

THE UNIVERSITY OF HULL

The Impact of CSR on The Stakeholders of Oil Multinational Corporation  
In Niger Delta, Nigeria

being a Thesis submitted for the Degree of  
Doctor of Philosophy  
in the University of Hull

By

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© January 2018

## **Acknowledgment**

I want to place on record and appreciate the people that contribute to the success of my thesis. First, my appreciation goes to my supervisors for their immense contributions to the success of this thesis. My first supervisor, Dr David Harness, I do not know the exact word to use to thank you for your advice support and encouragement throughout my study especially, during my immigration problem that almost threw me out of the country. Your patience and encouragement that you used in reading my work chapter by chapter by suggesting what next to do at each stage is highly commendable. My unreserved appreciation goes to Dr Joan Cook for her guidance, support and advice without her willingness to read my work despite her tight schedules, my thesis would not have achieved this success, your criticism guides the thesis from many weaknesses and had made it much better, I am proud of both of you for the work well done.

Similarly, my heartfelt appreciation goes to those people who participated in my primary research with special reference to the Shell staff and Ogoni People in Niger Delta without your cooperation and willingness to grant the interview my study would not proceed to the conclusion. I wish to acknowledge the support rendered by Mrs K Spry for making sure that this thesis is up to standard, your effort is commendable and appreciated. I like to give special thank you to Dr Muritala Awodun, my brother inlaw. Mr. Fatayi Agbemuyono, Mr. Agbaje Baba Debo, Mr & Mrs Adekoya, my elder sister Tayibat Adebisi, Pastor David in Onne village (Port Harcourt), Kemi Balogun, Taiwo Adegbesan (Shell Staff), Mr. Koiki Ibiyemi (Electoral), Mr Baloo, Mr Sony, and my Landlord and his wife Mr & Mrs Abdul Kahn. Mr & Mrs Graham Firth my neighbour.

Lastly, I like to give many thanks to my younger brother Engineer Abu Doyin Edu, your prayers and financial support throughout my studies is highly appreciated. (Jazakum Lahi Khairan).

## **Dedication**

First, I dedicate this work to my creator. Praise is to Allah the beneficent the merciful. The Alfa and Omega that taught humankind the knowledge of the unknown and blessing upon His Messenger Prophet Mohammed (pbuh). I will like to show appreciation to my parents both of blessed memory, Late Mrs Idayat Ayinke Edu and Chief S. A. Edu (aka Edu Photo); both of them gave me moral education at home prior to my enrolment at formal school. May the Almighty Allah show his mercy on them the way they showed mercy to me when I was a child; whatever we have is not really ours. It belongs to Allah (Q.2:156). May Allah pardon you of your sins and grant you paradise.

Second, I wholeheartedly dedicate this work to my wife, Mrs Oyinlola Kafilat Awero Edu (aka first Lady), who stood by me through thick and thin. Her support throughout this journey of my PhD cannot be over emphasised; she is a warrior and motivator. My prayer for her is to live long in life to benefit from the fruit of her labour.

Lastly, my son, Abdul-Lateef Oluwatosin Adewale Edu is another strong young boy whom I refer to as 'The Brave Heart'; your support towards the success of this work is enormous. Well done my boy, I am proud of you!

## **Abstract**

This study examines the corporate social responsibility (CSR) of oil companies in developing countries, focusing on the conflict surrounding Shell Oil Company in the Niger Delta. Western literature presents CSR as a philanthropic or moral but largely voluntary activity, intended to satisfy various stakeholders, whose needs can be negotiated through dialogue. However, it is often descriptive and theoretical, and neglects local communities as stakeholders. This study explores the applicability of these Western notions in the Nigerian context, with particular reference to the perceptions within the oil company, and those of the local communities as neglected stakeholders.

An ethnographic approach was employed to elicit fresh insights from Shell employees and local groups in the Niger Delta, drawing on formal interviews, informal interactions and documentary evidence regarding understandings of CSR perceptions and expectations of Shell's behaviour, and impacts on life, livelihood and culture in the local area. A complex picture emerges of CSR as an elusive, contested and context-dependent concept that has different meanings for different people. Western notions of philanthropy, voluntarism and stakeholder engagement are shown to be highly problematic in the Niger Delta, where the difficulty of reconciling conflicting expectations is exacerbated by the colonial legacy of mistrust between multinationals and the local people, as well as weak government. As a consequence of exclusion from decision-making, the local community denies the legitimacy of any CSR initiatives by Shell, and indeed, evidence supports that Shell's behaviour in Niger Delta differs from its actions in other contexts. Whilst joining academic calls to refocus CSR of oil companies to

one that is community-oriented and negotiated rather than dictated, it recognises the challenges facing these concepts in communities like the Niger Delta.

**Key Words** CSR, Shell Company, MNCs, Oil industry, Community People, Niger Delta, Nigeria, Oil Spillage, Stakeholder.

## **List of Acronyms**

BBC	British Broadcasting Corporation
CBN	Central Bank of Nigeria
CSR	Corporate Social Responsibility
DPR	Department of Petroleum Resources
GDP	Gross Domestic Products
JJC	Journey Just Come
MNC	Multi National Corporation
MOSOP	Movement for the Survival of Ogoni People
ND	Niger Delta
NGO	Non-Governmental Organisation
NDP	Niger Delta People
NDR	Niger Delta Region
NNPC	Nigerian National Petroleum Corporation
PTD	Petrol Tanker Driver
RCSR	Reasonable Corporate Social Responsibility
RNC	Royal Niger Company
SGBPR	Shell General Business Principles Report
SPDC	Shell Petroleum Development Company
UAC	United African Companies
UK	United Kingdom

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# CHAPTER 1

## General Introduction

### 1.1. Introduction

The title of this thesis is, “The Impact of CSR on the Stakeholders of Oil Multinational Corporations in Niger Delta, Nigeria” The thesis demonstrates the challenges facing CSR in a developing country context, and the limitations of existing CSR frameworks when applied in Nigeria. In particular, the research reflects community members’ perceptions and experiences of the impact of Shell’s practices on their lives and means of livelihood.

CSR is a complex topic, which has been approached in a variety of ways by different scholars. The focus of this research is on the effects of CSR on the Niger Delta people, and on how context specific factors influence CSR policies of multinationals and specifically Shell, resulting in community hostility. In so doing, the study responds to concerns raised by previous authors. Fraynas (2000) argued the importance for oil corporations’ success in Nigeria, of their understanding of the local people. Ite (2006) claimed that the lack of such understanding is responsible for conflict between the oil companies, local communities, and non-governmental organisations, as some of the stakeholders in the oil industry in Nigeria. This study responds to these concerns by presenting the voices of a segment of society who have hitherto not been well presented and recommends policy to support an appropriate approach to CSR practice in Nigeria.

CSR is not new in Nigeria, but previous study has neglected some aspects, notably, the role and experiences of the community as stakeholders and of the value of stakeholder engagement through dialogue. Amaeshi et al. (2006) pointed out the relative failure of

oil corporations to engage and interact with the Niger Delta community. Dartey-Baah and Amponsah-Tawiah (2011) asserted the importance of investigating context-specific stakeholder expectations (see also Blowfield & Fraynas, 2005). This study will address the challenges to application of stakeholder theory and CSR frameworks to the Nigerian context, for better understanding. This chapter introduces the thesis by identifying the research problem in more detail, and setting out the aim, objectives and questions addressed. It sets the research in context by introducing the research location and selected company. Gaps in previous research are highlighted, in order to demonstrate the need for this study and the areas where it contributes. The chapter concludes with an outline of the thesis structure.

## **1.2. Research Problems**

This research examines the way Shell has designed and practised its CSR, and how this has led to crises in Nigeria. Shell is a multinational corporation that has operations in more than seventy countries all over the world, with over ninety-three thousand employees. Boele et al. (2001) and Ite (2004) claimed that Shell Company does not operate in the same way in England and Nigeria. It is challenged that Oil firms such as Shell violate environmental laws, leading to many crises in Nigeria (Boele et al; 2001a, 2001b). As an example, The *Guardian* (2002b) has reported many protests carried out by youth, human rights activists, and the civil society in the Niger Delta, to express their dissatisfaction with the attitude and practices of Shell in Nigeria.

The business practices of oil corporations in developing countries are controversial. On the one hand, authors such as Moon and Vogel (2008) suggested that oil corporations' business in the developing countries has helped to improve living standards and

facilitate globalization. On the other hand, Kusku (2007), Greenfield (2004) and Pearce and Doh (2005) have argued that multinational oil corporations have created negative impacts on the environments where they operate, especially in developing countries like Nigeria, giving rise to a need to address these problems.

Shell's business in Nigeria has been the focus of crisis in the Niger Delta community for many years, giving rise to anti-social behaviour in Ogoni land and its environs (Saro Wiwa, 1995), for example, holding oil company expatriate workers hostage for ransom and illegal oil business. Youths have resorted to aggression towards oil workers in protest at the way Shell operates in the region and to demand their rights. There are reports of corruption, indiscipline, illegal oil bunkering, and religious and communal crises in the region, as reported by The *Guardian* (2002b). Examination of the root of this problem is necessary in order to be able to suggest a solution for implementation by policy makers.

