

Responsibility in the Corporate World: Shell's Contribution to Sustainable Community Development in the Niger Delta, Nigeria

Uche Nwabueze

Author(s) Biography

Uche Nwabueze, Ph.D is Adjunct Associate Professor, Department of Health Services, Texas Southern University

ABSTRACT: *This paper explores the responsibility challenges faced by Shell in trying to alleviate the suffering of local communities which was due to negligence and environmental pollution in Niger Delta, Nigeria. The paper goes through existing academic journals to find out whether the Nigerian government is to blame for lack of adequate rules to prevent environmental pollution and oil spills or Shell is to blame for devastating the land while extracting oil. It concludes that while the Nigerian government used an iron fist to address the issues in the region, Shell engaged in socially responsible behavior by working on community projects and changing its approach from community assistance to community development and finally to sustainable community development.*

Keywords: Responsibility, Social Responsibility, Shell

Royal Dutch/Shell, a multinational oil corporation based in Europe, has been engaged in oil production in Nigeria since 1956 when oil was first discovered at Oloibiri in Rivers State. A local operating company, Shell Petroleum Development Company of Nigeria (SPDC) operates as a joint venture of Shell, the Nigerian National Petroleum Corporation (NNPC, which is owned by the Nigerian government), Elf and Agip. SPDC employs about 5000 people of which 95% are Nigerians and 66% are from the Niger Delta part of Nigeria (Holzer, 2007). Nigeria gained its independence from Britain in 1960 and since then the country's political environment has been full of coups and has moved from one military leader to another until 1999 when a civilian leader was installed for the first time. In spite of all these violent takeovers in the Nigerian government, the relationship between the oil companies and the state has been extremely stable (Holzer, 2007).

Much of the revenue generated from oil exploration went to the Nigerian government while the local communities received little or nothing. Kew and Phillips (2007) found that "Nigeria's oil-rich Niger Delta region has seen little benefit from the billions of dollars earned from oil over the last four decades, prompting a growing but disorganized insurgency across the region" (p. 154). One of such communities who received little or no benefit was the Ogoni, an ethnic group of about five hundred thousand people living in the Niger Delta in Rivers state.

The Ogoni people blamed the oil companies for causing severe environmental damage in their region. The communities also faced constant intimidation from the Nigerian government, often at the instigation of the oil companies. According to Ukeje (2004), "Usually at the instigation of the multinational oil companies, successive regimes retaliated with military subjugation, harassment, intimidation, incarceration and sometimes extra-judicial murder of notable militant elements, as was the case with the hanging of Ken Saro-Wiwa in November 1995" (p. 605). The Movement for the Survival of the Ogoni People (MOSOP) which was formed in 1990 issued a citation to oil companies operating in its region that they must pay royalties to the local communities for the oil being explored as well as pay for the devastation of its land. The oil companies were to either pay up or quit the area. Shell initially ignored the demands of MOSOP, continued its operations and relied on the Nigerian government to take care of the demands of the people. As a result, the youths in the local communities began attacking Shell's offices, kidnapping its employees and demanding payments in exchange for the release of these employees.

After many kidnappings and payments to gain release of employees, Shell deemed its exploration

business in the region to be very costly. The company also feared that its reputation with consumers and the general public was being tarnished by these activities and decided to partially withdraw from the region in 1993 (Holzer, 2007). Although the Ogoni people blame Shell for devastating their land and for the under development of the communities, a closer look at the situation shows that corruption, poor governance, and lack of accountability on the part of the Nigerian government is to blame for many of the issues faced by the people in the Niger Delta region. Kew and Phillips (2007) conclude that the oil companies took advantage of a bad situation and made it worse. Nigerian military and civilian government officials were so corrupt and filled with so much greed that they turned deaf ears on the demands of the local communities and instead used the region's wealth to enrich their own pockets. Government officials also failed to enforce rules and regulations that required oil companies to clean up oil spills and work to prevent environmental degradation. In blaming the Nigerian government for its negligence and poverty allegations, Ite (2005) notes that:

