Edited by
Ezekiel Asemah, PhD
Muyiwa Popoola, PhD

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT IN A CHANGING WORLD

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Babcock
University
Press

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Chapter Five

Corporate Social Responsibility (CSR) andConflict Managementin the Niger Delta Oil Producing Communities

Samuel Okere, PhD & Ogbiten Brickins Ogbemi

Introduction

Relationship between Niger Delta communities and the companies that participate in oil exploration can best be described as restive. The host communities accuse both the government and the oil companies of unmindful degradation of the ecosystem and, therefore, ask for a deliberate and sustained system of rectifying the anomaly. Government and the oil companies on the other hand seem to perceive the host communities as making too much demands. In the cases where such varying views are unresolved, the natural outcome is tension and more often than not conflicts. Alabi & Ntukekpo (2012) observe that tension has become heightened in spite of various strategies government claims to have adopted in resolving the issue, leading to conflicts of various kinds. In the face of the unresolved conflicts, the observable evidence of damage to aquatic life and buildings, destruction of crops, farmlands and soil has continued to be a regular feature of the affected environment (Adekola & Uzoagu, 2012; Alab i& Ntukekpo, 2012; Wosu, 2013). This has made the host communities to persistently accuse the government of connivance with the oil companies to impoverish the region as a result of oil exploration. For the host communities, there has to be an investment in improving the people's lives and their environment in the areas of infrastructure, education, employment, health, welfare, to mention a few. This request amounts to the demand for good corporate citizenship from the oil companies.

In defence, government claims to have put in place policies aimed at ensuring that the oil companies invest in corporate social responsibility (CSR) in the area. The oil companies also claim to be investing enough to bring about development in the area where their operations yield profits for them and the Nigerian government. This variance between the claims of both parties - the host communities on the one hand and the oil companies on the other- is in itself a source of conflict which brings to question the adequacy or otherwise of the CSR programmes/projects which the oil companies are adopting. The heightened tension has resulted into vandalisation of oil installations, kidnapping and killing of expatriates, and secession threat, all having negative impacts on the country's economy and collective existences.

In resolving the conflict, this chapter advocates the need for the oil companies to embark on sustained CSR programmes/projects. Management of the oil companies in the Niger-Delta region should endeavour to plan and adopt good CSR policies with some level of legal, ethical, environmental, financial and humanitarian responsibility to their host communities. This would not only lead to improved business operations that would lead to profit maximisation, but also reduce business risk and promote harmony between the companies and their host communities. It should be noted that such a harmony is highly needed for the economic survival and peaceful coexistence of the Nigerian state at large.

The discussion in this chapter is guided by the stakeholders' theory. According to Asemah, Okpanachi & Edegoh (2013), for an organisation to receive the endorsement of being socially responsible, as well as, secure the legitimacy of its business environments, it must make her efforts to be felt. The implication is that there must be policies, programmes and projects that should cater to the needs of stakeholders– employees, community people, suppliers, contractors, shareholders. We subscribe to this view for it aligns with the stakeholder theory, which emphasises adherence to ethical values and principles on the part of business organisations, while dealing with stakeholders (Freeman & Philip, 2002). Stakeholders are groups of people that share similar characteristics, otherwise called 'publics' in public relations, who are concerned about the organisation's activities or operations or whose interests are in the organisation's work (Friedman, 2007). The concern for legal justice by the organisation in the way it deals with stakeholders is a key factor towards achieving profitability in business. Friedman (2007) notes that while it is important for every business organisation to pursue profit, such pursuit should not be extreme to the extent of disregard to the needs of the stakeholders.

