



Corporate Social Responsibility: Between Civil Society and the Oil Industry in the Developing World

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Abstract

For several decades, Transnational Corporations (TNCs) and many institutions collaborating with them have been the target of several negative or anti-corporate campaigns by civil society actors including anti-corporate campaigners, anti-capitalists, anti-globalists, greens, and academics despite their seeming contribution to the development of society. However, the present decade has witnessed a new trend in the relationship between these TNCs and civil society actors – the development of collaborative relationships, the purpose of which appears to benefit business's image more than society.

This raises many related ethical questions on the true intentions and practices of these TNCs, the efficacy of their public relations machinery or campaigns and the positionality of the civil society actors. This paper attempts to answer these questions by examining the activities of an oil TNC, Shell, and its relationship with local communities in Nigeria. Particularly, attention is drawn to Shell's corporate social responsibility (CSR) programmes aimed at developing local communities of the Niger Delta area of Nigeria. This article is developed from a doctoral thesis at the University of Liverpool on corporate social responsibility in the oil and gas sector of Nigeria. The case study is based on



primary and secondary sources including field observations and interviews with key members of local communities, NGOs, government officials and staff of oil companies in the Niger Delta area. The paper argues that neither the issues nor corporations have changed, but corporate public relation strategies are at work.

Introduction

One sector of business that makes strong claims to business ethics and / or corporate social responsibility — human rights, employee rights, stakeholder rights, environmental protection, community relations, transparency, corruption, product stewardship, principles and codes of practice – is the oil and gas sector (Frynas, 2005). The oil and gas Transnational Corporations are active and play leadership roles in developing good corporate practices and codes of conduct in the work place and engagement with different facets of society. The involvement of Shell, ChevronTexaco, BP-Amoco, ExxonMobil, Occidental, TotalFinaElf, ENI, etc, in the United Nations' Global Compact, the Global Reporting Initiative (GRI), the Sullivan Principle, the Voluntary Principles on Security and Human Rights, the Millennium Development Goals, Dow Jones Sustainability Index, and the World Summits on Sustainable Development in Rio de Janeiro and Johannesburg are some instances.

Their footprints can be seen in developing countries in the transfer of foreign direct investment (FDI), skills, and technology; as major employers of labour; and accounting for a large proportion of state revenue. Their contribution to development in many countries via programmes in education, health, commerce, agriculture, transport, construction, etc, cannot be ignored. Examples from Africa illustrate this point:

- Angola: BP-Amoco and ChevronTexaco are developing the educational sector (via scholarships) and combating AIDS;
- Nigeria: Shell, ENI, ExxonMobil, ChevronTexaco, TotalFinaElf and other oil TNCs are contributing to economic growth and development through community development programmes in health, education, transportation, agriculture, etc in local communities;
- South Africa: BP-Amoco and Shell are significantly contributing to the growth of the economy via capital and technology transfer, provision of markets for the country's exports, supply of imports and accounting for about 25% of its GDP (UN, 1986);
- Chad, Sudan, Gabon, Algeria and Libya: Talisman, PETRONAS, ChevronTexaco, ExxonMobil and ENI are the main sources of foreign revenue and contributes the bulk of state expenditure;

- Congo Brazzaville and Equatorial Guinea: Elf, Occidental Petroleum and ExxonMobil are major employers of labour and major contributors to GDP and economic growth.

Despite these achievements and contributions to society, the oil TNCs like many other TNCs have been the target of several negative or anti-corporate campaigns in the last two decades. Many civil society actors including anti-corporate campaigners, anti-capitalists, anti-globalist, greens, and academics have been involved in various damaging campaigns against these corporations and institutions collaborating with them. They employ strategies such as boycotts, networking, publicity, sit-in, walk-outs, lobbying, litigation, socially responsible investment, people's development plans, public hearings, exposure, blockades, barricade, seizures and closures, etc, in these campaigns. These campaigns involved ethical issues such as environmental, health, safety, corruption, climate change and human right abuses.

The world witnessed massive campaigns by civil society actors against business and supporting institutions of economic globalisation such as the International Monetary Fund (IMF), World Trade Organization (WTO), and the World Bank; and oil giants such as Shell, ExxonMobil, ChevronTexaco, ENI, Occidental, and other corporations such as Coca-Cola, Monsanto, McDonalds, Rio Tinto, The Gap, Toyota and Nike, etc. From Seattle in 1999, Davos in 2000, Prague in 2000, Genoa in 2001, Quebec in 2001, Switzerland in 2003, Washington, Philadelphia, Los Angeles, and to Gleneagles 2005 civil society actors shook the business world by their campaigns and protests which often disrupt business activities, embarrass and damage the reputation of business. Major civil society actors here include Greenpeace, Sierra Club, Friends of the Earth, Amnesty, ChristianAid, Global Witness, Human Rights Watch, OilWatch, and CorpWatch. Table 1 shows some cases of the campaigns specifically directed at the oil TNCs.