Consideration of oil companies' practices and their impacts on local communities inevitably raises the question of CSR. Jamli and Mirshak (2007) argued that CSR is a concept discussed by various categories of researchers, with different levels of understanding that reflect the peculiar circumstances and interests of different stakeholders. Over a period of many years, many CSR related issues have been raised in research; however, certain matters were not fully explored, such as stakeholder inclusion in the process and policy of CSR of oil corporations, especially in the Nigerian context. Lindgreen et al. (2008) argued that CSR was designed by corporations to satisfy their various stakeholders' demands; however, many issues have not been resolved, especially related to how corporations realise this goal through their CSR



policies, and to the challenges that face relations between multinationals and communities in developing countries.

As Carroll (1999) noted, many theories have been applied in an attempt to explain corporate social responsibility, for example, stakeholder theory and agency theory. A similar point was made by Steurer (2006) and McWilliams et al. (2002), who included institutional theory, stewardship theory, and the theory of the firm in their studies. Lindgreen and Swaen (2004) argued that such studies suggested that corporate social responsibility had gone beyond the ideology stage to the reality stage, requiring organisations not to focus on the shareholders alone; but to face the reality that they are responsible to many other stakeholders. In this regard, Carroll (1999) argued that organisations should acknowledge their roles and responsibility and reflect them by including ethical, social and legal standards in their business.

Researchers such as Crane and Matten (2010), Steurer (2006), and Smith (2003), argued that scholars should focus on how organisations realise their CSR policies and how they practise CSR, rather than why they adopt CSR policies. In this regard, studies are yet to reveal how Shell practises CSR in Nigeria. Muthuri and Gilbert (2011) revealed that most research on CSR was conducted in the developed countries, e.g. the UK, Germany, and the USA, because the ideology emanated from those countries. Attempts to conduct research in developing countries like Nigeria are imperative. This is especially so since, as Blowfield and Frynas (2005) argued, the suitability and applicability of CSR concepts in developing countries require caution, because the CSR concept was based on foreign principles; hence, whether Shell in Nigeria based its CSR policies on a foreign agenda or local ideology is a matter for inquiry.

Studies conducted by Dartey-Baah and Amponsah-Tawiah (2011), Blowfield and Frynas (2005), and Amaeshi et al. (2006); have suggested that the process by which corporate social responsibility was developed in the advanced countries is different from that in the less developed countries, and may not suit the different contexts of such countries. For example, Blowfield and Frynas (2005) argued that the cultural values, government priorities, economic and social values of Nigeria might influence the CSR process of multinational corporations operating there. They asserted the need for research in neglected communities like those of the Niger Delta, in order to provide a better knowledge base for comparison. The impact of context has been a common matter of debate in studies conducted in developing countries by Muthuri and Gilbert (2011), Ite (2006), Hamann and Kapelus (2004), and Ofori (2007) who all recommended that different approaches to CSR might be needed in different continents, due to the different circumstances prevailing in each continent. For example, Crane and Matten (2010) suggest that the approach to CSR depends on the level of poverty, type of governance, culture, and religious beliefs of the country concerned. This implies that, as Muthuri (2007) argued, for the purpose of economic and sustainable development, it is important to study and understand how a particular community experiences the processes of CSR.

Agim (1997) points out that to establish cordial relationships between foreign oil companies and their host communities, it is necessary for the former to understand the latter's plight. In the case of the Niger Delta, whilst the importance of the community's plight, perceptions of CSR and the crisis in the region is widely recognised, as perceived by Saro Wiwa (1995), little effort has been made to explore and understand how the community perceives multinational oil companies and their CSR activity or to incorporate such understanding into CSR policy and practice. Indeed, such perceptions

are ignored or taken for granted, as claimed by Amaeshi et al. (2006). Consequently, CSR initiatives by multinational oil companies, however well-intended, are often likely to be viewed by members of the public as public relations stunts (Ite, 2006).

Another dimension to the problem, in the view of Ogunleye and Ogwumike (2008), is a lack of strong government protection of citizens' interests in Nigeria. The laissez-faire attitude of the Nigerian government toward many national issues corroborates this argument. For example, in 2014, there was a Petrol Tanker Drivers' (PTD) crisis; the government was reluctant to respond to the issue, despite strike action warnings from the Petrol Tanker Drivers' Association (The nigeriatell.com news, 2014). In Nigeria, one of the means by which workers express grievances is industrial action, sometimes with public support. Industrial action has been common among oil workers, protesting at the way the sector is managed by the government; hardly a year goes by without a strike action in this sector. The 2014 PTD strike action, as is often the case, resulted in much loss of life and property. There was no movement of vehicles and business was paralysed throughout the duration of the strike; it took a long time for the crisis to be resolved. Government weakness has allowed oil corporations to evade some of their basic responsibilities to their stakeholders, for example, environmental responsibility, which was one of the reasons for the PTD industrial action. The drivers' association claimed that the environment in which they work is unhealthy and blamed Shell and the government for this problem (The nigeriatell.com news, 2014). However, this raises the dilemma of the domains and boundaries of company responsibilities towards the environment.

It is the contention of this study that the failure of Shell oil company to take account of local people's perceptions and views as stakeholders when deciding their CSR

initiatives and practice, exacerbated by government neglect, is responsible for the current problems in Nigeria. This is an under-explored research area. Records have shown many studies on CSR that focused on multinational oil corporations, such as Shell; however, those studies did not address the impact of CSR on the beneficiaries. A study conducted by Idemudia (2007) only focused on corporate partnerships and community development in the Nigerian oil industry. Its report showed community projects executed by Shell; however, there is a difference between community development projects and stakeholder engagement in corporations' decision-making process that recommends those projects. The study recommended that Shell form a partnership with the community; however, it lacked empirical analysis of whether or how Shell contacted the local community prior to project execution, nor did it critically discuss the challenges to achieving such a partnership.

Another study that focused on Shell is a study of poverty alleviation in oil-rich countries, like Nigeria, by Ite (2005). The study identified poverty in the Nigerian oil region because of mismanagement of natural resources. The study by Ugochukwu and Ertel (2008) focused on CSR and the adverse effects of oil explorations on biodiversity management in the Niger Delta. However, those studies paid little attention to the perceptions and expectations of the people affected as stakeholders in Nigeria. This study extends the current deliberation on the CSR concept in the Nigerian oil sector, to illustrate the effects and shortcomings of the application of a European-derived concept to the Nigerian situation. Critique of previous studies reveals a lack of detailed consideration of stakeholders' engagement through dialogue, and how to avoid or at least mitigate environmental damage emanating from oil extraction, and limited understanding of corporate social responsibility and its application in a developing country like Nigeria. This research highlights and criticizes the problems of the existing

CSR and stakeholder theory as they affect the less developed countries, like Nigeria.

The next section sets out the aim and objectives of this study.

### **1.3. Research Aim and Objectives**

The aims of this study are to investigate the level of understanding, the experience, and expectations of the Niger Delta people toward CSR as practised by Shell. Lack of understanding of Shell's CSR process by the community has generated argument and crisis in the past; this study examines what led to the crisis.

Oil exploration by Shell does both harm and good to the community. For example, the revenue generated from oil is a benefit, but the associated drawbacks are the effect of oil pollution on the environment and the people that live in it. Moffat and Linden (1995) identified the long-term negative environmental and socio-economic repercussions of oil exploration for the host communities, manifested in the appalling environmental degradation, extensively reported by the international media. Some of these instances were alleged by Shell to be due to sabotage by the local community. Carroll (1999) proposed that CSR means doing less harm to the society, an argument supported by Klein (2000), who asserted that not only is doing good the right thing to do, but it also leads to doing better. The situation in Nigeria however, calls into question the validity and feasibility of those ideas in a developing country context.

The rapidly growing influence and impact of multinational corporations, especially oil companies, in Nigeria have given rise to demands for them to accept responsibility beyond the economic interest of their owners. The argument is that corporations have social as well as economic responsibilities led to the consideration of other stakeholders, such as the community. The campaign for a clean environment has gained momentum

because of the condemnation by the public, particularly non-governmental organisations and local people in affected regions, based on the level of degradation of their environment, by oil corporations' activities (Klein, 2000).

However, there are limited empirical studies to show whether or how these ideas are practised in Nigeria. This study engages the stakeholders in the Niger Delta in their territory, instead of relying solely on philosophically and theoretically based academic debates. The approaches adopted in this study involved ethnographic observation and in-depth interviews, which generated rich empirical data focusing on Shell and its host community in Nigeria.

In order to examine Shell's impact on the environment and on the lives of the stakeholder groups that is, host communities in the Niger Delta, the following objectives were set for this study.

1. To evaluate and gain better knowledge of CSR by tracing the history of CSR in order to evaluate its suitability of this Western notion to the African setting and specifically the Nigerian context, with particular reference to the problem of managing community expectations and experience.
2. To explore whether community expectations can be met through the actions of Shell oil company concerning its CSR process in Nigeria. This entails identifying from key actors what they understand by CSR and what are their expectations. This concern to explore the perceptions and experiences of local actors influenced the choice of an ethnographic study.
3. To explore the impact of CSR processes by Shell in Niger Delta and to demonstrate how these affect the lives of the local community and the sustainability of the environment in which they live in Nigeria. This objective

seeks to investigate the major influences of corporate social responsibility processes on the lives of the community, for example, the impact on the environment, economy, and peoples' ways of life generally. Oil exploration is dangerous and risky to lives, especially when the community dwellers live very close to the exploration and refinery, as in the Niger Delta. The recognition of the impact of such activities on the host community leads to the next objective:

4. To examine the extent to which the engagement of the local community as stakeholder may influence the shaping of CSR processes by Shell in the Nigerian context, by investigating who determine CSR, and why. This objective is to investigate if local engagement may influence Shell to shape its practice in a way that will allow smooth business operations and benefit the community. With such an interest in mind, the last objective is:
5. To evaluate the appropriateness of CSR in a developing country context and explore the challenges this may pose to existing interpretations of CSR. These objectives are addressed through five questions, introduced in the next section.

