# Community Leaders: Bane to Multinational Corporations Corporate Social Responsibility Policy Implementation in Niger Delta, Nigeria

Okorie Christiana Uzoaru[1] and Dr. Dokubo Chidinma[2]

[1] University Portharcourt

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## Abstract

The study examined community leaders as bane to multinational corporate social responsibility policy implementation in Niger Delta, Nigeria. The research was guided by three research questions. The study is a qualitative research based on case study design. Population of the study is 100 respondents? which consist of 20 staffs of 2 multinational, 30 leaders of men Community Based Organisations (CBOs), 26 members of women community based organisations and 24 members of registered youth community based organisations which were purposively drawn from two states of Niger Delta, (Rivers and Bayelsa States). The sample size for the study was 80, comprising 50 staffs of the multinational corporations, 10 members of men CBOs, 10 members of women CBOs and 10 members of youth registered organisations drawn using snow ball sampling technique.

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*Index terms*— community leaders, multinational corporation, corporate social responsibility.

# 1 I. Introduction

iger Delta Region of Nigeria is located in the south-south geopolitical zone of the country. The region consists of Rivers, Bayelsa, Delta, Ondo, Akwa Ibom, Abia and Imo States, and it is the region that produces crude oil which has been the lifeline of Nigeria economy. This region is also known for her home to multinational corporations, mostly oil and gas related corporations such as Shell Petroleum Development Company (SPDC), AGIP Oil, ExonMobil, and so on. The presence of the multinational corporations in the region mostly Rivers and Bayelsa state represents exploitation and untold hardship due to their operational activities that contributed to increased suffering by the host communities. The multinational corporations over the years exploited the ignorance of the rural communities to their own profit and impoverish the region. The abundance gas, hydrocarbon and water resources in the region that was supposed to bring development to the people have resulted to hardship and poverty in the area.

The operational activities of the multinational corporation have contributed to depletion and degradation of environmental resources of the people. Land and water resources which are the economic main stay of the people of Niger Delta have been negatively impacted on, resource depletion, extinction and degradation is visible in most of the rural communities. Many of the indigenous people who depended on water resources are now left with little or no sources of livelihood due to depletion as result of oil and gas exploration. The impoverish state of the communities where the multinational corporations operate have in recent times serve as eye opener to the community members and thus resulted to confrontation by mostly youths in the community. Incessant cases of Youths restiveness in Niger Delta usually emanate from grievances related multinational corporations exploitative activities. In attempt to promote conducive environment for their business, multinational corporations engage in different types of corporate social responsibility packages.

Corporate social responsibility has to do with corporation initiating actions that will influence positively on its host community. This is in accordance with the Commission of the European Communities (2001) definition

44 of corporate social responsibility as a concept whereby companies integrate social and environmental concerns
45 in their business operations and in their interactions with the stakeholders on a voluntary basis. Inyang (2013)
46 observed that due to the dependency of business on society, certain responsibilities or obligations are imposed on
47 the business organisations to discharge as part of their corporate social responsibility. This can also been seen as
48 strategies in which corporations conduct their business in an ethical and society friendly way which according to
49 Ismail (2009) involve a range of activities such as working in partnership with local communities, socially sensitive
50 investment, developing relationships with employees, customers and their families, and involving in activities for
51 environmental conservation and sustainability.

52 However, this study will cover CSR activities of multinational corporations in Rivers and Bayelsa States,
53 specifically Shell Petroleum Development Corporation (SPDC) and Nigeria Agip Oil Company (NAOC).
54 These corporations through the different memorandum of understandings (MOUs) they enter with their host
55 communities were obligated to carry out certain level of voluntary and active contributions toward environment,
56 social and economic improvement of community members where they do their businesses. But despite the
57 agreements on MOUs and the modalities of addressing issues on the MOUs, conflicts and disagreements are
58 usually associated with host community and multinational corporation relationship. Mostly the youths from the
59 communities' cause lots of blockages, hostages and sometimes destruction of companies' properties as a result of
60 non-compliance to corporate social responsibility package embedded in the agreement. The continual conflicts
61 and confrontation between community members and multinational corporations prompt the researcher interest
62 on this study.

# 2 a) Statement of the Problem

64 Commitment to yearnings and suffering of community members due to impacts of multinational corporation's
65 operational activities on host communities is the main tenet of corporate social responsibility of the corporations
66 to the people, and in order to comply with these obligations, multinational corporations in Rivers and Bayelsa
67 States enter into MOUs with specific areas of interest which include education, employment, environmental
68 maintenance, health care, and so on. The corporations dialogue with community leaders that represent the host
69 communities to sign agreements and also map out modalities to meet up with the agreed terms. But despite
70 the CSR embedded in MOUs, community members still suffer and most cases the restore to confrontations,
71 blockages of corporation operating location, hostage of corporation personnel by youths from the communities
72 to demand for what they think rightly belong to them that are been taking away by the corporations without
73 proper compensations ;and also the neglect of their environment in which the multinational corporations have
74 degraded through oil and gas exploration activities that have denied them their means of livelihood. It is based
75 on this backdrop that this study is been carried out to find out the level of involvement of community leaders in
76 SPDC and NAOC corporate social responsibility implementation to their host communities, and answer to this
77 question is the problem of this study.