It is pertinent to note that at this point many civil society actors view these TNCs more as "enemies" (Heap, 1998; Yazji, 2006) or "strange bedfellows," (Prickett, 2003) and find it difficult associating with them. This is based purely on ethical grounds.

However, the present decade has witnessed a new trend in the relationships between these TNCs and civil society actors – the development of collaborative relationships to direct funding of civil society programmes (Bendell and Lake, 2000; Heap 2000; Warren 2005). Many civil society actors maintain very cordial relationship with them and in fact partners collaborate and do business with the "enemies" in the oil and gas sector — the purpose of which appears to benefit business's image more than society. This collaborations and funding also extends to the academy (see Gilbert, 1999). There appears to be a rapprochement or collaborations between oil TNCs and civil society actors as Table 2 illustrates.

Table 1: Instances of major protests by civil society organizations against oil TNCs

Place	Oil TNC	Issues involved
Turkey and Georgia	BP	Environmental concerns over the Baku-Tbisili-Ceyhan pipeline
UK and USA	ExxonMobil	Climate change
Burma	Unocol and Chevron	Human rights abuses
Colombia	Occidental	Violation of ancestral land of the U'wa people
Ireland, England, Scotland, Sweden	Shell	Rosspport gas pipeline
Chad and Cameroun	Shell and Chevron	West African gas pipeline project and community rights
Turkey	Shell, Mobil and BP	Workers' rights
The North Sea	Shell	Disposal of Brent Spar oil rig
The Netherlands	Shell	Gas flaring in Nigeria
Nigeria	Shell	Ogoni, and environmental issues in the Niger Delta area
Burma	Total	Human right abuses
France	Total	The Erika shipwreck off the coast of Brittany

Table 2: Cases of collaboration between Oil TNCs and NGOs

Oil TNC	Collaborating NGOs	Issues / Projects
Shell	Smithsonian Institution	Impacts of Shell's operations on diversity
Chevron	World Wildlife Fund (WWF)	Conservation of natural resources in Papua Guinea
Shell	The Environment Council	The disposal of the Brent Spar
Mobil	Conservation International	Donations
Statoil	Amnesty International	Human right training programmes for employees in Norway
Shell	Population Services International (PSI)	HIV/AIDS prevention
British Petroleum (BP)	Oxfam, Save the Children Fund UK, Christian Aid, Cafod, Catholic Institute for International Relations	Human rights situation in Colombia
ChevronTexaco	International Foundation for Education & Self-Help (IFESH)	Community development in Nigeria
Shell	The Royal Geographic Society and the Institute of British Geographers (RGS - IBG)	Annual donation

This raises many unsettled questions: have the ethical issues which civil society vigorously campaigned for changed or resolved? Have these TNCs repented or changed for the better on the issues raised by civil society groups? Or is it that the public relations machinery or campaigns of these corporations are more effective and shields their 'bad deeds'? Or are civil society actors being placated and won over by big business' whitewash? Have civil society actors lost their bearing? Are they being compromised?

This paper attempts to answer these questions by examining the activities of Shell and its relationship with local communities in Nigeria.² Particular attention is drawn to Shell's corporate social responsibility (CSR) programmes aimed at developing local communities of the Niger Delta area of Nigeria. The case study is

² This article is developed from a doctoral thesis at the University of Liverpool on corporate social responsibility in the oil and gas sector of Nigeria. The case study is based on primary and secondary sources including field observations and interviews with key members of local communities, NGOs, government officials and staff of oil companies in the Niger Delta area.

Box 1: Nigeria, Oil and Shell

- Revenue from oil activities account for the bulk of the wealth of Nigeria
 - 92% of foreign exchange earnings
 - 80% of government's annual revenue
 - 14% of GDP
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- Shell has the largest area of operation in Nigeria
 - Accounts for about half of the total oil production
 - It produces about 1m barrel of oil per day
 - Produces about 1,652 million standard cubic feet of gas per day
 - Its operating units include: 100 oil fields, 87 flow stations, 2 oil terminals, 6200km of flowlines and pipelines, and several gas stations
 - In 2006, Shell paid \$3.5 billion in taxes and royalties to the Nigerian government (IMF 2006, SPDC 2007)

taken from the Nembe community³ in the Niger Delta. The paper argues that neither the issues nor corporations have changed, but corporate public relation strategies are at work.