#### **1.4. Research Questions**

The government of Nigeria, Shell, non-governmental organisations, and the host communities are the major stakeholders in the exploration of oil in Nigeria, with each actor having a different story to tell (*The Guardian*, 2002b). For example, Ugochukwu and Ertel (2008) asserted that the communities were agitating for better management of the environmental disaster caused by oil exploration and dilapidated infrastructures like roads, irrigation, and dams. However, in recent times, organisations are now campaigning for environmental protection. Shell, as an international organisation with

high reputation, should follow the same trend. On the other hand, Shell has argued that it is not responsible for the development of the Niger Delta; it claims to have carried out many projects for the community, but argues that maintenance of such projects is the duty of the government and the community (SPDC, 2004, 2014).

The oil regulatory bodies through the government representatives, i.e. the Nigerian National Petroleum Corporation (NNPC) and Department of Petroleum Resources (DPR) claim that Shell is shying away from its core primary responsibilities, particularly concerning the protection of the environment and the people that live in it. However, articles published by Shell Company dispute this allegation (SPDC, 2004, 2005). The articles refer to many local projects done by Shell in Niger Delta. This study seeks to investigate these inconsistent perceptions. Therefore, to complement the research objectives, this study will address the following research questions in the subsequent chapters:

1. What factors make CSR practice difficult in a developing country and to what extent do people understand these factors in Nigeria?
2. What are the community's expectations of the environmental obligations from Shell, how can these be achieved?
3. How does Shell decide on which project suits each community in Niger Delta?
4. What are the roles of stakeholders, especially the community, in the practice and design of CSR by Shell in Nigeria?
5. What are the significant impacts of CSR processes by Shell on the life of the community and the environment they live in?

Addressing these questions will contribute to greater understanding of the complicated issues associated with Shell's operations in the Niger Delta, as described above, and



may point to some ideas for resolution. The next section sets the research in context by providing a rationale for the decision to focus on this particular region and company.

### **1.5. Research Location and Choice of Company**

The location of this study is Niger Delta in Nigeria and Shell oil company is the company that is the focus of this study, Shell is a multinational corporation (MNC). Schwandt (1997) suggests that a research site ought to be chosen which offers scope not only for collection of rich data but also flexibility about a research topic, and the potential at least to think radically about what is going on with the organisation or location site, as the case may be. Another factor which may influence the choice of research location is the area of investigation the researcher initially finds appealing, and possibility of having means of approach to such a site (Ragin, 1994). All these criteria are met by the Niger Delta region.

This study has explored Shell as a case study because Shell is the largest oil producing company, which started exploration and oil refinery in the Niger Delta region (Nigeria) in 1958. The attention of many academic researchers has been focused on Shell, particularly its CSR policies all over the world; this has generated many studies and controversies. The concepts that inform early impressions and opinions of what constitutes a potential research area will probably emanate from previous research, or from current theoretical reading about issues that are believed to be significant (Ragin, 1994). Shell came first in ranking among other MNCs in terms of CSR in Nigeria (*The Guardian*, 2002b). Shell was the first to extract oil in Nigeria. The five major local and multinational oil companies in Nigeria are indicated in the following Table 1.

Table 1: **Multinational and Local Oil Corporations in Nigeria**

Oil Transnational Corporations in Nigeria (MNC)	Indigenous Oil Companies in Nigeria
1 Shell Petroleum Development Company Of Nigeria (SPDCN)	1 Conoil Producing
2 Mobil Oil	2 Nigerian Petroleum Development
3 Chevron Oil Ltd	3 A Summit Oil International
4 Texaco Overseas Nigerian Petroleum	4 Yinka Folawiyo Petroleum
5 Total Upstream Nigerian Mobil Producing	5 Alfred James Petroleum

Source <https://www.linkedin.com>

Since Shell and its CSR activities have already attracted research attention, it is important to highlight the research gaps where this study will contribute.

### **1.6. Research Gaps**

After many studies on CSR, the question of what factors determine CSR remain unaddressed. It is significantly important to understand the factors that determine CSR for theoretical and practical reasons. Researchers need to articulate these factors in the literature of CSR. On a theoretical level, this will add to existing knowledge, in particular on the reliance and limitations of existing CSR frameworks in a developing country context and in practical terms, this will facilitate better understanding of those factors that determine corporate social responsibility, as a step towards finding solutions to improve practice. Crane and Matten (2010) argued that research should focus more on how organisations practise CSR rather than why they engage in CSR. The process

and the approach by which organisations practise CSR should complement each other in order to actualise the potential of this concept.

There are concerns that developing countries have been neglected in research on CSR, since most extant studies were carried out in developed countries, as argued by Muthuri and Gilbert (2011). Meanwhile, the few studies conducted in the less-developed countries show that the dynamics of such countries are quite different from those of the Western nations. Therefore, African nations require a different approach, as argued by Ofori (2007). In addition, there are concerns as to the suitability of the CSR concept in Africa; therefore, Blowfield and Frynas (2005) called for more studies in African contexts. Oil companies are of particular interest in this respect, since there is no doubt that oil extraction has many negative effects on the environment and the people living in the area and this needs investigation. Therefore, this study examines the process and approach of CSR by Shell in Nigeria, as experienced by the local community, to satisfy the calls for more studies as proposed by many researchers (Visser, 2008; Ofori, 2007; Amaeshi et al., 2006; Blowfield & Frynas, 2005). The next section explains how the objectives, process and outcomes of the study are reflected through the structure of the thesis.

## **1.7. Outline of the Thesis**

This study has seven chapters, as follows

**Chapter One:** This chapter is an introduction to the thesis, which draws attention to the purpose and objectives of the study, and sets out the research questions. After introducing and justifying the choice of location and company as the focus of this study,

it identifies research gaps in order to identify the areas where this study contributes. The remaining chapters of the thesis are as follows.

**Chapter Two:** This chapter sets the study in its geographic, historical and economic context by providing a broad picture of Nigeria, and an account of the Niger Delta people, as the community in focus. An introduction is provided to the history of petroleum in Nigeria. Attention is focused on Shell, as the first multinational corporation granted approval by the federal government to extract oil in Nigeria.

**Chapter Three:** This chapter contain a literature review in which contentious issues related to CSR and Stakeholder theory are addressed, in particular, the potential problems and weaknesses arising from the application of Western interpretations of CSR and stakeholder concepts in a developing country context. The study argues that conducting an empirical study on the CSR activities of Shell, as a MNC would complement the theoretical literature on the subject area, especially in the Nigerian setting.

**Chapter Four:** Chapter Four addresses the research methods and methodology. The chapter focuses on the methods of data collection and analysis employed for the study, and the advantages and shortcomings of the methods used are analysed. The chapter explains and justifies the reasons for adopting ethnography and interview methods instead of other methods. An account of how the research was conducted in Nigeria is narrated, including how access to the participants was gained to engage in the study. As an observant-participant in this research, my personal claims are added to the findings.

**Chapters Five & Six:** These chapters focus on the findings and analysis of data, based on the voices of the participants. The chapters provide accounts of the interviews conducted at various locations visited during the study.

**Chapter Seven:** This is the concluding chapter. It contains a summary of the entire thesis. This chapter focuses on each objective of the study and the contribution to knowledge. The chapter highlight limitations to the study and areas of further research, and ends with a conclusion section.

## **CHAPTER 2**

### **Historical Background of Nigeria**

#### **2.1. Introduction**

In the previous chapter, it was explained that this study is concerned with CSR policies enacted by Shell as a multinational oil corporation in Nigeria. It focuses specifically on the practices of Shell in the Niger Delta of Nigeria, and how the local community, as under-represented stakeholders have perceived and experienced these for many years.

Given the argument raised in Chapter One, that consideration of CSR should be context specific, the purpose of this chapter is to facilitate understanding of the research by placing the research topic in its social, economic and historical context. This chapter draws attention to the historical and geographic background of Nigeria, with its socio-cultural and ecological attributes and the position of its people, including the political system of government and power sharing. The chapter then narrows the focus to the Niger Delta and its people, as the local region and population investigated in this study. It shows how political and economic marginalization have generated turbulent conflict in the region, marked by the rise of militia groups. Given the role of natural resources, both in inflaming these tensions and in attracting oil company attention, the chapter goes on to discuss the role of oil in the Nigerian economy. Attention is then focused on Shell, as the focus of this study. Shell was the first MNC oil company to enter Nigeria, and the one that produces the largest percentage of crude oil in Nigeria. Shell as a multinational oil company dominates much of the history of the Nigerian oil sector.

In particular, the chapter draws attention to Shell's operational oil spills as a major threat to the environment and the people in the region. The contribution of this chapter is to shed light on the historical, social and economic reasons for the state of antagonism prevailing between stakeholders in the Niger Delta region. In so doing, it delineates the complex, contested and dynamic backdrop against which this study took place.

