



Managing indigenous relations

Corporate social responsibility in a new age of activism

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Abstract

Purpose – The purpose of this paper is to examine how shadow constituents are redefining corporate social responsibility (CSR) through activism, and how oil companies in Nigeria are responding to this development.

Design/methodology/approach – This paper contributes to the conceptual framework of CSR which asserts that whereas all stakeholders of a company do not have an equal say in its strategic direction, they are affected by such direction, and must hence be considered.

Findings – The findings reveal these points: activists are gaining a strong foothold in forcing oil companies to cooperate with their vision of social change; Nigeria lacks legislation compelling oil companies to contribute to the development of their host communities; and although internal oil company documents suggest efforts to help their hosts communities have been made, no meaningful agreement between the oil companies and the indigenous communities have been reached.

Research limitations/implications – The paper encourages a broader conception of CSR. Shadow constituents have become such influence wielding stakeholders in organizations today that we need to explore more fully the role they play in dictating public agenda and influencing policy globally.

Practical implications – Multinational corporations can develop a better understanding of strategies and techniques that can enable them to balance the interests of a wider group of stakeholders and manage the interconnected social, environmental and economic impacts of their businesses.

Originality/value – This paper enriches the research database on CSR.

Keywords Social responsibility, Human rights, Multinational companies, Oil industry, Politics, Nigeria

Paper type Research paper

Background and indigenous relations

Nigeria is the largest producer of oil in Africa and the fifth largest in OPEC. The discovery of oil in 1956 transformed Nigeria's political economy, and for over twenty years oil has provided approximately 90 percent of foreign exchange earnings and 80 percent of federal revenue. Nigeria also has huge reserves of natural gas that are untapped. Yet instead of turning Nigeria into one of the richest states in Africa, these natural resources have enriched only a small minority while the vast majority are increasingly impoverished. With a per capita gross national product of only \$260 a year, Nigeria is one of the poorest countries in the world (World Bank, 1997).

The struggle among the ruling élite to gain access to the profits of the oil boom has contributed to a succession of military governments. Since Nigeria became independent in 1960, the country has enjoyed only ten years of civilian rule. Minority ethnic groups in Nigeria's multi-ethnic federation have successfully demanded that new states and local government units be established over the years in the hope that they will receive some benefits from oil money and be compensated for the damage done by oil production. Paradoxically, however, the Nigerian federation



has become ever more centralized in practice, and power and money have been concentrated in the hands of fewer and fewer people. Politics has become an exercise in organized corruption, most spectacularly demonstrated around the oil industry itself, where large commissions and percentage cuts of contracts have enabled individual soldiers and politicians to amass huge fortunes. In the interim, majority of Nigerians continue to live in abject poverty (Forrest, 1995; Human Rights Watch, 1999).

Today, Nigeria produces approximately 2 million barrels of crude oil a day, and has estimated oil reserves of 22.5 billion barrels, mostly found in small fields in the coastal areas of the Niger Delta (USEIA, 1999). According to the Nigerian constitution, all minerals, oil and gas belong to the federal government. The Federal Government in turn negotiates the terms of oil production with international oil companies. The bulk of the exploration and production activities in Nigeria is carried out by European and US oil companies. These foreign oil companies operate joint partnerships with the Nigerian National Petroleum Corporation (NNPC), which owns 55 or 60 percent. More recent contracts relating to offshore fields have been structured as “production-sharing contracts” in which the government is not a formal partner. Shell operates a joint venture that produces close to one half of Nigeria’s crude production; Mobil, Chevron, Elf, Agip and Texaco operate additional joint ventures; and a range of international and national oil companies operate smaller subsidiaries (Human Rights Watch, 1999).