Conflict and Conflict Management: The Niger-Delta Perspective
There are numerous perspectives in literature about the concept of conflict. Thakore's (2013, p. 7) idea is that conflict "means expression of hostility, negative attitudes, antagonism, aggression, rivalry and misunderstanding." This implies that conflict results from human interactions and is characterised by hostile feeling or relationship, negative attitudes of the parties involved in the relationship, opposition of a group to the other, aggressive behaviour of one party to another, rivalry in the pursuit of goals and misunderstanding in communicative interactions. Conflict is also associated with contradiction in interests between two opposing groups. It ranges from mere disagreement between two or more parties involved in the relationship or interaction through

generation and escalation of issues of concern, to agitations and violent behaviour employed as measures to win acceptance of views, positions and interests. According to Robbins (2005), conflict is a process and the process starts from the situation in which a party in a relationship or an interaction perceives that the other party has affected, will affect, or is about to affect his (first party) interest negatively. The result of this perception of threatened or unprotected interest is manifestation of the tendencies identified by Thakore (2013). Applied to the situation between oil companies and their host communities, Robbins's idea could thus be considered as the fertilisation stage and Thakore's view, incubation stage of conflict. This is because the issue of perception of threatened interest emphasised by Robbins was the starting point of the conflict, while overt reactions such as kidnapping, vandalisation of oil installations and secession threats by some groups in the Niger-Delta region are now the manifestations of the reactions of various groups in the host communities to the oil companies.

Conflict, by nature, is an integral part of humanity as it is inseparable from human behaviour and interaction (Thakore, 2013). It is part of the competition necessary for the survival of the society. Given that the basis of the society is human interaction, it implies that where two or more people or groups interact, conflict is bound to ensue. Against the erroneous notion that conflict has only a negative connotation, literature suggests that the result could be either positive or negative, depending on how it is managed (Colser, 1964; Folarin, 1998; Ikpah, 2008). The functional aspect of conflict is that it is part of the process of development. This means that if it is well handled or managed; conflict can lead to development. The destructive or dysfunctional dimension of conflict is experienced when issues are left unresolved at the fertilisation stage of perception of threatened, unprotected interest or misunderstanding, leading to escalation or heightened tension, antagonism, negative attitudes and violence, all of which characterise the incubation stage. The kind of conflict under study could be adjudged dysfunctional because violent reactions of the communities have been having negative implications on Nigeria's economy and collective existence.

There are different categorisations of conflicts. In categorising conflict, Ohbuchi & Suzuki (2003) identified three forms. These are conflicts that are generated by interest, cognition, as well as, value. Any conflict that is generated by interest refers to the type of misunderstanding based on the interest of the party involved. It arises when such interests are threatened or not protected. Cognitive conflict is the type that arises when people disagree based on differences in their views of things. Value conflict refers to the misunderstanding that occurs as a result of differences in values expectations.

When a party in a relationship has a standard or an expectation in respect of values accruable to it and such is not met, value conflict occurs. The Niger-Delta conflict can be said to be more of conflict of interest than any of the two others. This is because the agitations and tension that characterise the conflict are based on allegations that the oil companies have been pursuing their operational interest based on profit motive without a cognisance of the interest of the host communities where exploration activities are being carried out. Also, government has been accused of not considering the interest of the damages oil exploration activities bring to the communities in its policy formulation. Hence, the interests of the oil producing communities have been allegedly left uncared for.

Kurtzberg & Mueller (2005) classify conflict into work process-based, relationship-based and task-based. Disagreement or misunderstanding that relates to the process of work performance, as well as, roles, responsibilities and obligations of members in a team is called work process-based conflict. When there is a strain or friction in the relationship that exists between or among parties involved in a relationship, a relationship-based conflict occurs. Such frictions usually arise when the interest of a party is threatened, not protected or catered for; or when the values of a party are not well addressed. Task-based conflict relates to a disagreement regarding the conduct of work task. It involves the actual conduct of work among members of a team or group. Based on Kurtzberg & Mueller's (2005) classification, the conflict in the Niger-Delta region of Nigeria is a relationship-based conflict arising from non-fulfilment of the expectations of the host communities as a key stakeholder in the oil exploration activities. It is concerned with a threat to the people's welfare, environment and general ecosystem which oil exploration has brought to the region.