## **2.2. Nigerian Socio-Cultural and Ecological Setting**

The purpose of this section is to examine the ecological and socio-cultural attributes of Nigeria, as understanding of this background is needed to give an overview of the Nigerian setting. This will highlight the reasons why the study is very important and provide readers with knowledge of what is happening in Nigeria and why.

Nigeria is one of the most populous countries in the world; it is generally referred to as the "Giant of Africa". Modern Nigerian political history began in the colonial era on 1 January 1914 when the first British governor general, Lord Lugard, amalgamated the Northern and Southern protectorates for easy administration (Orojo, 1992). Okafor (1992) argued that Nigeria as an independent country has not experienced socio-political and economic tranquillity, after many years of independence. Nigeria gained independence from British colonial rule in 1960. Since then, Nigeria has witnessed many brutal civil wars, and successful military coups d'état, beginning almost immediately after it became an independent nation. This has led to corruption, where the government of the day siphons profits from the oil boom, which led to economic collapse during the civil rule of President Shehu Shagari in the 1980s (Okafor, 1992).

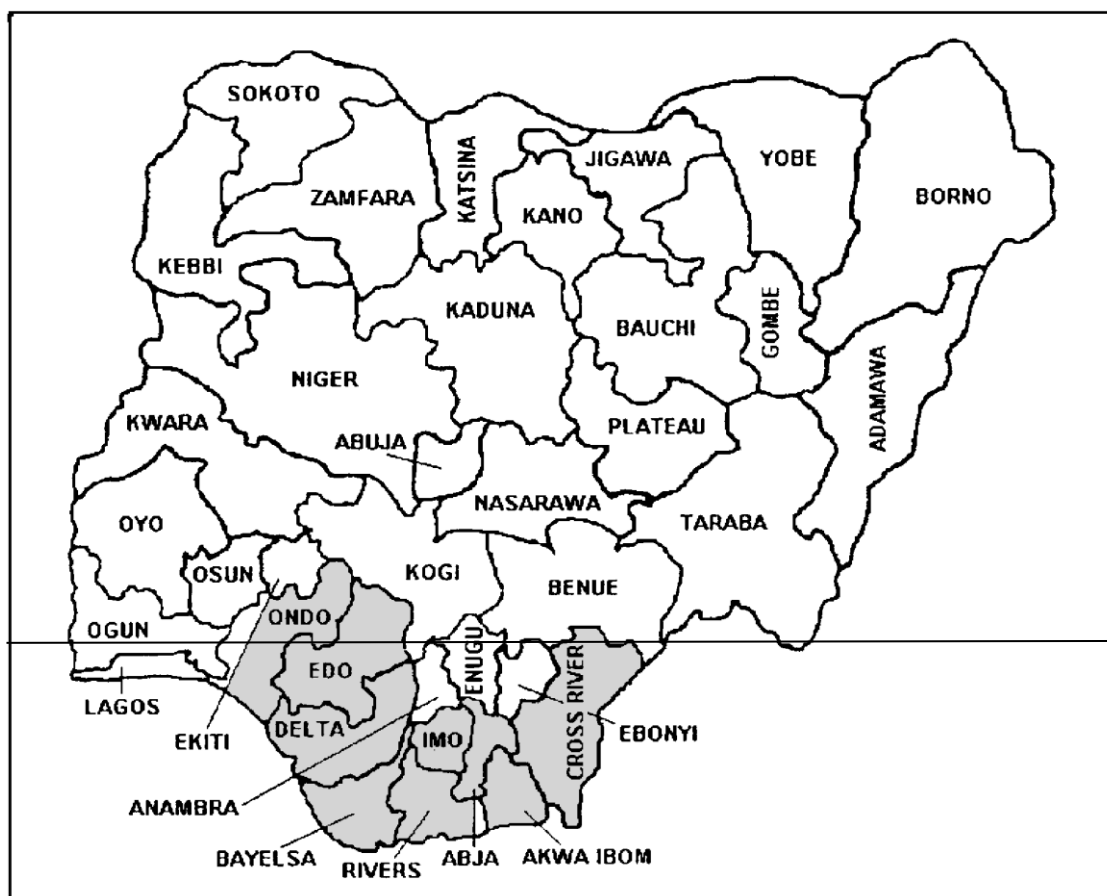
Prior to independence, the region was characterised by a peasant lifestyle. The mode of production and major source of revenue was agriculture, with each region of the

federation specialising in several types of agricultural produce (Orojo, 1992). The Northern region specialised in livestock, the Southern depended on cocoa, cotton, cassava and cola-nut, the Eastern region and middle belt grew yam, palm-cannel, and so forth. As soon as Nigeria discovered oil, however, the interest in the agricultural sector declined. The total Gross Domestic Products (GDP) accumulated in the agricultural sector decreased from 65.7% in 1959 to 30.9% in 1976 (Orojo, 1992).

Nigeria is a federation of 36 states. Although these were welded into an amalgamated entity for governance purposes, to serve the imperialist colonial masters, the federation is characterized by tribal, cultural, linguistic and religious diversity. The major ethnic groups and languages in Nigeria are the Hausa, Yoruba, and Ibo. The seat of government is Abuja, as the federal capital territory. The 36 states are further divided into 774 local government districts, distributed across six geographical zones; north, east, west, south, the middle belt and southwest (Agbese, 1993). Without adequate local knowledge, it is likely that multinational corporations like Shell may have problems dealing with the ethnic and cultural diversity of the country due to the different problems arising from each group.

For further illustration, the political map of Nigeria is shown in Figure 1. The map shows the 36 states of Nigeria, with the Niger Delta region shaded. The latter encompasses Abia, Ondo, Edo, Delta, Imo, Cross Rivers, Bayelsa, and Akwa Ibom. The Hausa dominate the Northern region of the country; the Western region is dominated by the Yoruba and the Eastern region by the Ibo.





**Figure 1:** Map of Nigeria, adopted from Frynas (2001).

Nigeria is blessed with many natural resources, including crude oil; the central government controls these resources. The primary occupations and economic power of the Niger Delta people are fishing and farming. Such activities are inevitably affected by oil exploitation. Nevertheless, Osaghae (1995) and Iyoha and Adamu (2002) have argued that, even though the entire Niger Delta environment has been undermined by oil extraction, little or no effort has been made to compensate the people of the Niger Delta with basic infrastructure.

In other words, the benefit of oil to the people is not commensurate with the many problems associated with oil. This is a major reason why power relations between federal, state and local government in Nigeria have become a common matter of debate, especially among politicians during democratic rule since 1999, when

Nigeria elected a civilian president. The reasons for such debate were issues of revenue allocation, resource control, land reform and determination of local government boundaries among others. These issues have generated crisis among the affected state and local governments. For example, each state government in Nigeria has legislative power through the state assembly to create local government, demarcate boundaries, and share all resources found in the location concerned. Power to create a state government lies with the federal government through the federal House of Representatives, subject to Senate approval. Following this overview of the social cultural and ecological attributes of Nigeria, the next section will focus on the Niger Delta, as the centre of discussion in this study.

### **2.3. The Position of the Niger Delta People in Nigeria**

Niger Delta people are united by their historical status in Nigeria and share a common identity as southern minorities (Agbese, 1993). The population of the Niger Delta comprises five major tribes: the Ijaw, Urobo, Itsekiri, Ilaje, and Ogoni. Niger Delta is an area inhabited by about 20 million people, with diverse cultures, languages, and histories.

There are nine state governments in the Niger Delta region, which have come together to create local government for the development of the region, through the receipt of a larger federal revenue allocation from the federal government. Historically, the northern region of Nigeria has dominated the rest of the regions, due to its larger population. Osaghae (1995) has claimed that the regional imbalance could be traced to the amalgamation in 1914 by the colonial master Lord Lugard (Governor-General of Nigeria 1914-1919). Ever since the amalgamation of the

Southern and Northern protectorates, the people of the Niger Delta have been referred to as minority and marginalized ethnic groups in Nigeria. Local people have been struggling for a voice in any issue in Nigeria. Such dominance of indigenous groups of people, either by a majority or by a few groups of powerful people, is a political issue that occurs all over the world in the guise of development or transnational capitalism, as argued by Shohat (1992).

Thus, the situation of the Niger Delta communities is like post-colonialism, which is rooted in Anglo-American ideology. The Niger Delta region's natural resources have been dominated and colonised by the federal government. The result is evident in federal allocations of revenue and natural resources to each state of the federation by a formula based on either the population or level of development in each state. By both criteria, southern regions such as the Niger Delta suffer. For example, the latest figure of the Nigerian population is 180 million (Nigerian census, 2015). The population census shows there are more people in the northern region; therefore, this attracts more revenue allocation from the federal government.

Ultimately, the indigenous people in the Niger Delta are affected negatively by the formula for federal allocation of revenue, so they do not benefit from the natural resources found in their region. This is 'local post-colonialism' by the powerful elites at the expense of the people of the region. As argued by Perera and Pugliese (1998) the position of indigenous people in contemporary post-colonial theory is invisible. This gives rise to tensions because they continue to struggle for their rights as a people who have been marginalized.