# 3 b) Purpose of the Study

79 The purpose of this study is to investigate community leaders as bane community leaders to multinational
80 corporations' corporate social responsibility (CSR) policy implementation in Rivers and Bayelsa States.
81 Specifically, the objectives of the study are to:

# 4 II. Literature Review a) Community Leaders

83 A leader is someone who is entrusted with responsibility of leading other group members, he/she exert social
84 influence to maximize the efforts of the group members to achieve group goal. In every facet of life, leaders are
85 required to propel other members toward attainment of goal. A leader is supposed to possess qualities such as
86 self-confidence, strong communication skill, creative and innovative in thinking, perseverance, willingness to take
87 risk, level headed, reactive and open. Alam (2012) pointed out that leaders are crucial element because they are
88 the one that stand in gap for their communities.

89 Community leaders according to Famakinwa, Adisa, and Alabi (2019, p.474) are "major key players in Nigerian
90 rural development programmes who influence the thoughts, ideas, actions, behaviour and feelings of other people
91 in their communities, and must be involved at every stage in any rural development programme before such can
92 bring any meaningful result", In view of this, Mgbada and Agumagu (2007) explained that community leaders
93 constitute a part of the power structure in the community and they influence and direct the activities of the
94 community they represent towards the achievement of their target goals. Community leaders may belong to one
95 higher economic class or the other but their primary responsibility is to ensure that progress is made in line with
96 community needs. According to **??**lam (2012, p.630)

# 5 b) Concept of Social Responsibility

98 Corporate social responsibility is action by business organisation will influence positively on its host community.
99 Corporate social responsibility (CSR) according to Ekanem (2013) is the soul of public relations practice which
100 corporate organisations must exploit to excel or ignore to their peril. In view of this, Asemah and Edegoh (2014)
101 asserted that corporate social responsibility is a concept whereby companies integrate social and environmental

concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Jastrz?bska in Okorie and Ikwuegbu (2019) observed that that CSR is concerned with commitment to issues of social and environmental relationship that exist between business and the business internal stakeholders (the owners, shareholders and employees) and external stakeholders (customers, suppliers, competitors, creditors, local and central authorities, foreign governments, nongovernmental organizations (NGOs). This is in support of Mohammad in Okorie and Ikwuegbu (2019) explanation that CSR of companies include:

1. Internal responsibility, or the actions a company takes in relation to its employees, suppliers, and product quality; 2. External responsibility, which refers to a company's relationships with community stakeholders and support for community-related development goals; and 3. Environmental responsibility, or a company's efforts to pro-actively manage its impact on the natural environment.

However, CSR has the potential of ensuring that multinational corporation adopts community relations needed to enhance social and developmental programmes to the host community. Kotler and Lee in Alfred (2013) defined corporate social responsibility, as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources. Accordingly, Alfred (2013) observed that the projects and programmes provided by the indigenous and multinational firms operating in the region through corporate social Initiatives are mostly tailored to address specific or sporadic needs or events of and in the communities. Christian Aid in Imomotimi and Collins (2014) identified six factors behind the corporate enthusiasm for corporate social responsibility which includes:

1. Defending public image. According to the study, the first corporate social responsibility initiatives were a response to public pressure and media expose or poor company behavior; 2. Attracting investors as well as burgeoning ethical investment sector are increasingly paying attention to environmental and social practices of corporations as a basis for investing their stocks; 3. Making good public relations. That is, CSR has the capacity to deflect people's attention away from bad to good corporate behavior; 4. The issue of engaging campaigners. The interpretation is that, a company may engage in CSR as a response to nongovernmental organizations (NGO) campaigns against its practices; 5. Permit to operate in conflict prone areas like the Niger Delta, a corporation good work may earn it the social license to operate; and 6. Calls for the imperatives for regulating the conduct of corporations, voluntary good conduct by a corporation is used to obviate the need for regulation.

To Tharp and Chadhury (2008) corporate social responsibility is the processes in which organisations take responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of operations and it is also called corporate citizenship which according to Catalyst Corporation in Tharp and Chadhury (2008) implies that company should be a good neighbor to the communities that are affected by its presence. In view of this Tharp and Chadhury (2008) pointed out that the compelling reasons why companies should engage in CSR is based on four arguments which are moral obligation, sustainability, license to operate, and reputation.