Shell and CSR in Nigeria

Shell, undoubtedly, has contributed immensely to the economic growth of Nigeria (Box 1) and contributed to the development of local communities in its areas of operation. As a major employer of labour, about 12,000 persons (skilled and unskilled) are employed in Shell's activities. Perhaps the greatest evidence of Shell's CSR activities is in its community development programmes in the local communities. Through the community development programmes, Shell contributes to the development of education. It does so by giving scholarships (primary, post-primary and university) to local people, builds classrooms, provides equipment and sometimes pays the allowances of post-primary school teachers. For some communities, training in basic skills – craftsmanship, joinery, mechanics, tailoring, etc – for indigenes is provided or sponsored by Shell.

Shell is also active in several other sectors of the local community's development such as transportation: construction of roads, building of jetties,

donation of speed-boats and cars; agriculture: microcredit schemes for farmers, donation of farming equipment, training of farmers; electricity: donation of power plants, supply of diesel; water: sinking of boreholes, construction of water

³ Nembe community comprises of 52 villages with a paramount ruler in Nembe main town.

pipelines; and the provision of other infrastructure such as community halls, land reclamation, shore protection, etc.

Most of the services and infrastructure provided by Shell were either hitherto absent, inadequate, or dysfunctional in the local communities. It is therefore not surprising when those that benefit exalt or praise Shell for its benevolence. For instance, in the Nembe area of Bayelsa state where Shell has one of its largest production fields in the Niger Delta, Shell provided power plants for the generation of electricity, built houses for judges, provided scholarships for selected students, constructed a network of roads, sand-filled part of the water-logged areas of the community, paid allowances to teachers of the secondary school, built a six-block classroom for the primary school, provided micro-credit for women, provided drugs in the hospital, etc.⁴ In one of the Nembe communities, the people appreciated Shell's benevolence thus:

Shell has done well for us. They have given us so many things – classrooms, judges' quarters, scholarship, micro-credit, generators and speedboats. Without Shell, none of these facilities will come to Nembe. We enjoy these things because of Shell, they are our saviour for now but it is not enough, we want Shell to do more (Nembe indigene 1, 2006)

And in another Nembe community,

For the little Shell has done in Oluashiri community, when compared to what government has done too, you will think that Shell is a saint" (Nembe indigene 2, 2005)

The deplorable state of infrastructure and services, in essence abject poverty, in Nembe is common in most of the other Niger Delta communities where Shell operates, and Shell intervenes through its community development programmes.

The other side of Corporate Social Responsibility (CSR)

There is no gainsaying the fact that Shell's CSR programmes has brought development that benefits many local communities. However, CSR have the potential of both positive and negative impacts (Bird, 2004; Ite, 2004; DFID 2005). That is, most of the benefits local communities enjoy from the CSR programmes of

⁴ This paper does not discuss the participation of the communities in the decision-making processes of these projects nor focuses on the state, quality and standard of such projects which are all issues of contest between the communities and Shell.

Shell come at a great cost to the local communities. Either by omission or commission, the activities of Shell and its processes of delivering its CSR programmes impact negatively on local communities, often outweighing the positive benefits CSR brings (Watts, 2004; Newell, 2005; Stern, 2005; Eweje, 2007; Tuodolo 2007). Shell's role in environmental and social impacts illustrates this point.

In Nembe, oil activities have caused serious damage to the environment. There have been several oil spills from well-heads, flow stations and pipelines; discharge of drilling and production waste; and gas flared from the different oil fields - all occurring on / in the land, sea, creeks and air of Nembe. Farm lands and fish ponds are destroyed in the process; forest and sea animals and plants are destroyed or forced to migrate; and the air is polluted. The impacts of such environmental degradation result in low farm produce, loss of livelihood (fishing and farming), diseases, limitation of economic activities, food shortage, polluted waters, etc. In a few instances, oil spill on the Nembe creek has led to the death of unsuspecting fishermen. The negative impact of these on the people's health and livelihood is enormous:

All of us in this community are fishermen, we survive by fishing but there is always spillage from the Shell wells and the oil spillages have destroyed our marine life and our occupation. Our farmlands have been destroyed and no more fish in our rivers. Our people now travel to the high seas to fish, which is very dangerous (Nembe Indigene 3, 2006)

Shell has not denied the fact that its operations result in environmental degradation but disagree on the extent of damage to the environment. Between 1995 and 2006, Shell alone recorded 3,213 oil spill incidents (annual average of 300 incidents) resulting in the spillage of over four hundred and fifty thousand barrels of oil (450,000 bbls) on the Niger Delta environment⁵ and a daily flaring of huge volumes of gas (about 604 million scf per day) (see SPDC, 2007). The consequence of these on local livelihood, the environment and contribution to global warming or climate change can only be imagined.