The right of land ownership, the right to gain a larger percentage of the revenue generated on their domain, the right to have access to a better quality of life and so

on have been the vision of these people, which has been misconstrued by the outside world, resulting in their being described as ‘radicals’ or ‘terrorists’. However, they could be regarded as ‘stakeholders’ in the natural resources (oil) found in their domain and it might be argued that, to some extent, they have rights to claim the ownership of such resources and to benefit immensely from them. As pointed out by Bachelard (1998) there should be a difference in land rights during the colonial and post-colonial eras. Nevertheless, Bachelard (1998) points out the post-colonial era in Australia, for example, shows similarity with the previous era; to some extent; it is a continuation of the colonial era. Similarly, in Nigeria the small cabal ruling the country does not want to change the system to benefit most of the populace, but favours a minority, especially those that share their ideology.

Oil, which is the mainstay of the Nigerian economy, contributes about 90% of the nation’s foreign exchange earnings and revenue produced in the region (*Business Day*, 2004). However, the Niger Delta region remains grossly underdeveloped, pauperized, marginalized, and is largely a poverty zone (World Bank, 1995).

It is this paradox and apparent tragedy of poverty amid wealth of the Niger Delta people that forms the background to human rights violations in the area (Ibibia, Oputa panel; Nkoro, 2005). Apart from the issues of the civil war and abandoned property, human rights violations in the Niger Delta are to do with the political economy of oil, with oil corporations and the government of Nigeria (Okafor, 1992; Ukpevo, 1993; Iyoha & Adamu, 2002; Chinedu, 2004).

According to Obi (2002), activities of oil extraction in the region have generated many problems for the local people. Moreover, Ite (2007) blamed the problems on the government and Shell. While Ibrahim (2008) argued, the local people themselves are

the cause of the problems in the region. These conflicting interests and views have led to emergence of pressure and militia groups. Records show that from 1990 to 2001, more than 20 minority pressure groups emerged in the Niger Delta to fight for the rights and interests of the local communities in the face of political neglect (Obi, 2002). Youths in different communities in the region, including a few elites, came together to challenge the government and Shell to protect the environment and the people, through the formation of militia groups, headed by a human rights activist and playwright, Kenule Beeson “Ken” Saro Wiwa, along with nine others.

Saro Wiwa led many protests in the region, some of which landed him in the federal high court in Nigeria, where he and his group members won their case. However, during the military regime of Late General Sanni Abacha, the head of state in the 1990s, Saro Wiwa and his men were tried in a military court, found guilty of treason, and killed, without opportunity to appeal the judgement. The BBC reported the news of Saro Wiwa’s death: “On this day: Nigeria hangs human rights activists, despite worldwide pleas for amnesty” ([news.bbc.co.uk/onthisday](http://news.bbc.co.uk/onthisday)).

It was reported that Shell agreed to pay \$15.5 as compensation for the killing of Saro Wiwa and his men (*The Guardian*, Tuesday 9, June 2009). *The Guardian* claimed that Shell had collaborated with the military head of state to suppress the human rights activists and end their fight for justice. The pay-out was one of the largest fines paid by a multinational oil corporation for violation of human rights. Immediately after the killing of Saro Wiwa and nine others, many of the pressure groups went underground because their members were being persecuted and brutalised by the government. The few that remain are listed in Table 2.

**Table 2:** Pressure /Radical Groups in Niger Delta

S/N	Name of The Groups
1	Movement for the Survival of the Ogoni People
2	The Ogoni youth movement
3	Progressive Youth of Ogoni
4	National Council of Ija
5	Egi National Congress
6	National Youth of Isoko/Igala

On various occasions, groups from different communities have protested against violence, instability and violation of human rights by calling the attention of the government of Nigeria and the international community has to come to their aid. They requested the government to assist in promoting peace, equality, and freedom and to defend them in accordance with the constitution of Nigeria (Ibibia, 1999). In furtherance of their attempts to press home their demands, the people of the Niger Delta formed various committees to write many bills of rights, and to fight the Federal Government of Nigeria and Shell Company on the issue of environmental problems. Table 3 shows these bills of rights.

**Table 3: The Niger Delta Bills of Rights**

S/N	Name of The Bills
1	The Bill of Ogoni
2	The Kaiama Peoples' Bill
3	The Egin Peoples' Bill
4	The Oron Peoples' Bill
5	The Warri/Ijaw Peoples' Bill
6	Urhobo People's Bill

Source: Ekine (2001)

The government of Nigeria refused to listen to any group in the region, despite many protests; the leaders of these groups were targeted and arrested by the government for violating the law. The government later banned the activities of those groups in the region and occupied the communities with military police to counter the groups' actions (Idemudia & Ite, 2006). There are many ethnic militia groups in Nigeria because of many crises that emanated from the annulled general elections of June 12, 1993. Generally, the ethnic militia groups cut across the whole nation. Tables 4 & 5 show the major militia and consultative groups in Nigeria. The implication of these ethnic groups is that people are tired of the military rule in the country due to several of innocent people without fair trial. The foremost among the groups is the 'Odua group', which dominates the southwest with many followers and they always oppose government policies.

**Table 4: Ethnic-Militia Groups and Their Tribes in Nigeria.**

S/N	Militia	Tribe
1	The Congress of Odua People	Yoruba
2	The Hausa Congress of Areewa People	Hausa
3	The Egbesi Youth Congress of Ijaw	Niger Delta
4	Abakassi Youth Congress of Delta	Niger Delta

**Table 5: Consultative Forum and Their Tribes in Nigeria**

S/N	Consultative Forum	Tribe
1	Ohanaeze Ndigbo.	Igbo
2	Arewa Consultative Forum,	Hausa
3	Afenifere, Council of Elders of Yoruba	Yoruba
4	The Survival of the people of the Ogoni	Niger Delta

This section has so far discussed and traced the political background and social groups in the region and noted the role that natural resources played in the region. These attracted the entry of MNCs, especially oil corporations in Nigeria, as indicated in the next section.

## **2.4. Oil and Its Contributions to the Nigerian Economy**

The establishment of United African Companies (UAC) represented the start of MNCs' business in Nigeria (Ekine, 2001). George Goldie in 1879 founded the UAC in Nigeria;



it was one of the first foreign companies set up by business merchants before independence, attracted by Nigeria's abundant natural resources (Idemudia & Ite, 2006a). After the UAC, many other MNCs sprang up, particularly following the discovery and exploration of oil, for example, British Petroleum, Shell oil company, Mobil Oil and so forth.

The oil history in Nigeria has generated many writings and it has created many crises, among them political, religious, and inter-tribal ethnic wars, due to competition to reap the benefits derived from the business. Oil was discovered at Oloibiri in Niger Delta, Nigeria in 1958, and oil has been the mainstay of the economy since independence (Ite, 2004; Ihugba, 2012). Oil was reported to have contributed 90% of Nigerian foreign exchange earnings in 2004 (*Business Day*, 2004). This one resource accounted for 70% of federal government revenue, more than 80% of export earnings and about 20% of GDP in 2007 (CBN, 2009). In August 2008, Nigeria had 36.2 billion barrels in oil reserve, second only to Libya amongst African nations (Ihugba, 2012). In addition, in 2008 Nigeria exported a total of 362,000 barrels per day of crude oil to the United States, approximately 7.7% of US crude oil import for that year (Shaxson, 2009). In 2006, Nigeria's high quality crude oil contribution amounted to 3% of global production at a production rate of 2.4 million barrels per day (Vines et al., 2009).

The operations of the oil sector in the Niger Delta have had both favourable and adverse consequences, which have drawn the attention of both the international community and the Nigerian government (Ite, 2004). Although oil has been a lucrative source of earnings, overdependence on this sector has led to other sectors being neglected. Moreover, lack of proper management and accountability have undermined the

efficiency of the oil sector itself. These combined problems caused earnings to drop sharply in 2007, for example (CBN, 2009).

Failure to realize fully and spread the benefits of oil has been attributed both to lack of transparency on the part of oil company, and a complex national oil and gas policy, marred in political interventionism and corruption (Ihugba, 2012). For example, the oil regulatory body, Nigeria National Petroleum Corporation, whose duty it is to check and balance the sector, is not free from corruption. There are daily reports of unaccountable oil theft in Nigeria, which have cost the country nearly \$8 billion a year; an average of 100,000 barrels a day were unaccounted for in 2013 ([www.economist.com](http://www.economist.com)). The beneficiaries of this ill-business are the politicians, some militant groups and government officials; even members of the community who could not endure the pain and rigour of poverty have joined the ‘bandwagon’ of oil theft ([www.economist.com](http://www.economist.com)).

In addition to the economic losses caused by mismanagement are the harmful impacts on the environment and local people, of the activities of companies such as Shell. Villagers could potentially benefit from the activities of corporations like Shell through their CSR policies (see details in section 2.5 page 31). However, the activities also bring problems. The issues the communities face differ from one community to another, according to the nature of the oil-industry activities in each location. Oil exploration and marketing are divided into three categories in three different communities in the Niger Delta Region: onshore, offshore productions, and oil marketing (oil transportation). Table 6 highlights the major oil problems faced by the people of the Niger Delta.

**Table 6: Oil Marketing Divisions and Their Problems in Niger Delta**

S/N	Section	The Division Problem
1	The Producing Communities (communities where oil exploration take place)	gas flaring, air pollution, and illegal oil bunkering
2	The Terminal Communities (communities where territory port or terminal facilities are located)	spillages, and contamination of water and seas, affecting fishing and farming in the community
3	The Transit Communities (communities where pipelines, and flow station pass through)	scooping of oil, risk of fire, danger to human beings and property

Each community highlighted above has its own peculiar environmental problems because of oil business in the area. Nigeria is among the world's major oil producers, but production could be far higher, were it not for chronic inefficiency and prevalence of many conflicts in the country (CBN, 2009).