Furthermore, ideas about causes of conflict vary in classification. Katz (1964) classifies causes of conflict into three: structural, role and resources. Structural conflict refers to disagreement arising from the need to manage the relationship between different organisational divisions. When the inter-relationship between or among the different units of an organisation is not well managed, conflict can result. In a situation whereby there is a misunderstanding in sets of prescribed roles between or among parties in an organisation, role conflict occurs. Resources conflict stems from competition among interest groups competing for the resources of an organisation.

Based on the classification by Katz, the Niger-Delta conflict can be said to be caused by either role or resource factors. It is role in cases of disagreement between what government and oil companies should do to develop the area as a result of degradation of the environment and the people's

poor welfare. It is caused by resources when either the government or the oil companies claim to have invested enough in giving back to the communities but the latter claim not much has been done to address the hardship oil exploration has brought to the region. In the idea of Robbins (2005), the three causes of organisational conflict are communicational, structural and personal causes. Communicational causes of conflict arise from misunderstandings as the parties involved in interactions fail in establishing common grounds in meaning sharing. Structural causes of conflict relate to roles of members or parties in an organisation. Personal causes of conflicts emerge from individual differences in which value preference of some individuals may differ from that of others. From Robbins' idea, communication can be adjudged to be the cause of the Niger-Delta crisis as the communities have a different understanding of the roles of the oil companies in developing the area in spite of the companies' claims of massive investments in the area.

Omeje (2005) identifies causes of conflict in the Niger-Delta which are now bringing untold economic hardship to the country threatening her collective existence. The most dominantis high rate of youth unemployment, in spite of large deposit of oil wealth in the region. This has led the youths to indulge in anti-establishment activities such as kidnapping, vandalisation of oil installations, oil theft, and illegal oil exploration as an alternative economic opportunity to gainful employment. No doubt, the Niger-Delta conflict needs to be effectively managed from its root causes for the economic fortunes of Nigeria, which largely depends on oil, and her collective existence to be preserved.

Conflict management has a wide application but its essence is to prevent escalation by managing issues involved in a dispute (Burton, 1987) or removing the causes of the conflict. Thakore (2013) is of the opinion that conflict management refers to the strategies or approaches of containing and resolving conflicts. Conflict management can involve parties in a conflict or through the mediation or intervention of a party outside the interaction from which the disagreement occurred.

Managing the Niger-Delta Conflict through Corporate Social Responsibility (CSR)

Businesses' concerns for the community in which they operate dates back to the industrial revolution period of the late 1800s, though the formal practice of CSR is traceable to 1950 when corporate form of business organisations emerged (Carroll, 2008). In the nineteenth century business environment, concern was mainly focused on how to make workers productive as a strategy of making profits, by assisting them to fulfill their needs and contribute more

to the society. The concept of 'social responsibility' at this time was characterised by individual philanthropy of business leaders or owners. For instance, wealthy business owners and executives such as Andrew Carnegie, Henry Ford and John D. Rockefeller developed philanthropic programmes to support health, welfare and recreational needs of their employees. In addition, the programme sought to advance the welfare of the poor and the general good of the society. These programmes were criticised because they were not perceived as philanthropy. It is because of the "activities of questionable characters that led to these individuals and others being dubbed 'robber barons' for some of their unscrupulous practices" (Carroll, 2008, p. 21).

With time, the idea of giving back to the society changed from individual philanthropy to business philanthropy or corporate contributions, which was legally restricted to causes that were of benefit to companies' operational areas. Eberstadt (1973) cited in Carroll (2008) observes that from the 1930s (which was called the corporate period), companies assumed institutional status as they started exhibiting traits of social obligations. What is today known as CSR emerged with the emergence of corporations in the 1950s, hence the name 'corporate.' Frederick (2006) postulates that modern CSR is predicated on three principles. The first is the understanding that corporate organisations have an element of public trusteeship. The second is how to strike a balance between the various interests laying claim to ownership of corporate resources. The third is how to make ownersand operators of corporate organisations understand that philanthropy is a manifestation of their support to the wellbeing of the society (Frederick, 2006). The first decade after 1950 was characterised by discourse about and change in attitudes towards CSR as not much was done by corporations, apart from philanthropy (Carroll, 2008). From the 1970s, CSR has continued to grow in conceptualisation and business practice around the world.