According to the Nigerian Investment Promotions Commission, there are 18 international oil companies operating in the country. Some of them are new entrants who have an interest in the deep offshore blocks in partnership with other operators. The oil majors account for about 99 percent of crude oil production in Nigeria. The international oil companies operating in Nigeria and when they were established are:

- Shell Petroleum Development Company Ltd (1937);
- Mobil Producing Nigeria Unlimited (1955);
- Chevron Nigeria Ltd (1961);
- Texaco Overseas Nig. Petroleum Co. Unltd (1961);
- Elf Petroleum Nigeria Limited (1962);
- Philip (1964);
- Pan Ocean Oil Corporation (1972);
- Bought over Ashland Oil Nigeria Limited (1973);
- Agip Energy & Natural Resources (1979);
- Statoil/BP Alliance (1992);
- Esso Exploration & Production Nig. Ltd (1992);
- Texaco Outer Shelf Nigeria Limited (1992);
- Shell Nig. Exploration & Production Co. (1992);
- Total (Nig.) Exploration & Prod. Co. Ltd (1992);
- Amoco Corporation (1992);
- Chevron Exploration & Production Co. (1992);
- Conoco (1992); and
- Abacan (1992).

Oil production has had damaging effects on the environment of the oil-producing region, though the extent of the damage is subject to dispute. The Niger Delta is one of the world's largest wetlands – the largest in Africa – encompassing more than 20,000 square kilometers. About 6,000 square kilometers of this area is mangrove forest and has the high level of biodiversity typical of extensive swamp and forest areas. Although there is surprisingly little high-quality independent scientific data on the overall or long-term effects of hydrocarbon pollution on the Delta, the available evidence shows that oil-led development has seriously damaged the environment, in turn damaging the livelihood of many of those living in the oil-producing communities. The oil companies operating in Nigeria maintain that their activities are conducted to the highest environmental standards, but Nigerian environmental laws, while in most respects comparable to their international equivalents, are not strictly enforced (World Bank, 1995; Moffat and Linden, 1995).

The long-term effects of major pollution incidents, regular small spills and effluent deliberately discharged into the environment are largely unevaluated. Occasional large oil spills pollute the water, killing fish and agricultural crops and seriously affecting the surrounding communities and families, especially those on dry land or in freshwater swamp zones where spills are contained in a small area. Even offshore spills can have a serious effect. In January 1998 a major spill of at least 40,000 barrels from an offshore Mobil platform in the eastern Delta polluted areas of coastline as far west as the city of Lagos which is several hundred kilometers away. In March 1998 another spill of at least 20,000 barrels from a Shell facility in the brackish water mangrove forest area killed large numbers of fish. A year later widespread die-off of the mangrove was visible. In 1980 Nigeria's largest spill ever, perhaps more than 400,000 barrels from a Texaco offshore facility, destroyed 340 hectares of mangrove (Human Rights Watch, 1999).

Poorly designed causeways and canals used by the oil industry affect the hydrology of the seasonally flooded freshwater swamp and the brackish water of the mangrove forest, killing crops, destroying fishing grounds and damaging drinking water supplies. Compensation for such damage is inadequate, and in the absence of a properly functioning court system, there is no effective recourse to an independent arbiter to determine the value of damaged properties. The oil companies claim that many spills are caused by sabotage, and, in accordance with Nigerian law, they pay no compensation in such cases. But the determination of the cause of a spill is largely left to the oil companies themselves, increasing the chances that spills caused by corrosion could be misclassified as sabotage. At the same time, in an area of Nigeria where there is great demand on cultivable and habitable land, such land is expropriated for oil production under laws that allow no effective due process protections for landholders and inadequate compensation for the loss of livelihood of those affected. Although the amount of land used for oil production is small by comparison with the total area of the Niger Delta, the effect on individual landholders can be devastating.

Often, the Nigerian government effectively entrusts the oil companies themselves to provide the facts on such matters as land claims and valuation, environmental impact assessments, agreed terms of compensation for property and labor, assessment of sabotage and damage claims. Most negotiations for compensation are bilateral, taking place between the community affected and the oil company concerned, although government structures may play a nominal monitoring role. The process of valuation,

negotiation and payment is therefore in practice controlled almost entirely by the company. The affected communities are in a weak bargaining position, largely obliged to accept whatever compensation is offered by the companies in such situations.