Finally, discussion of oil company activities and associated problems in Nigeria must be considered in relation to the socio-political and economic history of Nigeria, which has contributed immensely to the inability of the government to rule the nation properly. Idemudia and Ite (2006) posited that government weakness in addressing these issues gave the opportunity to multinational corporations to operate in their own favour. Nowhere is this more evident than regarding oil, the industry of focus in this thesis. In the absence of strong regulation, the region has continually suffered from adverse environmental impacts of the oil industry, some of which were mentioned above. Further evidence of the problem is provided in the next section, which focuses specifically on the role of Shell in the region.

## 2.5. Shell's CSR in Nigeria

The need to identify the responsibilities of corporations to society is a central concern in this study. In the first instance, in the case of oil companies in Nigeria, they are accountable to various oil regulatory bodies under the leadership of the NNPC. These agencies are in charge of different regulations; however, for a company to deal in oil extraction it must obtain approval from the Department of Petroleum Resources. Therefore, these bodies influence the nature of oil firms' responsibilities in Nigeria. Table 7 shows the oil regulatory bodies under the control of the Department of Petroleum Resources.

**Table 7:** Nigeria Oil Regulatory Bodies

S/N	Oil Regulatory Bodies
1	National Petroleum Investment Management Services (NPIMS)
2	Nigerian Association of Petroleum Exploration (NAPE)
3	Petroleum Technology Association of Nigeria (PTAN)

McWilliams and Siegel (2001) suggest social interaction with others, reacting or responding to issues, and accountability to their shareholders as responsibilities of firms to society. The firm's responsiveness and accountability could be linked with "corporate governance". This means that corporations should be transparent and be accountable to their major 'stakeholders' (see also, Boele et al., 2001).

However, McWilliams and Siegel's category of social responsiveness is less clear. This is a weakness of their study. The responsiveness of Shell on social and environmental problems is of interest to this study. The views of the key actors, i.e. the community and government of Nigeria, are needed to shed light on these issues. In view of these arguments, this research will focus on the social and environmental involvement and responsiveness aspect of CSR of Shell in Nigeria, to seek clarification of peoples' expectations and how these can be met. However, it is also important to consider Shell's own views of its responsibilities given that it has multiple potential stakeholders, imposing different pressures and with different power.

Shell is a renowned multinational corporation. Among the major objectives set out in its General Business Principle Report (Shell, 2014), Shell is to carry out its activities efficiently, effectively and responsibly in all its businesses, either gas, oil or chemicals, in the industry. Shell's core values and social responsibilities are to deal with others in an open and transparent way and to respect other key players in the market. Shell in Nigeria espouses a commitment to obey the law and regulations related to the oil industry. Shell has declared a responsibility to make sure the management team leads by example and to make sure that all employees are well trained to abide by these core values (Shell, 2014). The above-mentioned values appear to focus primarily on shareholders and business partners, rather than the local people.

Nevertheless, Shell Company also claims to devote time and money to contribute immensely to sustainable development in each community of its operations in Nigeria. In this regards, Shell proposes five major areas of responsibility to its shareholders, customers, employees, other business partners and to society. It declares a commitment to engage in lawful business as a responsible corporation and to comply with

appropriate law and regulations, to support fundamental human rights in accordance with lawful business ethics and to observe adequate health, safety and security in the environments in which it operates. Shell also reports its efforts to ensure health and safety in its dealings by reducing the environmental impact of its operations in Nigeria (Shell, 2014).

The same report announces Shell's intention to be a good neighbour to its host communities, reflected in its contribution to improve the general welfare of the host neighbours in Niger Delta. It claims to manage the social impact of its business activities to extend some benefits to local communities, with the aim of mitigating negative responses to its activities by the public. Shell claims to be aware of the importance of regular dialogue and engagement with its stakeholders in ensuring accountability, and to be committed to reporting its performance by releasing useful information to its legitimate and interested stakeholders, as long as such information does not override the business objectives and confidentiality of the company (Shell General Business Principles Report, 20014). It can be seen from the foregoing statement that, even in its declaration on social issues, its motivation is business-oriented. The purpose in managing its community impact is to avoid damaging consequences for the company, rather than as a matter of ethics or philanthropy (see the discussion of interpretations of CSR in Chapter Three). Moreover, the last sentence of the statement highlights the privacy of the company's business objectives, providing a rationale for potential breaches or limitations of these commitments.

Despite the above, rhetoric however, since Shell commenced operations in the region, a variety of damaging incidents have occurred, although the responsibility for them is controversial. Shell Company claims that, while some of the environmental damage in

the region was caused by operations spillages some was caused by the local people themselves. In other words, there are two major ways in which oil could damage the environment; one, by equipment failure and two, by sabotage. Sabotage and other criminal activities including oil theft and illegal refining have contributed greatly to environmental degradation in the area for many decades. Such crimes in the area were allegedly responsible for the oil that escaped from Shell's operation equipment between 2007 and 2011 (Shell, [www.shell.com.ng](http://www.shell.com.ng)). Nevertheless, it has been claimed that oil companies' socio-economic and environmental standards within the area fall short of acceptable international standards (see, Ite, 2004; Orojo, 1992).

Data on spills is readily available on Shell's website, which records the cause and quantity of damage by the people and operational damage in the area. The data further shows how Shell responded to each incident as it occurred. The subsequent figures show some of the information contained in Shell's records, as released to the public domain.

**Figure 2:** Monthly Oil Spill Incidents Recorded by Shell, 2011

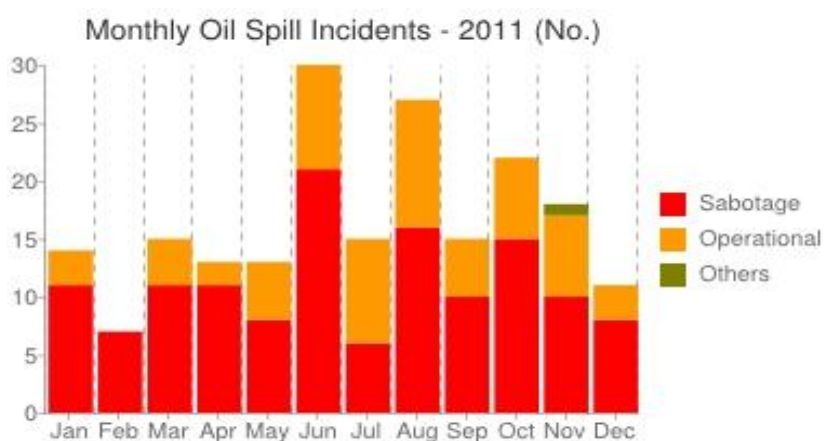
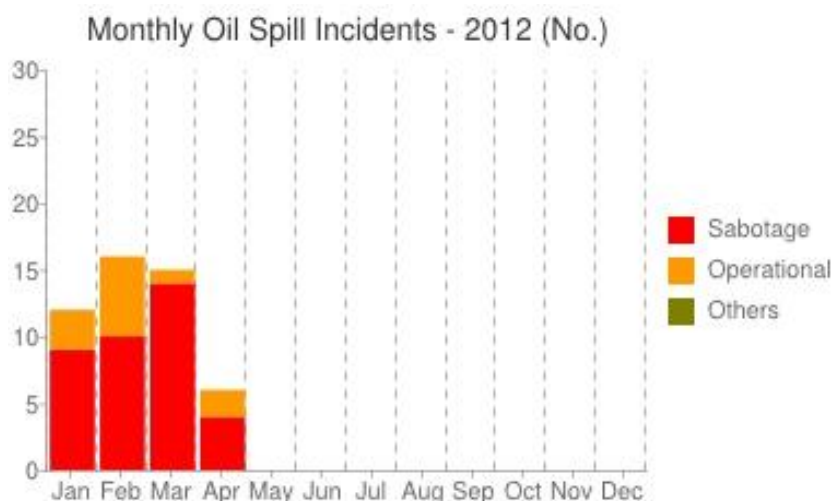


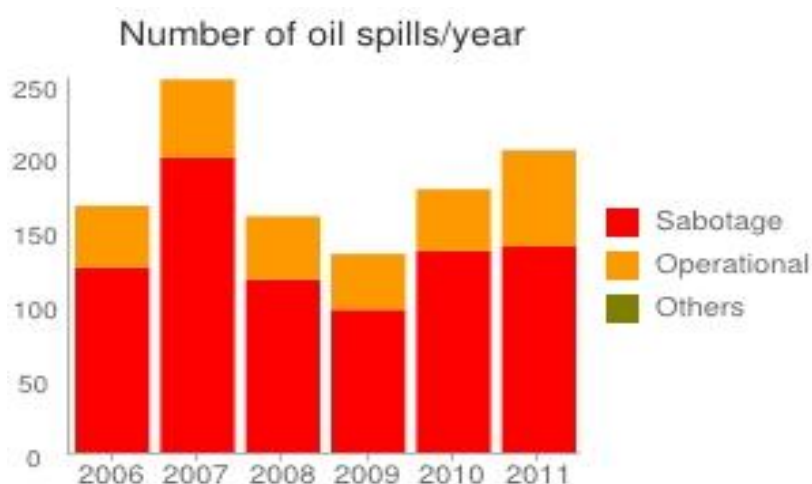
Figure 3: Monthly Oil Spill Incidents Recorded by Shell, 2012



Figures 2 & 3 above show records of oil spills in Niger Delta and their causes. In 2011, there were reports of oil spills throughout the year. In 2012, both sabotage and operational spills stopped. Shell has failed to explain the November 2011 oil spills, referred to as “others”. This may be evidence that some oil spills were caused by illegal activities by the local people, especially youths. However, it could be argued that if this was the case the perpetrators of such criminal acts only took advantage of a lack of law to punish anybody caught doing illegal oil business near Shell’s equipment. The majority of spills were caused by sabotage, according to Shell. Sabotage refers to oil bunkering, theft, and illegal scooping of oil by the militant youths in the villages. However, the two figures show operational spills as well, for which Shell is responsible. Thus, Shell has its own internal problem in this situation. In May 2012, both operational and sabotage spills stopped, because of government intervention.



