the concept of CSR is not new to the MNCs.

The oil multinationals have operated in Nigeria for several decades. companies like Shell Petroleum Development Company have been operating in this region for more than six decades. In as much as the MNCs have in one way or the other been engaged in CSR initiatives, a lot of devastation has occurred in the Niger Delta both on people and environment (Ejumudo, 2012). There are several negative environmental impacts associated with the exploitation of crude oil. The people/communities have been suffering from pollution (Aghalino, 2009). Pollution affects the natural environment, health and economic rights of the communities whose needs and sources of living depend on the natural environment (Emeseh and Songi 2004). Over the years, the communities have protested against the effect of the MNC's unhealthy activities on their environment like gas flaring and oil spillages (Afinotan and Ojakorotu, 2009). These have usually been marched with violence from the state security agents, accusing them of illegal activities. Severally, the communities (victims) could not seek legal redress, due to unsupportive national regulation and enforcement framework.

These inadequacies arise from factors like; capacity deficits, governance, and lack of political will that could strictly control the industries. What this means is that these communities lack the required legal backing to fight the government which in many cases have failed in their capacity to address these issues hence, their last resort is the MNCs. George, (2012) argue that the MNC operating in this region do not seem to take the issue of CSR and sustainability as seriously as they should because of lack of government regulations. The MNC are perceived to have support and complicity of the federal government Orogun, (2010) which has made them neglect their duties, the conviction of these communities is therefore dashed. This is why Emeseh, (2009), maintains that a wide responsibility of companies is to overcome the negative impact of their operational activities through being socially responsible which can only be evaluated through the core values of sustainability.

#### **Allocations to Community Development Projects Implemented by SPDC Corporate Social Responsibility, 2013**

YEAR	CSR'S ACTUAL BUDGET IN (US\$) M	ITEMS OF EXPENDITURE
2003	60	Community development to generate employment and calm "restive youth" * <sup>1</sup>
2006	65	Introduction of 24 Global Memoranda of Understanding (GMOUs) aimed at engendering better business community relations. 400 projects completed.
2007	68	Community development projects (mostly in partnership with government agencies, private companies, local and international NGOs and UNDP (SPDC, 2008).
2008	84* <sup>2</sup>	Community development projects (executed in partnership with other organizations, government and international agencies)



2011	76.3* <sup>3</sup>	For addressing social and economic development challenges in the areas of education, community health, enterprise development for youths and women and community driven development initiatives via GMOU between SPDC and communities
2012	103.2	Community development projects in 3 areas: i. Enterprise development ii. Road safety and energy access iii. Disaster relief, education, health and biodiversity
2013	104.1	Ditto

**SOURCE:** Shell Petroleum Development Company, 2015

#### NOTES:

- \*<sup>1</sup> The \$60m excludes offer of sabbaticals, student internships at SPDC's offices in Port-Harcourt.
- \*<sup>2</sup> This \$84m was contributed by joint venture partners (SPDC's share was \$25.2m).
- \*<sup>3</sup> \$76.3m invested by SPDC and Shell Nigeria Exploration and Production Company Ltd (SNEPCO).

#### TYPES OF PROJECTS/ACTIVITIES UNDER CSR

S/N	PROJECTS
1.	Water and Sanitation: Community water project.
2.	Health Care: Community Hospitals and health care.
3.	Voluntary Training/Capacity Building – Seminars, conferences, workshops. Basic skills in welding, plumbing, masonry, carpentry, auto-engineering and electrical engineering. Manpower Development Programmes.
4.	Education: Programme of Scholarship to University and Secondary Schools, building of classroom blocks, lecture theatres, supply of laboratory equipment. Supply of Laptops, Books and other Resource Materials to tertiary institution.
5.	Agriculture: Agricultural Extension Advisers to support farmers and cooperative societies.
6.	Micro-Credit and business development income-generating projects (e.g. water/land transport and fishing)
7.	Other infrastructural facilities – roads, rural electrification projects, land reclamation for community expansion.
8.	Construction and Furnishing of Civil Centres, Town Halls.