The oil companies also make little effort to ensure that compensation reaches the poorest and most heavily affected individuals within each community. Landholders in Osabi, Delta State, for example, whose land was expropriated to build a Shell airstrip in 1997 and 1998, claimed to have been paid sums of 20 to 200 naira (\$0.20 to \$2) for nut and rubber trees worth several thousand naira annually (Environmental Rights Action, 1998). Although there are independent lawyers and environmental groups attempting to monitor oil company compliance with the law and to assist the oil communities in pressing their claims, their activities have in the past been seriously hindered by security force harassment, office raids, detentions and other repressive measures. While the security situation for well-known activists has improved with the general relaxation of repression in Nigeria since the death of General Abacha, local youths picked up at roadblocks carrying materials relating to the Kaiama Declaration still face detention or assault (Human Rights Watch, 1999).

As much as the minority ethnic groups living in the oil-producing communities of the Niger Delta have faced the adverse effects of oil extraction, they have in general also failed to gain from the oil wealth. The region remains poorer than the national average, and though poverty in northern Nigeria is more extreme, the divisions between rich and poor are more stark in the areas where gas flares light up the night sky gross national product (GNP) per capita is lower than the national average of \$260, and is lower still in the riverine and coastal areas. Unemployment in Port Harcourt, the main city in the region, is at least 30 percent. In parts of the Delta, primary school attendance drops to less than one-third of all children, against a national average of approximately three-quarters. The state governments report that only 20 to 25 percent of rural communities, where about 70 percent of the population lives, and 45 to 50 percent of urban communities have access to safe water. These figures are quite likely overly optimistic (Human Rights Watch, 1999).

Nevertheless, oil production and oil-based industrial expansion have transformed the local economy, and some in the oil-producing communities have benefited greatly from oil production. Those with full-time employment in the oil industry are paid high wages for skilled work, but they are a well-paid minority surrounded by a mass of unemployed or underemployed. In any event, most of those employed by the oil industry are not from the oil-producing communities. Shell's Nigerian operation, for example, employs only some 5,000 people, and due to poor education in the Delta most of them are from other parts of Nigeria, especially the Yoruba and Igbo ethnic groups. Contractors to the oil industry – often traditional leaders or those with close links to the administrations of the oil-producing states – can also profit immensely. These profits can be increased by the widespread corruption surrounding the awarding of contracts for construction and other oil industry projects, from which those in the oil companies in charge of choosing the contractor may also benefit.

Development spending by the oil companies has also brought schools, clinics and other infrastructure to remote parts of the country that might otherwise be neglected by the Nigerian government. Unfortunately, many of these projects are inappropriate for the needs of the communities where they are located, and others are incomplete or shoddily carried out. In any event, development spending by the oil companies has

only reached significant levels since protests began to threaten oil production (Manby, 1999).

While a minority of politicians, traditional leaders and contractors have become rich on the spoils of oil, and hence support the oil industry's activities, majority of people from the minority ethnic groups of the oil-producing areas have remained impoverished. At the same time, the potential benefits of links to the oil industry have exacerbated conflicts within and among the oil-producing communities. During the Ogoni crisis, for example, the Movement for the Survival of the Ogoni People's (MOSOP's) objections to the terms of oil production stirred up longstanding resentments toward those known as "vultures", those individuals in leadership who had profited from oil production through contracts or gifts from the oil companies. One of the issues in the Warri crisis – violence among the Ijaw, Itsekiri and Urhobo ethnic groups in the Warri area that flared up in 1997 over the location of a local government headquarters – is the allegation from the Ijaws and Urhobos that Shell and Chevron had unfairly directed contracts and other benefits to the Itsekiri community (Human Rights Watch, 1995, 1999). Oil thus fuels smaller conflicts throughout the oil-producing communities.