Figure 4: Number of Oil Spills Caused by Sabotage and Operational Fault Recorded by Shell Over Six Years



Sources: (Shell [www.shell,Nigeria.com](http://www.shell,Nigeria.com))

Figure 4 above depicts the volume of oil sabotage and operational spills for six years, as published by Shell on its website. Oil sabotage throughout this period was reportedly higher than operational spills. This begs the question, how does Shell make profit if so many oil spills were caused by sabotage? There is no doubt, though, that sabotage does exist. Lack of regulation and proper monitoring of Shell's activities could also contribute to this problem.

The danger inherent in the oil spills often leads to crisis between the villagers and the oil company. The people of the Niger Delta Region continue to call for their human rights and environmental protection from foreign companies. However, the political interests of more powerful stakeholders, especially the oil corporations and government, leave the people at a continued disadvantage. Okafor (1992) argued that the oil corporations only engaged in CSR in their own interest and benefit, not for the peoples' interest, a view given same support by Shell's statement, cited above. Meanwhile, as indicated in the previous section, government weakness, corruption and complicity have not only resulted in failure to address the problems, but have actively contributed to and

exacerbated them. This opinion, in effect, indicates that the people of the Niger Delta are at the mercy of both the core actors in the oil sector in Nigeria.

Shell has claimed that corruption in Nigeria has hindered its operations for many years (Shell, 2014). Corruption is a social problem faced by society, which takes different forms, including individual, firm, and government levels. Svensson (2005) argued that any betrayal of public trust or abuse of public power is corruption. Many public officers in Nigeria have been accused of corruption during occupation of their offices. The activities of oil corporations in Nigeria have also been allegedly marred by corruption, due to much information not being clear to the public (Eweje, 2007).

Renouard and Lado (2012) commented that there are allegations of corruption in Nigeria, particularly in the oil industry, that impedes economic progress. Examples include money laundering, embezzlement of public funds, and mismanagement of natural resources, among others. Such corruption, in effect, is transferred to the oil industry (Renouard & Lado; 2012; Eweje, 2007). Nevertheless, despite these allegations of corruption, the Nigerian oil sector still contributed a large percentage of the national budget in 2010 (International Monetary Fund, 2011).

Amid these contested claims, research has yet to reveal how Shell operationalised its CSR policies in Nigeria. There is a need to study how CSR is perceived by vulnerable communities affected by oil spillage and other environmental problems in the Nigerian context. Whereas Shell Company has been perceived to be active in CSR policies in other countries (Garvin et al., 2009; Hilson, 2007), the communities in the Niger Delta think otherwise. Therefore, this study was concerned to find out the causes of conflicts and mistrust between the major stakeholders, assess their implications for CSR in developing countries, and recommend approaches for a resolution.

## **2.6. Summary and Conclusion**

In conclusion, this chapter has introduced the historical and political background of Nigeria against which the activities of oil companies take place. It has introduced the marginalised position of the people of the Niger Delta and the politics behind the failure to bring benefit to their people during the pre-and post-colonial eras, showing how this precipitated the crisis in the Niger Delta and the emergence of many militia groups. The history of oil and its exploration have been traced and discussed, illustrating the reasons why it is important to research into the way Shell oil company practises CSR in Nigeria. This chapter revealed that Nigeria is blessed with natural resources; however, the government has mismanaged the resources, leading to loss of economic benefit and harm to local communities. The Niger Delta is a multi-ethnic society, and any company that wishes to operate successfully needs to understand its complex culture. In practice, tensions have arisen between Shell and the Niger Delta people over responsibility for environmental damage, with Shell justifying its position on the grounds that sabotage and corruption by local people and the government contribute to its inability to perform as expected in the region.

A further implication that can be drawn from this chapter concerns the challenges of doing research in less developed countries such as Nigeria, with an unstable government and weak institutional structures and where competition for power and scarce resources gives rise to violent conflict, as argued by Ite (2005) and Frynas (2005). Ethnic and religious differences further complicate the situation, posing dilemmas for design and implementation of CSR by companies like Shell in developing countries such as Nigeria. This raises the question whether existing models and frameworks of CSR and stakeholder theory, which emerged in Western contexts, are applicable in such a context. The next chapter reviews literature on CSR and stakeholder theory, globally

and in the Nigerian context, with a view to identifying principles against which the current situation in the Niger Delta can be explored and evaluated.

## **CHAPTER 3**

### **CSR Theory**

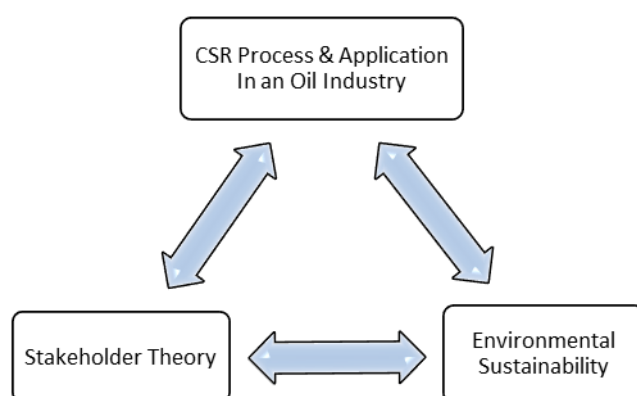
#### **3.1. Introduction**

Chapter Two set out the demographic and political context of Nigeria and the Niger Delta region with special reference to the history of the oil industry in the region, to provide the background for the study. It was shown that the community of the Niger Delta blames oil companies such as Shell for environmental degradation in the area, while Shell claims its activities have been disturbed by sabotage on the part of the local community. Shell's claims were supported by evidence shown in Chapter Two (Figures 2, 3 and 4 on pages 34, 35 and 36). The contrasting perspectives and the history of hostility in the area raise questions about the nature and purpose of CSR policies and processes, which are explored in this chapter. The purpose of doing this is to set out the research parameters and to find out if extant theories on CSR are applicable in the Nigerian context.

The chapter problematizes the notion of CSR, and traces different trends in the idea that companies have responsibilities to the community and, reviewing related concepts and theories, discusses whether CSR is a universal concept. It goes on to examine factors that affect CSR, especially, including globalization and the role of government in international business, before exploring organisation responsibilities and ethics. After this elaboration of CSR in general, attention turns to the Nigerian context, and whether CSR reflects the principle of 'do good, or do no harm' in the Nigerian oil industry, where environmental sustainability is of concern to local communities. The literature review extends to stakeholder theory as a framework for discussing the interest groups

to whom companies might be said to have responsibilities, and dialogue as a means of raising and balancing between complex and often competing interests.

This overview of the literature will guide this research in identifying knowledge gaps, which this study will fill, to contribute new ideas to the topic. CSR is a broad topic, so this study examines the areas relevant to the objectives of this study. Figure 5 shows the key theory areas explored in this chapter.



**Figure 5:** An Overview of the Key Theory Areas Reviewed for This Study

This study argues that within Nigeria, CSR expectations may differ between industries, for example, between banking and oil industries, and areas, between northern and southern regions, because of a range of factors, such as educational and political advancement in the region and the type of business of the corporation. For example, in Niger Delta there are nine states associated with minority groups, which lack basic infrastructural development compared to the northern region of the country, with better amenities. Such communities may have different expectations of CSR from corporations. Such differences support Visser's (2006) view that CSR needs to be approached from a flexible standpoint. The lack of political will and local people's empowerment in Nigeria compared to the West, where governments have embedded

CSR into their legal and social systems, gives rise to the need to address this knowledge gap and to recommend a Nigerian perspective on CSR, to overcome the limitations of the Western theories.

In the light of the above, this study investigates Shell's behaviour and its CSR policy to see if it matches the expectations and experiences of the communities in Nigeria. It also examines how Shell uses CSR initiatives to shape socioeconomic and environmental issues in the Nigerian oil industry. Consequently, the study tries to examine and to comprehend how CSR is interpreted from the viewpoint of the people in the oil-producing region. It is important for both the company and the host community to understand CSR and, more importantly, that the communities are beneficiaries of CSR initiatives in Nigeria. Research argues that social and environmental issues should be considered in corporations' CSR policies, as posited by Aguinis (2011: 855) who states that CSR refers to "context-specific organisational actions and policies that consider stakeholders' expectations and the triple bottom line of economic, social and environmental performance". Based on this, the next section highlights the problematic nature of the notion of CSR.

