



AUTHOR(S):

TITLE:

YEAR:

Publisher citation:

OpenAIR citation:

Publisher copyright statement:

This is the _____ version of an article originally published by _____
in _____
(ISSN _____; eISSN _____).

OpenAIR takedown statement:

Section 6 of the "Repository policy for OpenAIR @ RGU" (available from <http://www.rgu.ac.uk/staff-and-current-students/library/library-policies/repository-policies>) provides guidance on the criteria under which RGU will consider withdrawing material from OpenAIR. If you believe that this item is subject to any of these criteria, or for any other reason should not be held on OpenAIR, then please contact openair-help@rgu.ac.uk with the details of the item and the nature of your complaint.

This publication is distributed under a CC _____ license.

Commentary

CSR as corporate social responsibility or colonial structures return? A Nigerian case study

Stephen Vertigans

Sociology, School of Applied Social Studies, Robert Gordon University, Aberdeen, UK. E-mail: s.vertigans@rgu.ac.uk.

Accepted 6 April, 2011

In this paper the impact of oil and gas companies in Nigeria is explored under the umbrella concept of Corporate Social Responsibility (CSR). At one level there is acknowledgement of greater emphasis on socially responsible policies. Nevertheless these are limited in scope and ambition and the energy sector continues to create social, environmental, cultural and political problems in the region. Focussing on the concept of CSR and lack of application should not however detract from the lack of engagement by the Nigerian government which has resulted in oil companies being held responsible for the failings of politicians. Instead the nature of the critique of the energy sector bears a striking resemblance to the demands against colonial rule. The crucial difference today though is that people are demanding greater control and regulation from the 'commercial colonialists' rather than less.

Key words: Colonialism, corporate social responsibility, energy, oil, transnational corporations (TNCs).

INTRODUCTION

Corporate social responsibility or CSR is a concept that has been growing in prominence across the world. Originally stemming from Western stakeholders the concept is heavily contested.¹ Particular emphasis within the wider debate is placed upon the relationship between organisations and the impacts of their actions upon natural and social environments. The spectrum of opinion ranges from Friedman's (1970) influential argument that companies only responsibility is to make profit across to the opposing challenge which draws upon multiple examples of damage to communities, local and global environments. Instead of the profit motive, a broad coalition of opponents which includes environmental campaigners, Marxists, civil groups and nationalist political movements argue, to varying degrees, that companies have to take responsibility for their actions that extend beyond the financial balance sheet to incorporate impact upon societies and environments. This triple balance sheet would provide a more holistic perspective on which to develop, plan and undertake commercial activities. The extent to which this happens is much debated and TNCs admit that there is scope for

them to have greater insight into their interactions with local communities and peoples.

Within academia, the debate has largely been dominated by business studies and the argument over the appropriateness of the business case, or otherwise, for CSR related policies. In other words should investment in CSR have targeted and achievable tangible benefits for trans-national corporations (TNCs) or should such policies be largely philanthropic? To date, sociological contributions have been limited and this has meant that fundamental questions over the purpose and possible social outcomes of CSR policies and demands are neglected. In this paper, the author want to propose one potentially controversial socially driven observation, namely that requests for greater CSR can be the inverse of the opposition to colonialism. Hence, instead of demanding independence in order to remove in/direct control and to enhance political participation and social provision including education, housing and healthcare, there is growing demand for western based TNCs to provide these. Using the case study of oil companies in Nigeria, the author draw upon the bitter irony of the contemporary situation against the colonial backdrop and argues that the ultimate outcome of the CSR related demands of oil companies is that they may result in the implosion of Nigeria.

¹ Idemudia (2007) points out that this has led to the inadequate representation of southern hemisphere perspectives and limited influence on corporate policies and practices.

IMPACTS AND NEO-COLONIAL TACTICS

There are numerous issues that have been raised by local residents in the oil producing Niger Delta region of Nigeria. These can be classified into two categories. At one level, there is emphasis upon the destruction and devastation that oil production and TNC activities have caused. Examples include the loss of agriculture, fishing and local industries. On the other side is the lack of benefits that could have been brought such as clean water, electricity, more extensive local supply chains and greater employment opportunities within the oil sector. And within this classification is the perception of preferential treatment provided to one community or ethnic group.

Akpan (2006) highlights how the oil companies are formulating parameters of difference between, and within, communities which were instrumental in the distribution of oil based revenues and accompanying power and status. By default, the parameters become contested sites both over the allocation of resources and influence and imposition of accompanying labels which relate to the community's relative contribution to the oil economy (Akpan, 2008). Moreover the author would argue that these connections also draw upon other forms of interwoven ethnic identification and historical slights and perceptions both of collective charisma of the 'we-group' and the stigmatisation of the other (Elias and Scotson, 1965). In the instance of the Niger Delta, incorporation within the distribution of oil revenues can contribute to pre-existing feelings of superiority which the monies reinforce. Otherwise experiences can feed into long lasting grievances over the inequities and injustices which have seen other ethnic groups receiving financial and political advancement at the expense of those who are "more deserving". Comparisons with the colonial approach of divide and conquer are striking.²