A particularly good example is the failure of the Nigerian National Petroleum Corporation (NNPC) to effectively regulate and supervise the oil industry on behalf of the Nigerian government. Against this background, it can be argued that poverty resulting from environmental degradation in the Niger Delta region can be attributed to both multinational oil firms as well as failure of the Nigerian government and its statutory agencies. (p. 919)

MOSOP and the Ogoni people were led by Ken Saro-Wiwa, playwright, former government employee, and environmental activist. The group continued its attacks on Shell's activities in the region even after Shell withdrew its operations in the contested parts of the Niger Delta in 1993. The withdrawal of Shell from the region created some major tension between MOSOP and the Nigerian government which culminated in the execution of Ken Saro-Wiwa and eight other activists by hanging in 1995. Holzer (2007) found that "A complete withdrawal from Nigeria was not an option for the company since it would have lost one of its most profitable production sites and its favorable position in the domestic market" (p. 295). In spite of the allegations against Shell and the drastic turn of events in the Niger Delta region of Nigeria, the company has made strides in the area of Corporate Social Responsibility (CSR) by moving from the community assistance (CA) approach to the community development (CD) approach to the Sustainable Community Development (SCD) approach for local community developments in the Niger Delta region of Nigeria where it operates.

Community Assistance Programs

Issues of corporate social responsibility and sustainable community development should be undertaken by private corporations and not only government as Rondinelli (2007) notes: The growing public concern that private corporations should not only earn reasonable profits and provide fair returns to shareholders, but also operate as good corporate citizens and socially responsible organizations, has spread to the largest transnational corporations (TNCs), and seems to have been taken up by companies in both richer and poorer countries. (p. 1)

Shell Petroleum Development Company of Nigeria (SPDC)'s involvement in community development in the Niger Delta, Nigeria, can be traced back to the 1950s. According to Zalik (2004), "Shell points out that it has engaged in social welfare activities in the Delta since the 1950s, through school scholarships and an agricultural extension programme" (p. 408). Shell also took on projects to clean up the polluted environment as Ugochukwu and Jurgen (2008) note:

Shell established the Niger Delta Environmental Survey (NDES) in collaboration with all members of the oil Producers Trade Section (OPTS) to provide among other things, an indicative plan for the development and management of the Niger Delta area and an analysis of the causal relationships between land use, settlement patterns, industry and the environment, to provide a baseline for future development planning" (p. 146).

Although the local communities blamed Shell for devastating their land as part of the company's oil exploration, Shell is still regarded highly for having helped in the physical development of the communities. According to Ite (2005), "It can be argued that the SPDC has been both part of the problem and a solution to poverty in the Niger Delta. This assertion is based on the evaluation of the nature and focus of the company's past and present corporate social responsibility (CSR) policies and practices as well as their approach to community relations" (p. 921). Prior to the murder of MOSOP leader Ken Saro-Wiwa and other environmental activists' in 1995, Shell adopted the community assistance (CA) approach to development issues in the Niger Delta as a way of "giving things" to the communities. The CA approach focused on Shell providing one-time gifts to the communities instead of working to make valuable contribution on a continuing basis.

These one-time gifts included projects funded by Shell, such as health care, water and sanitation, agriculture, and many others. Shell also took on some infrastructure projects to build roads and electric power generation projects. Multinational oil corporations engage in this type of practice. These oil companies like

to give gifts and make donations to communities, for environmental programs and also encourage their own employees to work with community groups and be conscious of the way their work affects the environment as a whole (Rondinelli, 2007). All these community assistance projects and programs focused on what Shell felt compelled to do for the communities, or what the company felt the communities were lacking for basic survival. This community assistance initiative caused the Ogoni people to feel like helpless victims of their circumstances, rather than forefront players in the sustainable development process. In expatiating on how ineffective the community assistance method was in helping the communities with development needs, Ite (2005) notes that: Gradually, the dependency culture became established and the communities saw the development infrastructure provided by Shell not as charity, but as a form of rent for Shell's use (and abuse) of their environment and resources. The result has been the evolution of a mind-set and culture of dependence on Shell. In the process, the oil producing communities have resorted to demanding and expecting 'development' from Shell. (p. 921)

This community assistance practice by Shell was a top-down approach to development that did not provide the Ogoni communities with any bargaining rights to challenge Shell in the area of sustainable development and was found to be largely ineffective for alleviating poverty in the communities. Community Development Programs