All the oil companies in Nigeria hire "supernumerary police," recruited by, trained by and accountable to the Nigerian Police Force, but paid for by the oil companies at rates well above those paid by the Nigerian government. These police are supposed to have jurisdiction only within company property. The Nigerian government has also created special units to protect oil installations. The most notorious of these is the Rivers State Internal Security Task Force, created in response to MOSOP's protests and responsible for widespread and systematic abuses in Ogoniland. Others include "Operation Salvage" in Bayelsa State, "Operation Flush" in Rivers State and "Operation Storm" in Delta State – paramilitary anti-crime units modeled along the lines of similar bodies in other non-oil-producing states. Army and navy units are also regularly deployed in the oil-producing areas, as are the Mobile Police, a federal paramilitary force with a reputation for brutality. The relationship between the oil companies and these special units is unclear. While several of the oil companies have denied that there are any written agreements with federal or state governments about security arrangements, it is clear that the protection of oil facilities, regarded as a national security issue, must be a priority for government. It is plausible that there are quite detailed understandings with the operating companies over the way in which security is provided. All the oil companies claim that they are obliged to report any threat to oil production to the government, but that they make strenuous efforts to ensure that disagreements are resolved amicably (Human Rights Watch, 1999).

Angered by years of perceived neglect by the Nigerian government and multinational oil companies, communities in Nigeria's oil-rich Niger Delta have periodically erupted in protest in recent years. Again, beginning in October 1998, youths in the Delta began a new round of widespread protests, including occupations of oil installations and even kidnapping of oil workers, sometimes leading to violence and loss of life. Through such dramatic action, they hope to attract the government's attention and win compensation from the oil companies (Kubeyinje and Neziyana, 1999). It is against this backdrop that the concept of corporate social responsibility (CSR) will be introduced as a conceptual framework of analysis.

CSR – a conceptual framework

The idea of CSR is neither new nor radical. The core belief is that the corporation incurs responsibilities to society beyond profit maximization. Huge corporations possess the power to control and influence the quality of life of employees, customers, shareholders, and residents of local communities in which they operate. A single corporate decision can irrevocably change the lives of thousands of people. Power necessarily entails responsibility. Managers, in pursuing their primary goal of increasing shareholder value, have social responsibilities beyond meeting the minimal requirements of the law. As early as 1916, J. Maurice Clark, writing in the *Journal of Political Economy*, noted that “if men are responsible for the known results of their actions, business responsibilities must include the known results of business dealings, whether these have been recognized by law or not” (Clark, 1916, p. 223).

The last 20 years have seen a radical change in the private sector’s relationship both with the state and civil society. Globalization, deregulation, privatization and a redrawing of the lines between state and market have changed the basis on which private enterprise is expected to contribute to the public good. Meanwhile, the relationship between companies and civil society has moved on from paternalistic philanthropy to a re-examination of the roles, rights and responsibilities of business in society. These dynamics have led to the emergence of a new approach to CSR, with companies recognizing that improving their own impacts and addressing wider social and environmental problems will be crucial in securing their long-term success. Increasingly, high profile companies are implementing CSR processes such as public commitment to standards, community investment, continuous improvement, stakeholder engagement and corporate reporting on social and environmental performance. CSR is now being discussed and debated in the public policy sphere – the UK has a Minister for Corporate Social Responsibility (in the Department for Trade and Industry), the European Union (EU) has recently published a Green Paper on the subject, 2005 has been designated the European year of CSR, and the UN Global Compact is bringing together companies and UN agencies to address CSR.

Definition

CSR is variously defined as:

The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (WBCSD, 2001).

Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders (European Commission, 2001).

Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business (BSR, n.d.).

CSR can best be understood in terms of the changing relationship between business and society. Many people believe it is no longer enough for a company to say that their only concern is to make profits for their shareholders, when they are undertaking operations that can fundamentally affect (both negatively or positively) the lives of communities in countries throughout the world.