**SOURCE:** Shell Petroleum Development Company: (2007) People and the Environment. 2006 Annual Report Lagos. SPDC

Blowing its own trumpet, SPDC's Managing Director in 2015 said:

We have a strong focus on community development... in the past; we were heavily involved in the provision of infrastructure in the communities: We were building roads, schools, clinics and providing portable water. Though there are typical areas for Government intervention, we stepped into the gap to help in improving the standard of living of local communities. We are now involved more and more, and more development partners to help in addressing community needs. Specific community development programs include our micro-credit schemes and health scheme. We have

about 27 clinics in the Niger Delta. We are a major supporter of education of young children, with over 17,000 children on Shell Scholarship at any point in time. As of yearend 2015, Shell companies in Nigeria had trained some 1,900 service providers in general contracting, developed 8 local dredging companies, awarded 10 UK Scholarships and trained more than 3,000 people in entrepreneurship, scaffolding, project management, welding, catering and other vocations. We are encouraging communities to own and drive development themselves, while we provide financial assistance to them and technical assistance through NGOs. We have established operating procedures and guidelines to help make the process accountable and transparent. We still carry out major infrastructure in partnership with government and other local and international partners (*2015 SPDC Sustainability Report: Shell's Economic Contribution*, Port Harcourt SPDC).

### **The Causes of Conflict between SPDC and Ogoni Land**

The causes of conflict between SPDC and her host communities are traceable to SPDC's slow response to cleaning up of oil spills, negligence to community demands, inadequate compensation, and refusal of SPDC to cooperate with the host communities. This finding supports Environmental Rights Action/Friends of the Earth Nigeria (2009), which claims that Shell's response to community complaints including spillage reports is generally slow. It is also in line with (Onyeozu, 2007) who stated that the causes of the grievances of the host communities is concern for ecological rehabilitation even as people have now realized that oil and gas are not inexhaustible. Studies have shown that not only have oil companies in Nigeria paid compensation at a rate far lower than internationally accepted standard, but they have also attempted to and actually avoided payment of compensation on frivolous grounds. For example, Amnesty International (2009) reported that in the Ogoni, compensation for oil pollution has generally been narrowly prescribed primarily in terms of buildings, crops or profitable trees, loss of fishing rights and loss of value of land.

The compensation guidance does not address long-term damages or injury to health. According to Jike, (2010), for a long time, conflict has been the bane of development in the Ogoni. Oil Companies and host communities have been engaged rather unwittingly in a zero-sum game where the gain of oil companies translates rather diametrically as the loss of host communities and vice versa. This is the consequence of the collective hope that has been repeatedly dashed. The host communities in the halcyon early post-colonial days, were quite happy with having foreign oil prospectors within their midst without asking fundamental questions, like operational practices or impact consequences of oil exploration. On both counts, times have changed. The youths are much more eager and better disposed to physically engage multinational oil companies to press for reforms and probable concessions that will improve their livelihood.

This is the scenario against which the perennial conflict in the Ogoni should be viewed. More significantly and rather germane is the spate of activism which are reactions to the steady environmental degradation of the Ogoni as a result of oil prospecting activities. Furthermore,

Jike, (2010) also stated that part of this activism has metamorphosed into a resilient sub-culture of youth violence and rebelliousness, which are themselves clear signal of social disequilibrium that is inimical to the development process.

The Factors that Influence the Relationship between SPDC and Host Communities for Community Development, the provision of infrastructural facilities in the Communities by SPDC, involvement of community people in Community Development project identification, respect for traditional authority and culture, constant provision of community development projects, respect of agreements, avoidance of divide and rule strategy and adequate/effective communication would influence the relationship between SPDC and her host communities.

This finding is in line with Enemaku, (2006), who noted that, SPDC took a look at its relationship with and contribution to the development of host communities and realized that all that it has done was like a drop of water in an ocean. It therefore decided to embark on what it called “a paradigm shift” which involves greater commitment to community development. Good infrastructure is fundamental to development. Many Ogoni Communities are rural in nature, and the little infrastructure they could boast of are in various degrees of decay due to lack of maintenance. As a result, they have often turned to SPDC for support in addressing their infrastructure needs.

According to the Ogoni Regional Development Master Plan (2001), while many of the communities in the upland areas of the state are reasonably accessible by road, most in the wetland areas remain without roads and are difficult to reach. According to the same report, within rural settlements the condition of roads and their suitability for vehicles vary considerably. In terms of electricity, the report also revealed that over 36% of households in Ogoniland have no access to electricity supply as a source of power. While oil companies provide electricity for some communities within their catchment’s areas, a few communities are served individually via community effort. It is the conviction of this study, that therefore, the provision of adequate infrastructure by SPDC such as good water supply, education, market stalls, community health centers, etc., would enhance her relationship with host communities.

The study also identified the involvement of community people in project identification as a factor that influences the SPDC-host community relationship. Such bottom-up approach to project execution is infinitely superior to a top-down approach because the people are the best judge of what they want because they know where the shoe pinches. Ideally development projects should not be introduced into host communities using the top-down approach. There should be full participation of the people. They should determine their own priority projects. To the extent that there was full participation by host community, a sense of ownership was inculcated. SPDC should have clear exit strategies, so that upon their departure, communities would be able to carry on. This would ensure the sustainability of the projects.