After the 1995 crises of human rights abuses and the execution of Ken Saro-Wiwa, Shell moved from the community assistance (CA) approach to the community development (CD) approach. In order to make this community development model work, Shell gave the local community leaders some bargaining powers which could be used to negotiate with Shell. The purpose of these bargaining powers was to make the local communities less dependent on Shell for socio-economic development. Shell employed CD advisors who worked with the local community leaders to determine what their needs were, through a participatory rural appraisal (PRA) technique. These advisors worked with the local communities to develop their own community development plans (CDPs), which resulted in communities coordinating plans rather than Shell solely determining of the needs of the people. This coordination effort also offered an opportunity for synergy, rational planning and cost-efficiency. Through the use of CDPs, Shell was able to address the most pressing needs as noted by Ite (2005):

The CDPs were designed to solve the communities' most pressing economic, environmental and social problems, and provide a comprehensive

development programme covering virtually all sectors (e.g. gender, health, and income-generation) that donors usually address in isolation from one another. As such, the most significant predictor of the success of Shell's CD programme remains the fact that these CDPs were the results of the bottom-up not the top-down approach to development. (p. 922)

The CD approach was unsuccessful because it was operated side by side with the CA approach. As a result, the ownership and overall sustainability of the projects were minimal and the impacts were very limited despite Shell's determined efforts and increased investment in the CD approach. The instability of the CD approach resulted in increased demands from the local communities. Zalik (2004) found that "Based on the failure of the CD model to sufficiently reduce violence between the oil industry and the communities, SPDC's 2003 People and Environment Report discusses the next shift in its public affairs procedures from community development towards sustainable community development (SCD)" (p. 412).

Sustainable Community Development Programs

In 2003, SPDC successfully adopted to the sustainable community development model for community development programs in the Niger Delta region of Nigeria. The main aim for this transition was to give the local communities an opportunity to be in the "driver's seat" for their own development issues and assisted by Shell. The SCD approach put the local communities in charge of all activities required to improve and maintain their socio-economic progress and quality of life. This SCD model also allowed the local communities in charge, so they could work hand-in-hand with Shell, instead of the company spearheading the whole process from top to bottom. One of the major differences between the SCD model and the CD model involves Shell managing the community interface as a major line of responsibility within the company through the use of area teams which interacted with the communities on a daily basis.

The SCD had a primary focus in the areas of economic empowerment, human capital development, community health and provision of basic services. Ite (2007) also notes, "The SCD strategy places greater emphasis on partnerships between Shell and various stakeholders and interested parties (including corporate bodies, civil society, Nigerian government agencies, international organizations etc) as a strategy for achieving sustainable development in the Niger Delta" (p. 5). Moving to the SCD model greatly improved Shell's tarnished image both in Nigeria and with the international community that had been disgusted with Shell's involvement or lack of influence on the activities of the

Nigerian government in the killing of Ken Saro-Wiwa and other Ogoni activists that had protested the company's pollution activities.

Conclusion

Today, the situation in the Niger Delta part of Nigeria is still a far cry from what an oil producing community should look like. There are still many projects to be undertaken by Shell and the Nigerian government. There is still the issue of revenue sharing which the local communities are still not getting a sizable share of. The Nigerian government is now in the hands of civilians who have tried and are still trying to stabilize relations between Shell and the local communities. Bribery and corruption is still the order of the day amongst many elected government officials who come to power by rigging elections. Nevertheless, Shell has made drastic improvements in the area of Corporate Social Responsibility by realizing that the company's mission in Nigeria and around the world must include benefits for stakeholders and society. Shell has also recognized its responsibilities and public expectations in the Niger Delta and has proceeded to embrace partnership as the preferred model for its community development programs. Shell appears to have taken this role seriously, but has been slow at times to translate its SCD policies to concrete development actions at the community level. This has been due to the company's internal corporate culture and more importantly the external constraints which include company-community relations, corruption, bureaucracy, transparency and governance. Shell should be applauded for trying very hard to adapt to the situation in Nigeria and attempting to maneuver the greedy and non-caring attitude of the Nigerian government.

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