According to Carroll (2008 p.35), "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time." This implies that a business organisation owes the society within which it operates some obligations which are embedded in the expectations of stakeholders in the environment. Such expectations go beyond philanthropy to include economic, legal, ethical and other discretionary requirements necessary for the well-being of the society. Carroll's definition points to the fact that the expectations of the society from a business are time bound. Such expectations are as dynamic as the society itself as they may change with the passage of time. In the words of Anuforo (2007):

Corporate social responsibility is a way for the companies to reach out to their host communities by positively impacting on their environs. It is the corporate act of giving back to the immediate and wider community in which the organisation carries out its business in a manner that is meaningful and valuable and relevant to their community (p. 36).

The definition by Anuforo stresses the need for corporate organisations to impact positively on their environments, both immediate and wider, in meaningful, valuable and relevant manners. The provisions that would impact on the community should therefore be derived from the actual needs of the society for them to be meaningful, relevant and in the long run, impactful. This definition, thus indirectly stresses collaboration in the planning and execution of projects for the community, which Hughes, Ginnett & Curphy, (2009) advocate.

Geethamani (2017) is of the view that CSR means corporate citizenship. In this regard, any organisation operating within a given community considers the survival of that community–the individuals and the eco-system. It, therefore, makes conscientious effort to bring about programmes and projects that will ensure the sustainability of its business on the one hand and that of the host community and its eco-system. He advocates the adoption of CSR practices also on the basis of the advantage they would bring even to the business organisations such as adequate returns on the resources invested in social enterprise. This view is very germane to this chapter as the operations of oil companies have been widely acclaimed to have brought a lot of damages to the social and ecological environment in the Niger-Delta region. Adoption of CSR involves the ethical practices of effective waste management and reduction in environmental pollution in ways that it would not damage the ecosystem. It also requires the organisations to invest in the education and other social development indices of the people of their host communities.

Appropriate implementation of CSR has many advantages to the business organisations. This includes avoidance of excessive workforce exploitation; self-consciousness of companies' obligations to the society; potentials to promote good business reputation, necessary for profitability, growth and sustainability; and benefit of development to the society as organisations reach out to the key issue of underdevelopment around the world (Geethamani, 2017). According to Asemah, Okpanachi & Edegoh (2013), CSR benefits organisations in many ways. When properly implemented, the companies gain an enhancement in brand and corporate reputations. They also maintain that the companies will experience reduction in costs of operations

and will attract new customers. Other benefits include improving relationship with investment stakeholders, gaining of better access to capital, enhancement of employee relations, productivity and innovations and promotion of community relations through stakeholders' engagement.

In spite of its numerous advantages, some scholars such as Roberts & Abot (2000) and Henrique & Reynard (2002) argue against CSR. For them, it is contrary to the fundamental philosophy of establishing a business organisation, which is to make profit. They fear that by engaging in CSR, business organisations would not be able to maximise their profits. Without necessarily dismissing this position as baseless, it should, however, be noted that the benefits of CSR outweigh its disadvantages, if there is any.

There is no doubt that the oil companies in the Niger-Delta are aware of the many benefits of embarking on CSR projects in their host communities. This accounts for whatever efforts they are making in this regard. Olajide (2014), however, observes that these efforts are too minimal; they fall short of the expectations of the stakeholders - employees, customers, shareholders and local communities. These stakeholders are not given equal attention by oil companies on four dimensions of CSR, namely: economic, legal, ethics and philanthropy. The relevant stakeholders are not often engaged in discussions in order for the oil companies to identify priority interests and incorporate them into their strategic planning. Igbara, Etu, Ndubuisi, Alobari & Naenwi (2014) corroborate this view. They found out that there was a variance between the CSR projects executed by the oil companies based on the perceived interest of the host communities and the actual needs of the communities. This variance has contributed to dissatisfaction of CSR projects undertaken by the oil-producing companies, resulting into their abandonment and restiveness in the areas. The misplacement of priorities due to lack of community engagement has been earlier ascribed to the growing restiveness in the Niger-Delta area (Igben, 2008) as the people were reported to have preferred paid employment in any form than some of the development projects.