The dimensions of CSR

It is impossible to draw up a definitive list of issues and policies, which constitute CSR. These will be different for different companies and can shift over time as changes in risk and regulation, challenges to reputation and developments in best practice redefine the boundaries of what is acceptable, possible and profitable for a company to do. Nevertheless it is possible to map out CSR in terms of a number of key interlocking dimensions, which can each range from the most narrow, compliance-based, reactive modes to the broadest, most strategic and potentially most significant in terms of addressing major social and environmental problems.

CSR can be understood in terms of different stakeholders and the issues that they are concerned with. These issues relate to the overlapping spheres of social, environmental and economic impact. The economic sphere concerns not simply the basics of financial returns but elements, which contribute to long-term financial success such as reputation and relationships and the broad economic impact of a company in terms of the multiplier effects of wages, investment and sourcing.

Globalization has opened new frontiers and brought with it new challenges and concerns. One of the primary drivers of CSR is the need for companies to protect and build their reputation and to manage risk across a diverse set of countries, cultures and socio-political situations. Therefore the set of stakeholders and issues which companies consider strategically important is expanding from those most closely associated with the business and protected by legal accountability to those further removed (such as employees of sub-contractors) and even future generations.

CSR therefore means balancing the interests of a wider group of stakeholders and strategically managing the interconnected social, environmental and economic impacts of business activities. This does not necessarily mean that all stakeholders of a company have an equal say in its strategic direction but it does mean that they affect, and are affected by that direction, and therefore must be considered.

A new age of activism

As the protest against oil production has grown, the role played by the oil multinationals in Nigeria has received increasing attention. Shell in particular, the largest producer in Nigeria, has faced a barrage of criticism over its activities in the country. This criticism reached a height in 1994 and 1995, when the government suppressed anti-Shell protests by the MOSOP, executing MOSOP leader and internationally known author Ken Saro-Wiwa and eight other Ogoni activists in November 1995. While the Ogoni crisis is no longer in the headlines, protest and repression in Nigeria's oil-producing regions have, if anything, increased (Manby, 1999).

Specifically, youths from the Ijaw ethnic group, Nigeria's fourth largest and the dominant group in the riverine areas of the Niger Delta, are mobilizing across the fragmented territories and linguistic sub-groups of the Ijaw people, along the same lines as MOSOP. While the Ogoni are a small group of approximately half a million, the Ijaw number at least 8 million people and live in some of the areas richest in oil deposits. In December 1998 a group of Ijaw youths formed the "Ijaw Youth Council" and adopted the "Kaiama Declaration", a radical manifesto similar to MOSOP's "Ogoni Bill of Rights". The initiative claimed ownership of mineral resources by those living in areas where they are produced, even though the Nigerian constitution provides that all

minerals are owned by the federal government. The declaration called for oil companies “to withdraw from Ijaw territories by December 30, 1998, pending the resolution of the issue of resource ownership and control in the Ijaw area of the Niger Delta” (Human Rights Watch, 1999). On December 28 the Ijaw Youth Council announced the launch of “Operation Climate Change,” involving activities aimed at shutting down gas flares, to run from January 1 to 10, 1999 (*Ogele, Bulletin of the Ijaw Youth Council*, 1998). On December 30 several thousand youths supporting the Kaiama Declaration held demonstrations in a number of communities across Ijawland. These demonstrations were peaceful in most places, but in Yenagoa, the capital of Bayelsa State, a heavy-handed security force response led to confrontations over the next few days between youths, soldiers and nearby communities, resulting in the deaths of dozens of youths, most of them unarmed, as well as two or three soldiers (Human Rights Watch, 1999).