# 6 c) Multinational Corporations and Corporate Social

Responsibility in Rivers and Bayelsa States Shell Petroleum Development Company (SPDC) and Nigerian Agip Oil Company (NAOC) Limited carry out their oil and gas operational activities in the land and swamp areas of Rivers and Bayelsa States. These multinational companies through their operation degrade the environment of their host communities; in some cases dispossess them of their means of their mean of livelihood through oil related spillages. In other to ameliorate the untold hardships been suffered by the host communities, they enter into agreements with their host communities, this community-friendly model f relationship is called Global Memoranda of Understanding (GMoU). Through GMoU community support programmes and projects are provided as corporations CSR packages. The CSR programmes and projects cover the following areas: The corporations use CSR as a means of paying back to the community and also sustaining their business. This is in support of Ojo, (2012) assertion that a company survival and the level of business success significantly depends on the improvement of the host communities.

# 7 III. Methodology

This study is a qualitative research and the research design adopted for this study is case study. This type of design involve the analysis of real world problems of which one has experience or is able to observe. CSR is an observable real life phenomenon. The population is 100 respondents' which consist of 20 staffs of 2 multinational corporations in Niger Delta region of Nigeria, 30 leaders of men Community Based Organisations (CBOs), 26 members of women community based organisations and 24 members of registered youth community based organisations purposively drawn from two states of Niger Delta, (Rivers and Bayelsa States). An interview schedule which was face and content validated by three validates was the instrument used for data collection. The instrument had a reliability coefficient of 0.68, which was achieved using Cronbach Alpha statistical tool. The researcher carried out two methods of interview which are In-depth interview (one-to-one) and focused group discuss into gather information for the study. In-depth interview was used to solicit information from the SPDC and NAOC staffs while focus group discussion was adapted to interview community members.

# 8   IV. Result and Findings a) Presentation of Result

The recorded interview reports were analysed with content analysis transcription. Content analysis enables a systematic coding of data by organising the information into theme and then analysing the recorded interview under coded themes. The interview was categorized into four distinct themes, which are; The results and findings were summarized as follows Majority of the respondents interviewed in both SPDC in NAOC were of the view that they enter into agreement with their host communities based on the content of Global Memorandum of Understandings (GMoUs). That they adopted social responsibility codes as part of their business engagements and expanded their corporate-community arrangements, from the provision of social amenities alone to that of community empowerment. Respondents from SPDC said that in any of the community where SPDC have location, the company provides succor the community members as CSR package to the communities. The packages include provision of scholarship to community children at various levels, provision of adequate health-care facility, comprehensive youth empowerment scheme, other skill training programmes, and so on.

This corroborates with the response of respondents in NAOC that based on the provision of the Land Use Act that compensation must be paid for any land acquired for the purpose of mining and laying of pipelines and the Petroleum Drilling and Production Regulation Decree No 57 specification that the payment of compensation for damage to buildings, economic trees or crops during oil production activities. That NAOC do enter into agreement with their host communities on specific areas of interest to the community.

Respondents from communities also agreed that SPDC and NAOC enter into agreements with them on CSR packages by signing memorandum of understanding on specific areas of interest to the host communities. That through the signed agreement SPDC Respondents from SPDC and NAOC attested that the processes of their companies CSR include the provision of widening range of services covering education, agriculture, health and water supply. Educational initiatives include the provision of teachers paid directly by the companies and the building of classrooms, payment special rates to teachers to encourage them to go and teach in rural areas where the governments are inactive, payment compensation to fishermen and farmers for the disruption of their livelihood, provision of potable water and electricity to every home on the island and so on. While respondents from the communities were of the view that the wealth being generated should also be used for community development but that SPDC and NAOC operating in their community see the CSR package they provide as burden; that we are demanding more than we supposed to. They impose CSR programmes and packages to our communities that sometimes do not have any positive community development impacts. This has been the reasons why disagreement arises often between host community and SPDC and NAOC.

Respondents from SPDC and NAOC asserted that since they cannot deal directly with everybody in the community, they only interface and dialogue with chosen leaders from the communities, that their corporations community liaison officers meet the community chosen leaders to dialogue on community needs based on the agreement on the MOU. That whatever things the leaders consent to that is embedded in the MOU is what they carry out as CSR in the host community. The corporations community liaison officers also said that the distributions of their CSR educational, employment, skills training, agricultural packages are usually been determined by the community chosen leaders who stands in gap between the corporations and host communities.