Respect for traditional authority and culture was also identified as a factor that influences the relationship with host communities. When host communities accept guests and friends including staff of business enterprises into their midst, they expect them to respect the things

that are of deep significance to the life of the host communities. The fact that SPDC recognize traditional institutions and political leaders as spokesmen for host communities, to the neglect of youths did not augur well for SPDC-host community relationship in the long run. The reason for this is not far to seek: Dealing with traditional and political leaders meant that compensations usually paid by SPDC for oil spills and impact of gas flares were usually given these leaders on behalf of the communities an arrangement which saw traditional and political leaders misappropriating a large chunk of such compensation while excluding the youths in most cases. Yet, the youths are the segments of the host communities whose activism and restlessness, when translated into vandalization of oil pipelines and other installations not only cause or exacerbate environmental degradation but also bring about disruption in SPDC's operations.

## **CONCLUSION**

The story of Shell in Nigeria and the Ogoni provides many salutary lessons for businesses seeking to operate successfully and ethically in developing countries. It is a story, except for the courage and charisma of Ken SaroWiwa, that might never have come to the attention of environmental and social activists worldwide. To its credit Shell International has attempted to internalize some learning from the events described here – to the extent that it has altered its business strategy in line with principles of sustainable development and its approach to stakeholder dialogue. Shell has also recognized the need for cultural change and a more sophisticated attitude to 'political' questions of human rights, environmental responsibility and corporate social responsibility. The challenge that remains for Shell International is to translate the new corporate strategy and attitudes into management action on the ground in Nigeria.

In spite of good consciousness and goals, the CSR method of oil firms in Ogoni community remains unprofessional and imprecise. On economic domain, Shell Petroleum Development Company claim of execution of projects as part of her business communal obligation is indisputable, but the results indicated the requirement for SPDC to embark on a policy reevaluation of her communal change programmes in the oil communities to make sure that there is always a significant relationship between the needs of the citizens and communities and what the company provides as its CSR program. It may perhaps be essential as well for SPDC to embrace a bottom-up attitude in its public improvement initiatives. This will ensure appropriate exploration of all pertinent requirements of the public, create home-grown aptitude, improve self-assurance, construct societal investment and encourage development of the indigenous economy, and decrease communal agitation.

## **RECOMMENDATIONS**

To start with, oil and gas companies operating in the region should be encouraged and if necessary, compelled to comply with international best practices to ensure the protection of natural habitats through uncompromising implementation of the demands of the doctrine of corporate social responsibility. Also, there should be well thought-out plan for cleaning up oil spillage and other damages to the host communities. An oil spill need not be devastating. A swift and effective process of clean-up, remediation and compensation should minimize damage to livelihoods.

In addition, there should be a specific programme, that is, compensation programmes for farmers. A significant problem for the rights of farmers in the Niger Delta is the failure to address the long-term impacts on soil fertility and agricultural productivity of oil pollution. Experts said that in some cases soils recover in a reasonably short time, while in others the impact can last for decades. One problem is that some sites have been affected by repeated spills. Fourthly, CSR projects should be made gender biased in favour of women as they bear the full brunt of environmental devastations and as child bearers and home keepers. Fifth, the principle of profit sharing of international agreed 10% to the host communities should be implemented. The time is now ripe for profit sharing rather than corporate philanthropy; it is proposed that 10% of the yearly profit of the MN oil companies operating in the Niger Delta Region should go directly to the communities where the MN oil companies operate. This is apart from the taxes and royalties paid to the Federal and state governments of Nigeria. The effect of this is that the communities will become real and genuine stakeholders in the oil business rather than the philanthropic gestures of buying tables and chairs and providing free meals to the students in the Niger Delta.

Six, this then must be followed by a sincere and constructive engagement of the people to dialogue with the government and oil companies. True representatives of the region can be mobilized through grassroots consultation and community involvement. This should steadily lead to granting them an authoritative voice on matters affecting their lives. It would precipitate over time a gradual restoration of a sense of belonging and partnership. This should be complemented with a sustained drive to expand human and social capitals, which are basic ingredients for beating swords into plowshares. For the attainment of these objectives a complete re-orientation and change in the attitude of government and oil companies towards host communities, is a sine qua non.

Seventh, there is a need for further studies to be carried out as to how to make the chiefs/head of the community to shun corruption and think about what will benefit the community in general rather than being satisfied with eating the crumbs that drop from the table of the multinational oil companies. There is also a need to find a way of compelling the youths to get educated, rather than turning into militants and kidnapping expatriates and even some senior Nigerian managers.

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