There is also serious violence among several of the different ethnic groups who live in the oil-producing regions, especially in the Western Delta. Similar to violence elsewhere in Nigeria, this conflict centers on control of political power and patronage, in which matters such as the location of local government authorities play a key role. In the Delta, however, the violence is exacerbated by the presence of the oil companies and the competition for contracts and other benefits of oil company favor. Although oil production has so far largely remained at levels approximating the quota for Nigeria set by the Organization of Petroleum Exporting Countries (OPEC), individual oil companies have at different times been forced to delay delivery on particular contracts for the supply of crude as a result of the ongoing unrest. Shell, for example, produced only 700,000 barrels per day (b/d) from August to December 1998, falling short of its production quota of 830,000 b/d set in July 1998, and shorter still of an average 899,000 b/d during 1997 (SPDC, 1998).

Under these circumstances, all oil companies operating in Nigeria can expect to remain the focus of both domestic and international attention. Domestically, groups protesting the terms on which oil is produced will continue to target the oil companies, both to demand compensation for damage done by oil production – including an increase in spending on local development – and to draw government attention to their grievances. International attention will focus on oil company responses to such demands, including the maintenance of proper environmental standards and the commitment to raising the standard of living in communities where oil is produced. The discovery and disclosure of corporate collusion with the Nigerian government to suppress protests and protect oil production by force will also be an issue of international interest.

The oil companies maintain that they are targeted by protesters in the Delta only as surrogates for the Nigerian government; disgruntled community members realize, they say, that the oil companies are more responsive to community demands than the government and more likely to keep their promises. The companies also deny responsibility for security force actions taken by the government to suppress protest, saying that they cannot interfere in the government’s legitimate right to enforce law and order. Yet this argument hides the extent to which the companies are both responsible for the discontent in the oil-producing communities and happy to hide behind – or willingly cooperate with – their joint venture partner when government action keeps the oil flowing, even at the expense of the rights of Nigerian citizens. Oil

companies actively pressure the government regarding such things as tax laws, though they claim they are non-politicized and thus cannot influence governments regarding human rights.

As a recent Human Rights Watch (1999) report, *The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria's Oil-producing Communities*, shows, oil production and oil-led development have caused substantial damage to the Delta environment without bringing compensating benefits. Although oil money has made some rich, most people living in the oil-producing regions are poor, and inequalities in the allocation of oil money have also exacerbated intra- and inter-community conflict. Protests over this state of affairs, whether organized or individual, have been met with indiscriminate repression from the Nigerian authorities. The oil companies, in general, have failed to distance themselves from repressive security force action. Very rarely indeed have they publicly protested human rights abuses, and then only in very guarded terms when they have faced international pressure to do so. In some cases, such as those detailed later in this article, there is substantial evidence of direct oil company complicity in security force action, though security arrangements between the oil companies and the Nigerian government are shrouded in secrecy. Although oil companies have legitimate needs for security, especially since there have been a number of recent cases in which groups of youths have taken expatriate workers hostage, they also have responsibilities to take all steps to ensure that security is not provided in an abusive manner. This includes making the terms of their security arrangements public; ensuring that security personnel are properly trained; protesting abuses committed by government security forces; and addressing, to the extent within their own control, the grievances that led to protest in the first place (Manby, 1999).

Response of oil companies to new wave of activism

How should the multinational oil companies operating in Nigeria respond to accusations of a human rights violations, and a disconnect with the communities in which they do business? They face a difficult political and economic environment, both nationally and at the local level where their oil-producing facilities are located. Successive governments – military and civilian – have mismanaged the national economy to the point of collapse while misspending the oil wealth that the oil companies have generated, salting it away in foreign bank accounts rather than investing it in education, health and other social programs. At the same time, the government has failed to fund its share of the joint ventures operated by the multinationals, depriving the industry of the investment needed to maintain exploration and production at current levels. Not surprisingly, the companies are faced with increasing numbers of protests at the community level.

Acknowledging the difficult context of oil operations in Nigeria does not, however, absolve the oil companies from a share of responsibility for the human rights abuses taking place in the Niger Delta. Whether by action or omission, they play a role (Manby, 1999).