Further evidence of the negative impacts of CSR is illustrated by the social effects on local communities. The case of Nembe becomes significant again. Shell's relationship with the Nembe community via its operations and community development programmes have resulted in commercialised conflicts where individuals and groups are persistently fighting over the benefits or patronage from Shell; community funds for development are mismanaged, misappropriated, and

⁵ Derived from SPDC (2006 and 2007) Annual Report, and seminar presentations (SPDC 2005c)

embezzled by community leaders or shared among some community leaders or clique to the exclusion of the rest of the community; and community governance destroyed by the emergence of youth groups that usurped the powers and functions of the chieftaincy institution (see also Watts, 2004) and exacerbated several forms of social disorder such as the proliferation of arms, increasing illiteracy, criminality, lawlessness and the disintegration of tradition and culture. These youths were armed by Shell:

Shell sponsor some youth in the community, purchased arms and ammunition for them to fight whoever that is fighting them or protesting for their right from Shell (Nembe indigene 4, 2005)

Between 2000 and 2006, there were twenty-one (21) intra-communal conflicts and six (6) inter-community conflicts linked to the activities of Shell in Nembe (Tuodolo, 2007),

The oil companies, particularly Shell, Agip and their servicing companies, are central to the crises in the community (Nembe Youth 1, 2001)

Indigenes of Nembe summarise the social impact of Shell thus,

These oil or multinationals have thrust a knife in our midst and we have fallen apart. The love for money and our political selfishness have set us against each other and we no longer see ourselves as brothers, fathers, chiefs, sisters, we disregard ourselves for temporary and temporal things, which have led to the formation of nocturnal and clandestine groups which have transformed Nembe to Sicily (Italy). Groups that are sponsored by chiefs, elders, politicians, government agents and the multinationals have succeeded in causing our aged parents and children, while our young men die prematurely in arms struggle, our parents die of heart attack and the children are denied knowledge by preventing them from going to school (Nembe Indigene 5, 2005)

What wrong has the Nembe man done to Shell and the Federal Government that all these wrongs are visited on him within a decade? (Nembe Youth 2, 2001)

Also, Shell admits that its approach to CSR causes community disorder: “cash payments (e.g. to community youths for access fees, standby labour, etc) have been blamed for inter-community disputes and for distorting genuine community needs” (SPDC, 2005:28). Yet Shell has not changed its practices despite its claims to corporate social responsibility.

Conclusion

The paper has focused on the CSR programmes of Shell in the Niger Delta area of Nigeria. However, Shell is not the only oil TNC in the Niger Delta. The other TNCs operating in the Niger Delta include ChevronTexaco, ExxonMobil, ENI, Addax, ConocoPhillips, TOTALFINAELF, etc. The story of Shell and its impact on local communities is similar for most of the oil TNCs. In this sense, Shell can be used as a generic case for the oil TNCs in the Niger Delta area. Secondly, the case of Nembe illustrates the happenings in many other communities of the Niger Delta where oil companies have their operations. Shell's role in the environmental and social damage of Ogoniland cannot be easily wished away.

In Bonny, Olugbobiri, Okigbene, Odioma, Rumukpe, Ogbogoro, Olomoro, Joinkrama, and Koluama, the story of the relationship between local communities and oil TNCs is similar. It is a story of development and counter development "working with and against one another in complex and contradictory ways" (Watts, 2004:198). It is not surprising that there is a proliferation of youth movements / organizations in the Niger Delta engaging in various activities (including militancy) against the oil TNCs, while the pressure from local communities on the oil TNCs for a better deal have been on the increase. Cases of protests, the invasion of oil facilities, vandalisation of oil pipelines and abduction of oil workers in the Niger Delta are not uncommon and are on the increase annually.

This also draws attention to the allegation of double standards among TNCs' operations in developing countries and developed countries. What TNCs may not do in most developed countries is the opposite in many developing countries; and whenever corporate misbehaviour is noticed, it is often quickly addressed as exemplified by Shell's activities in Italy, Denver, San Francisco, California and in the North Sea. Perhaps, Shell is no longer involved in corruption in Italy nor polluting the environment in Denver; it may no longer be dumping hazardous waste in Ireland or causing oil spills in San Francisco; it may no longer commit emissions violations in Illinois or California and has stopped gas flaring in the USA. It may no longer be involved in international price fixing of petroleum products and stopped from disposing the Brent Spar in the North Sea. It is, however, still actively involved, directly and indirectly, in corruption, pollution of the environment, dumping of hazardous waste, human right abuses, causing community conflicts, gas flaring and negatively impacting the livelihood and survival of local communities in many developing countries. The issues for which civil society pitched tents against big business have not changed; it is just the scene or arena that has moved, and deleterious deeds are clothed in fine linen, repackaged and presented through improved corporate public relations.

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