DEMANDS ON OIL COMPANIES

Within the Niger Delta, the distinctive demarcations that can often be found within nation-states are blurred. What is the responsibility of the government and TNCs can lack distinction with the latter 'filling in when government falls short' (Frynas, 2005: 582). Such a blur is not unique. Indeed, it is becoming more prevalent around the world following the globalisation of products, markets and underpinning processes alongside neo-liberal programmes. Boundaries between economic, environmental, political and social issues, the public and private, state and civil society, national and international are more permeable and often less transparent. In Nigeria, the boundaries are further complicated because the debate is

² I am not arguing that this is an intentional outcome. It may or may not be. Alternatively the policy could be driven by more restricted budgets which help determine the allocation of resources. Irrespective of the intention there is a clear parallel in outcomes.

less about who assumes responsibility for existing infrastructure and institutions but who is responsible for developing them in the first place. The lack of many basic utilities and services in the Niger Delta makes the decision less precedent based and more urgent. It also makes the assumption of responsibility into a huge financially expensive policy.

In the void of responsibility, government and TNCs dispute ownership of problems. Akpan (2009: 105) reports one respondent who mentioned that:

"Each time we demand social amenities and jobs from the government as a reward for the oil they are extracting from here, they say: "We have asked the oil companies to develop your area; if they are not doing it, you should get them to do it".

At a number of levels, it is difficult to argue against this. Many TNCs are making huge profits from the extraction of oil. Morally, ethnically, socially and environmentally, there are very strong arguments for the energy sector to be committed to wide ranging socially responsible policies. Hence TNCs could step into the breach and organise the services that the government has been unable or unwilling to provide. Moreover Idemudia (2007) reports on the responses of effected communities who tended to be more likely to believe that development was the responsibility of the TNCs rather than the government. Unsurprisingly, TNCs do not necessarily agree and tensions arise over different expectations about what it is appropriate for them to supply. For many communities, oil companies could provide 'resource controls' (Ebeku, 2008) such as education, housing, healthcare, transportation, electricity, telecommunications and potable water beyond their employees and identified communities. They could also address poverty, encourage political rights (McFerson 2009)³ and support and supplement responsible federal and local government. If we leave aside the small matter that TNCs are currently incapable of delivering these requests because they do not possess the requisite skills, insights (Blowfield and Frynas 2005)⁴ or aptitude, such a list of demands from TNCs may not initially seem problematic.

Nevertheless, the unacknowledged underside of this is potentially fatal to the long term feasibility of the Nigerian nation-state.

³ McFerson (2009) points out that Nigeria has simultaneously allowed active pluralism and participation and substantial political and civil restrictions.

⁴ Blowfield and Frynas (2005) have argued that TNCs tend to focus on distinctions within the South to explain the basis for poverty. Systemic phenomenon is neglected. Consequently the expectation that oil companies will address issues such as poverty would require a fundamental shift in attitudes that acknowledges that the potential of discrete, identifiable actors is extremely restricted without huge structural alterations. In essence this would require a much more egalitarian approach to global economics and looks extremely unlikely at the present time.

CONCLUDING: THE DESTRUCTION WITHIN CSR INSPIRED NEO-COLONIALISM

Comparing the significance of the demands upon energy companies against the contextual backdrop of colonialism illuminates deep rooted problems and regressive solutions. An argument can be made that TNCs in the Niger Delta utilise, intentionally or otherwise, colonial tactics such as divide and conquer. Perhaps more surprisingly, the reaction in part to that approach has been to demand concessions and involvement that could be construed to be a return to a quasi form of colonialism or commercial colonialism. Obviously, the author is not declaring that people are demanding that Britain or the west generally assumes sovereignty. Moreover, the accusations and protests over perceived exploitation by oil companies are indicative of mobilisation factors behind Nigerian nationalism and the campaigns for independence. The requests for CSR and greater investment in social infrastructure, educational facilities and improved housing, sanitation and employment opportunities are strikingly familiar with the colonial past. All featured within the Nigerian independence movement both as criticism of British rule and as solutions that would be resolved by independence and then by particular political parties (Falola and Heaton, 2008). Yet fifty years after the end of colonial rule, there is a growing demand for structural components within colonialism to return under what could be referred to as corporate social responsibility.