Igben (2008) attributes the failure of the CSR projects to contractors' incompetence and misappropriation of fund; disputes among various interests in the communities; inconsistency in the needs of the communities as presented by different interests; wrong representation of host communities; high community demands that are hard to fulfill; and government neglect of developmental needs. The persistent restiveness in the Niger-Delta area has been largely attributed to lack of development of the region. Ndu & Agbonifor (2014) reported that the region is poorly developed due to government's lack of political will to invest substantial parts of the nation's wealth generated from oil exploration for the development of the area on the one hand and lack

of policy focus and will power to make multi-national companies operating in the area commit enough resources to social responsibility activities.

An ideal CSR programme has been classified into four categories: enterprise, education, arts and culture and environment (Black, 1989). More broadly, Asemah *et al* (2013) outline six areas of CSR that oil companies can strategically focus on in order to obtain the social license that would guarantee their smooth operations in the Niger-Delta region. These areas are employee health and wellness, environmental integrity, ethical responsibility, legal responsibility, philanthropic responsibility and economic responsibility. They argue that CSR is a managerial obligation that must be strategically planned and executed for the organisation to be focused on profit maximization. Oil companies should therefore not only adopt CSR as a corporate policy but also devote management attention into its planning and execution such that the right projects are identified and executed to meet the needs of the right stakeholders.

Conclusion

Today's business environment requires concerted attention to the needs of key stakeholders, such as host communities, beyond just profit motive. The social license that comes with catering for stakeholders' needs and interests is invaluable to smooth business survival, without which issues and conflicts would always generate. The experience of conflict in the Niger-Delta region is a clear indication of low level of development occasioned by long years of government neglect of its fundamental objectives. The host communities, thus consider the multi-national oil companies as government allies in the exploitation of the area and this has led to growing animosity and restiveness in the area. Issues of environmental degradation, unemployment, lack of social infrastructure, poor welfare of the people, lack of education opportunities, to mention but a few are areas of concern for which the host communities are demanding the oil companies to be socially responsible. In essence, the oil companies claim to be investing in CSR but the adequacy of such project in addressing the people's needs that have been left unattended to for many decades is another question. Oil remains the nation's economic main stay and the smoothness in exploration activities cannot be treated with levity. CSR remains a vital strategy for addressing the restiveness in the Niger-Delta region and solve the socio-economic problems associated with it. We, therefore, recommend the following:

1.   The Nigerian government must demonstrate adequate concern for the citizens of the Niger-Delta region and treat them as important stakeholders in the oil exploration enterprise. This could be done

through formulation of policies that would compel oil companies to give back totheir immediate environments where their business activities yield profit for them
and the country.

2.   It is not enough for government to formulate CSR policies. Effective monitoring of the planning and execution of CSR projects should be ensured by government for the organisations to comply.

3.   Multi-national oil companies should be committed to planning and implementing CSR projects in the areas of environment, employment and social welfare.

4.   Oil companies should actively involve the right stakeholders in the planning and execution of CSR projects in the area. Community leaders of various interests should be involved in such enterprise for the projects to fulfill their purposes.

5.   There is the need for synergy between the CSR efforts of local, state and federal government on the one hand and between government's development efforts and those of the oil companies. This is to eliminate waste and ensure maximal utilisation of resources.

6.   The oil companies should take care of the interest of the host communities in the Niger-Delta in terms of development even as they pursue profitability in their exploration activities. This is an essential strategy of managing conflict for mutual benefits of the parties involved.

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