Respondents from the communities asserted that the main problem they encounter is issues of conflicts of interest that cut across the youths, women and chiefs in the communities. That these different groups within the communities want their own needs to be prioritise at the expense of collective community interest and since any CSR coming from the multinational corporations pass through the leaders (youths, women and chiefs), they make decision on the sharing formula not minding if it is equitably distributed or not. That in most cases, the chiefs connive with the paramount ruler to take what rightly belong to the community as CSR from the corporations they play host as their personal achievement and then give to their loyalist even when they are not qualified for such.

Respondents from the corporations asserted that due to conflicts of interest, selfishness on the part of the leaders, the communities are not actually experiencing much the impacts of their CSR and in most cases, the youths who are sometimes been used by the community chiefs block and stop their operational activities. Thereby making the corporations to incur lost due to stoppage of operations. They also said that sometimes, their workers are been held hostage by the community youths in their quest for demand "fait" treatment from the corporations'. While respondents from the host communities were of the view that the conflict and disagreement between communities and the corporations is rooted to the unpatriotic nature of their community leaders.

# 9   b) Discussion of Findings

The findings reveals that SPDC and NAOC corporate social responsibility packages are based on MOUs between the corporations and host communities and that he packages include provision of scholarship to community children at various levels, provision of adequate health-care facility, comprehensive youth empowerment scheme, other skill training programmes, and so on. This is in support of Imomotimi and Collins (2014) observation that With the growing popularity of CSR demands by host communities and the hostile relationship between oil multinationals and local communities, oil companies have adopted the practice of signing Memorandum of Understandings (MOUs) to guide their engagements with oil producing host communities. The MOUs basically refers to a document showing agreement between the multinational oil companies and oil producing host communities, as regards community development projects that will be executed by the oil multinationals in

the host communities. **??**Imomotimi and Collins, 2014, p.15-16) This is also in line with Alfred (2013) assertion that at present CSR projects and programmes are done through a rather community-friendly model called, Global Memoranda of Understanding (GMoU) in SPDC, Chevron, and other transnational firms like Statoil operating in the region., and that the community development programmes and projects through the GMoUs models. In view of this, it will be established that community-friendly MOU models have actually influenced relationships between corporations and host communities.

SPDC and NAOC through their CSR provide wide range of services covering education, agriculture, health and water supply. But they impose these CSR programmes and packages to communities; that sometimes these CSR packages do not have sufficient positive impact on host communities; and contribute to disagreement between host communities and the multinational corporations. Alfred (2013) disagree that insufficient CSR contribute to disagreement between host communities and the multinational corporations, rather that because of the present comprehensive backward nature of almost all the crude oil producing communities, raw and formalistic CSR generated projects and programmes alone cannot help to create the trust and social acceptance the oil firms need to operate freely in these communities. Despite this bottleneck, Alfred (2013) observed that: NAOC through the provision of environmentally friendly and easily sustainable and absolutely free 24 hours electricity; adequate and yearly employment of youths; (mostly children of major stakeholders such as kings and head chiefs); labour and supply contracts for chiefs and elders and other opinion leaders; a good number of scholarships opportunities annually for primary schools pupils, secondary schools students and for undergraduates and post-graduates; maintenance and building of new and old roads; the provision of clean drinking water for most of the major communities; renovations of schools; re-planting of deforested lands; support for the local health facilities; training of local manpower base and others; Agip has endeared itself to the people of the Island. **??**Alfred, 2013, p.127).

The finding also reveals that due presence of multiplicity of interest and demands, that they choose to deal directly with chiefs rulers, who according to respondents from the community leaders connive with themselves take what rightly belong to the community as CSR from the corporations they play host as their personal achievement and then give to their loyalist even when they are not qualified for such. This finding supports Imomotimi and Collins (2014) observation that oil companies take advantage of the naivety, lack of political will and corruption of the Nigerian state to breach with impunity most Memoranda of Understanding signed with oil bearing communities, resulting to Conflicts between communities. Conflicts between oil companies and host communities are attributed to failures on the part of oil companies to adhere to MOUs signed with their host communities. Thus host communities and corporations conflicts do affect corporation profit and corporation image and sustainability as well.

# 10    V. Conclusion and Recommendations a) Conclusion

Conclusively, community leaders involvement in CSR of multinational corporations have contributed to improper implementations of CSR packages in Niger Delta region most especially, the proper implementation of SPDC and NAOC memorandum of Understanding with host communities in Rivers and Bayelsa States.

# 11    b) Recommendations

Based on the findings and conclusion, the following were recommended:

1. Since the MOU through which CSR are been carried out are duration based, the agreeing parties should also include the clause of accountability; 2. Any CSR package should be community driven initiative not imposition by providers; 3. SPDC and NAOC should carry out their CSR in a more equitable ways t reflect development in the community by avoiding favoritism strategy ; and 4. For smooth business operations that will promote profitability and sustainability, corporations should avoid conflict with host communities by respecting agreements. [1]

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