In countries characterized by severe human rights violations, like Nigeria, corporations often justify their presence by arguing that their operations will in the long run enhance respect for rights—but then adopt no substantive measures to achieve that end. Although they are happy to lobby governments to change tax

regimes or other highly political aspects of the terms on which they operate, these same companies claim, when it comes to particular cases of human rights violations, that they cannot be involved in such “political” matters. Yet in Nigeria, as in other “oil economies,” the dominant position of the oil companies brings with it a special responsibility to monitor and promote respect for human rights. This responsibility must be seen in the context of oil production and the fact that the security provided to keep the oil flowing benefits both the Nigerian government and the oil companies, since activism which threatens production affects the revenue of both. It is too easy for the oil companies to hide behind their joint ventures with the Nigerian government and claim that they have no control or influence over their government partner when Nigerian citizens are killed, detained or tortured for objecting to the terms of oil production (Manby, 1999).

Oil companies are legitimately invested in preventing damage to their facilities and to the environment, as well as protecting their personnel. Security arrangements between the oil companies and the Nigerian government are inevitable, as are internal oil company provisions for security responses in the event of incidents of hostage-taking, sabotage or intimidation. At the same time, the companies emphasize their commitment to avoiding violent confrontations between community members and security forces, while underlining a legal obligation to inform the Nigerian authorities when there is a threat to oil production. What is not justified is the level of secrecy that surrounds the arrangements relating to security for oil installations. Not one oil company in Nigeria has given outsiders access to the terms of written agreements or effective understandings with the government regarding security. Only Shell has recently adopted and publicized internal guidelines on security and international human rights standards. None of the oil companies publish regular, comprehensive reports of allegations of environmental damage, sabotage, claims for compensation, protest actions or police or military action carried out on or near their facilities. Often the companies claim to be unaware that arrests, detentions and beatings have taken place in the vicinity of their facilities, despite assertions that they are concerned about maintaining good relations with the communities in which they operate.

Ultimately, a solution to the problems of the Niger Delta will depend on the Nigerian government negotiating terms of production that are acceptable to the oil-producing communities themselves, including matters such as compensation for environmental damage, involvement in decisions relating to oil production, restoration of the rule of law and transparent and accountable administration of the tax money earned from oil revenues. If this is to be achieved, it is essential that the people who live in the areas where oil is produced are able to make their grievances and demands known – both to the oil companies and to the government – without fear of security force reprisals for exercising their right to freedom of expression, assembly and association.

It is in the oil companies’ long-term interests to ensure that this is the case, just as much as it is to ensure that they have, for example, a favorable tax regime. As the oil companies acknowledge in their official statements, their best form of security is to promote good relations with the communities where they operate. This will involve not only compliance with Nigerian environmental laws and international standards in development and environmental spending to ensure that their presence does not exacerbate conflict and create discontent, but also intervention in areas that have

traditionally been regarded by companies as too “political” for them to take a position. Companies should use their influence with the Nigerian government to promote respect for human rights; they should monitor security force activity in the oil-producing region in detail; and they should take all possible steps to ensure that human rights violations are not committed. For example, in written agreements with the Nigerian government, companies should include clauses requiring state security forces operating in the area of company operations to conform to international human rights standards. They should make public the provisions of their security agreements with state entities and private organizations, and develop and make public internal guidelines on security emphasizing the need for respect for human rights. Companies should investigate abuses that do occur; make public and private protests to the authorities where excessive force is used or where arbitrary detentions or other abuses take place; and publish details of such incidents in their annual reports both in Nigeria and in the country of their head office. Finally, companies should publicly and privately call on the Nigerian authorities to institute disciplinary or criminal proceedings against those responsible for abuses and compensate the victims. Companies should monitor the status of such investigations and press for resolution of the cases, publicly condemning undue delay.