Again it is not so surprisingly that Nigerian governments are proving unable or unwilling to provide basic amenities and to overcome deep rooted social, political and economic problems. Conversely oil companies have considerable resources and are capable of bringing about change. There are a number of difficult observations that must first be raised if not addressed here. First, there are multiple potential dangers if TNCs become unelected, global indirect rulers concerning power, governance and regulation. Second, this involvement is based upon expertise in oil production and not in supporting and subsidising pseudo governments. Third, unless the global economy changes markedly, it will be difficult to perceive why TNCs will be willing to engage in the level expected of them in Nigeria. These realities need to be acknowledged in order for the debate to move on, or in some instances to return to where it was before leapfrogging onto TNCs. To be blunt, greater local and international attention is required upon the Nigeria government which receives over 70% of the total oil revenues. Yet oil production is almost all undertaken, and paid for, by the oil companies (Omeje, 2005). If we are to be consistent and apply the criticisms across the oil chain that are often leveled at the oil companies such as exploitative, unethical, corrupt and negligent, it is difficult to avoid the conclusion that the Nigerian government is particularly liable. This is not to say that TNCs should not be more involved. On the contrary, there is potential scope for

more social responsibility and greater pressure upon the Nigerian government, although the greater competition for resources has diminished Western TNCs scope of influence. Of course TNCs could withdraw and if circumstances deteriorate this may well happen. The irony here would be that any decision to stop oil production for ethical reasons could contribute to considerable political violence if the revenues that enable the government to negotiate and impose control also stop. TNCs could also work more with NGOs (non-governmental organisations) and local groups on their CSR programmes and insist on transparent financial probity, greater distribution of wealth and encourage political legitimacy. Again though there must be concerns about how far TNCs would, and indeed should, be able to help in extensive economic, political and social development. And this links into my final and potentially most damaging outcome.

Aside from the realities of TNCs acquiescing to demands for greater engagement what must also be considered are the longer term consequences and what they say about Nigeria and its citizens' expectations. Certainly in the short term, TNC indirect control may result in improved facilities and limited wealth redistribution. But in meeting the demands of the communities, the affect of this would predominantly be in the Niger Delta. The region would be differentiated in a way that led to enhanced resentment from other regions, demands for independence within, and national government would be further detached. In this situation, existing ethnic tensions would become yet more inflamed. The lack of embedded national consciousness and limited collective identification would not provide the restraints upon behaviour that one can anticipate in more cohesive nation-states.

There may well still be time to redress the related problems that stem from the intertwining of Nigeria's past and present but opportunities are slipping away. Expecting TNCs to address these in the manner of commercial colonialists is misplaced. There are two reasons for this. First, TNCs will not do so. Second, if they attempt to do so, TNCs could not overcome the fundamental problems within. Instead, their intervention would inadvertently contribute to further undermining the government while implicitly condoning its behaviour. Moreover, their engagement would only last as long as oil was being extracted profitably. Consequently, if Nigeria has a future, the solutions must largely stem from Nigerians. Oil revenues need to be more widely distributed, affected communities compensated and much more serious attention placed upon governance, stability and cohesive forms of national consciousness. These issues require formulating and transmitting over generations in order to be adequately addressed, inclusive and for collective forms of norms and values to be deeply internalised within individual and social dispositions. Because without these shifts, ongoing historical grievances and contemporary resentments would be more likely to result in widespread violence, civil war and the fragmentation of

Nigeria. The only question would be the one of timing, namely it will happen before or after the oil runs out.

REFERENCES

- Akpan W (2006). 'Between Responsibility and Rhetoric: some consequences of CSR practice in Nigeria's oil province'. *Dev. S. Afr.* 23(2): 223-40.
- Akpan W (2008). 'Corporate Citizenship in the Nigerian Petroleum Industry: a beneficiary perspective'. *Dev. S. Afr.* 25(5): 497-511.
- Akpan W (2009). When Corporate Citizens 'Second Class' National Citizens: The antinomies of corporate-mediated social provisioning in Nigeria's oil province. *J. Contemp. Afr. Stud.*, 27(1): 105-18.
- Blowfield M, Frynas JG (2005). Setting New Agendas: critical perspectives of Corporate Social Responsibility in the developing world. *Int. Aff.*, 81(3): 499-513.
- Ebeku K (2008). 'Niger Delta Oil, Development of the Niger Delta and the New Development Initiative: Some reflections from a socio-legal perspective'. *J. Asian Afr. Stud.*, 43(4): 399-425.
- Elias N, Scotson JL (1965). *The Established and the Outsiders: A Sociological Enquiry into Community Problems*. London: Frank Cass Ltd.
- Falola T, Heaton M (2008). *A History of Nigeria*. Cambridge: Cambridge University Press.
- Frynas J (2005). 'The False Developmental Promise of Corporate Social Responsibility'. *Int. Aff.*, 81(3): 581-98.
- Friedman M (1970). The Social Responsibility of Business is to increase its profits. *New York Times*, 13(32-33): 122-126.
- Idemudia U (2007). Community Perceptions and Expectations: Reinventing the wheels of corporate social responsibility practices in the Nigerian oil industry. *Bus. Soc. Rev.*, 112(3): 369-405.
- McFerson H (2009). 'Governance and Hyper-corruption in Resource-rich African Countries. *Third World Q.*, 30(8): 1529-1547.
- Omeje K (2005). Oil Conflict in Nigeria: Contending issues and perspectives of the local Niger Delta people. *New Polit. Econ.*, 10(3): 321-334.
- Omeje K (2006). Petrobusiness and Security Threats in the Niger Delta, Nigeria. *Curr. Sociol.*, 54(3): 477-499.