These responsibilities are reinforced when the company is itself directly implicated in human rights abuses for calling for security force intervention, especially by the military or by notoriously abusive forces such as the Mobile Police, or for making payments to the security forces in return for protection. Companies have a duty to avoid both complicity in and obtaining advantage from human rights abuse. By implementing the steps above and acting collectively, oil multinationals would make a substantial contribution toward ensuring that oil producers in Nigeria no longer employ threats or use of force against those who protest their activities. In the absence of such steps, many – including those who live in the oil areas – will construe company silence as consent to abusive action by the security forces, whether or not the oil companies in fact condone what is done. The assurance of private expressions of concern is no longer sufficient in a context in which the oil companies themselves have contributed so substantially to the discontent that has provoked protests against their activities, protests that have in turn led to security force abuses in which tens if not hundreds of Nigerians have died. Nigeria lacks legislation compelling oil companies to contribute to the development of their host communities. General guidelines on maintaining safe environmental practices lack teeth and are merely appeals to the major oil firms to be socially responsible. Nevertheless, the government, through appeals, has had some success in making oil companies appreciate the need to be “good corporate citizens”. The protests of the communities in the Niger Delta also have had an impact.

Royal Dutch/Shell, which experienced numerous disruptions in production at its facilities in Ogoniland during the crisis there in 1993, has now come to acknowledge that the oil-bearing communities are critical to its overall operations. The company put the value of its community assistance program at \$32 million in 1997, and argues that among other expressions of its commitment, 57 percent of its total workforce is recruited from among the local communities and it gives preference to indigenous contractors.

The company has also set up the Shell Community Development Initiative, under which oil communities now have a say in deciding projects to be sited in their localities, according to the company. Among other oil companies, Chevron likewise has executed a number of community-based projects, such as cottage hospitals, school construction and equipment, potable water, town halls and jetties, and scholarships for children from the host communities.

In 1995, Shell and the other oil companies set up the Niger Delta Environment Survey (NDES) to assess the level of environmental degradation and potential of the area. The study was sponsored by the Nigerian National Petroleum Corporation (NNPC) and its joint partners – Shell, Mobil, Chevron, Elf, NAOC, Texaco and Pan Ocean. Nigeria Breweries plc and Dunlop Nig plc jointly contributed N175,000 to the research. Although well meaning, the NDES has not led to the materialization of a meaningful agreement between the oil companies and the indigenous communities in 2004.

Conclusion

As much as short strides are being made towards meaningful bargaining between oil companies and the indigenous people, there is widespread concern about the unfairness of the Nigerian political system towards Rivers State and other oil-producing states from whom the nation's wealth is derived. Within such states, the communities in whose home areas oil is mined suffer neglect from federal and state governments, and the oil companies. Their environment is damaged, and their sources of livelihood destroyed through oil pollution. The oil boom which has done so much for and to the Nigerian economy has, therefore, been little short of a disaster for oil producing states, and even worse for oil producing communities (Alagoa and Tamuno, 1989).

It is ironic that in the past the communities within the Niger Delta who wielded great power, authority, and wealth are now labeled as “minorities” struggling to survive in Nigeria. The nation they helped to create, it appears, is currently destroying them. The minority groups in the Niger Delta are, as a result, seeking fair representation and compensation from the government as the Ogoni experience has so aptly symbolized. Ken Saro-Wiwa fought for the rights of his people. With the establishment of MOSOP, he attracted international awareness to the position of those living in the oil-producing communities.

Ken Saro-Wiwa's execution along with eight fellow Ogonis on November 10, 1995, provided a catalyst for nations worldwide to condemn the situation in Nigeria. Specifically, the alleged human rights abuses by the military government have sparked a fierce debate about the current political and economic climate in Nigeria. International condemnation of the executions has focused attention on the need to understand the underlying issues that gave rise to the problem. In particular, confusion over the roles and responsibilities of the government and multinational corporations operating in the Niger Delta has led many oil-producing communities to speak out. Concern relating to environmental degradation has also been voiced within the country and outside by international organizations. Against this background of political and humanitarian debate it is, however, important not to lose sight of the fact that CSR when conscientiously done benefits both the company and its surrounding communities.

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