### **3.2. Problematization of CSR**

This section is intended to illustrate how problematic is the concept of CSR, especially in a developing country context, as background to this study, and to pave the way to subsequent sections which explore more deeply how the current understanding(s) and dilemmas arose. This study is important because CSR has become a topic of global debate, where few issues concerning local community, and their environment in developing countries like Nigeria have been discussed. Debates on organisational

behaviour have also taken the stage globally; however, relatively little attention has been focused on less developed nations. Such discussion, however, requires as a starting point a clear perspective on the nature of the concept of CSR in a developing country context, which in turn raises the vexed question of CSR definition. This is difficult because CSR is an elusive, contested and changing concept. Waddock (2004) attributes the conceptual confusion to the involvement of scholars from different disciplines, who view CSR from different perspectives. The conceptual lens with which this study examines CSR is based on the stakeholders' perceptions, especially those of the local communities in the oil-producing Niger Delta. Definitional issues simply cannot be avoided when dealing with complex or dynamic concepts such as CSR. Manne and Wallich (1972) argued that, notwithstanding the uncertainty of the concept, the answer does not lie in indifference. Clarifications by addressing the meaning of the concept are important, because they have practical implications for practitioners in the field.

Many authors (Bowen, 1953; De George, 1993; Carroll, 1999; Moon & Chapple, 2005; McWilliams et al., 2006) have suggested a variety of definitions of CSR. For example, Carroll (1999) introduced the idea of CSR as being a multi-layered concept, encompassing, for example, economic, social and legal responsibility. According to Carroll (1983: 608), "corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent". However, he provides no detail as to what aspects of CSR should be compulsory and why, especially in less developed countries, with respect to the oil industry. Carroll and Bucholtz (2006) simply viewed CSR as an organisation's moral obligations to society.



Kumar et al. (2002); Reed (2002) and Frynas (2005) took this concept but criticized it, arguing that it was limited because it did not take account of ethnic differences in a society and different communities' unique world view. The idea of CSR was further elaborated by Habisch and Jonker (2004) who added that environmental responsibility should also be taken as part of a corporation's responsibility. Smith (2003) also criticized the definition of CSR suggested by Carroll; he then suggested that corporate social responsibility be reconceptualised as a strategic tool to address how corporations respond to issues related to CSR. An attempt to explore which responsibilities corporations should be involved in and how to do so will facilitate understanding of what CSR stands for in the Nigerian oil industry.

As stated in the previous chapter, this study is crucial because CSR is taking different forms globally, and particularly in the developing countries, compared to the way it is practised in the Western states (Boele et al., 2001; Maignan & Ralston, 2002; Habisch & Jonker, 2004; Greenfield, 2004; Idemudia, 2007). Determination of the obligations that business companies have towards various stakeholders is needed as a benchmark against which to evaluate their CSR performance in a certain location. A critique of that view of CSR would highlight its inadequacy to address cases where corporations do not abide by these rules, or whether these rules are limited to the Western states. For example, in Nigeria, Boele et al. (2001) suggest that corporations are shying away from their core responsibilities, especially in areas such as law abiding, ethical, and social responsibilities in the Nigerian oil sector. Tuodolo (2009) challenged the behaviour of the MNCs and argued that some of them applied their organisations' principles differently in different contexts.

However, critics of Carroll's view did not themselves offer a satisfactory solution, especially as regards developing country contexts. For example, more recent work by Visser (2006/2008) noted that the studies of Kumar et al. (2002) and Frynas (2005) were conceptually based, and that the insights they offered needed to be tested empirically. Consideration of the context in the Nigerian setting, in terms of the effect of oil extraction, socio-economic, cultural attributes and political influence, calls into question the validity of the original concept of CSR proposed by Carroll, specifically because it is uncertain how the aspects he identified will influence local peoples' way of life, and especially because he presents it as a voluntary obligation. To this extent, this study will focus on the social and environmental aspects of CSR to investigate the effect on the local people of the Niger Delta. The study considers how Shell designed its social and environmental responsibilities in Nigeria.

Among the few Western authors to have discussed CSR in a developing country context is Visser (2006), who criticized the Western view of CSR and its applicability to the African context. Visser (2006) criticized Carroll's (1991) CSR model when he attempted to conceptualise the CSR concept for the African context. He argued that the drawback in Carroll's conceptualization is that it is Western-centric; therefore, it may not be applicable to other situations and he criticised its prioritizing of economic and philanthropic obligations above legal and ethical responsibilities. Visser (2008) argued that lack of development dominates the African region and the hope that CSR could be a driver to correct this problem makes the continent rely on foreign aid.

CSR has been in operation over many years in the developed world, but has attracted limited attention in less developed countries, as suggested by Visser (2005); Idemudia (2007/2008); Hamann and Kapelus (2004), and Ite (2004). It is not certain why this is

the case, but one reason could be lack of academic interest in the region. The limited role of CSR in developing countries is particularly salient because of the great disparity of wealth between the advanced and less developed nations, noted by Gifford et al. (2003). Attention has been drawn to the disadvantage caused by poverty and unemployment, which render elusive the United Nations' goals of social and human rights justice to enhance good living standards, especially in the third world nations. Pesmatzoglou et al. (2012) suggested that CSR has a role to play in the solution to these problems (see also, Dartey-Baah & Amponsah-Tawiah, 2011). In contrast, evidence showed that MNCs' CSR in Africa contributed inadequate support to address those issues as argued by Ite (2007).

Nevertheless, even though Visser (2008) offered a general depiction of CSR operations in less developed countries, it may still not be generally applicable across those nations because of variations in religious, cultural, and economic factors that have implications for CSR initiatives. He therefore called for corporations to allocate funds to develop and empower the communities where the corporations do business. From this perspective, corporate social responsibility might entail significant corporate contributions to the people and their communities through job opportunities and provision or improvement of social amenities in the area (Matten & Moon 2008). However, what responsibilities corporations should engage in and why is not clear, especially in an oil-producing environment.

Indeed, many aspects of the Western understanding of CSR are contentious. For example, Manne and Wallich (1972) perceived CSR to be a voluntary endeavour. This study challenges such a view when applied to oil producing areas, due to the associated effects of such activity on the environment. Moon and Chapple (2005) argued that the

emergence of CSR has been fraught with contention, often giving rise to intense argument among scholars as to how policies should be formulated and implemented by corporations. There are, moreover, limits to what corporations can do as a responsibility to the society, bearing in mind their many other responsibilities. However, these limitations are not well defined. This could lead to frustration due to wrong perceptions, expectations and mismatch of opinions by different group of people (e.g., Visser, 2008). Visser (2008) argued that in Africa governments, whose role it should be to address the imbalance between companies' and society's' interests, are mostly weak. According to Heisey and Schimmelpfenning (2006), there is a need for a balance between societal expectations, perceptions, and company actions, as the basis for the latter's legitimacy.

Another contentious view is the suggestion by Kumar et al. (2002) that part of the responsibilities of corporations is to take care of the environment and the host community. Frankental (2001), who argued that a firm should be prepared to evaluate the extent to which its activities would affect others, supported this view. This view, developed in a Western context, raises questions about the validity of the Western understanding of the CSR when it is applied to other operating contexts like Africa. Taking Nigeria as an example, the environmental, economic, political and institutional features differ from those in the countries of CSR's origin. Thus, the "host community" may be defined differently and have dissimilar needs and expectations compared to those in the West. Moreover, contextual factors that enable or constrain approaches and practices will differ from those in the West. These debates highlight the current state of uncertainty as to the way in which corporations should enact their responsibility to different group of stakeholders. Sometimes, for example, multinational corporations provides hospitals and schools, and other benefits to the people around them, which could be interpreted as social responsibilities, as suggested by Idemudia (2007), but this

may not be what local people need, or may unwittingly place additional burdens (e.g. of maintenance) on them. This study aims to examine what corporations should be responsible for, and who should be involved in the process in the Nigerian context. In the end, this would add to the understanding of the CSR notion in the developing countries.

If, then, CSR as a social construct is (or needs to be) context-specific, this raises the questions: what is corporate social responsibility in the African context? How did Shell as a corporation apply the principles of CSR in Nigeria? These questions need further investigation, especially for this study, to address Idemudia's (2007), question whether there is a brand of Nigerian CSR or whether it mimics that of the Western states. An attempt to address this gap would contribute to the body of knowledge. So far, the scholars cited above do not, themselves, offer a satisfactory solution, especially as regards developing country context, perhaps because there is not enough research in the region towards that direction. In conclusion, CSR is a complex and much-debated notion, lacking a clear definition. In particular, Western scholarship does not satisfactorily account for what CSR is (or could be) in a developing-country context like Nigeria. To shed more light on the contemporary dilemma at the heart of this study, the next section will trace historical developments in CSR thinking and practice, with special reference to Nigeria.

### **3.3. Historical Roots of CSR**

The previous section revealed the contested nature of the CSR concept and highlighted concerns as to its applicability in developing countries such as Nigeria. This section further develops the background to this study by drawing attention to the early roots of

CSR in 19<sup>th</sup> century corporation licensing systems and the way, over time, corporations have departed from the constraints imposed on the original chartered companies, particularly in Nigeria, giving rise to demands for a return to same form of control over corporations' activities.

A pioneering article by Bowen (1953) called *Social Responsibilities of Business* is seen as marking the modern wave of reference to corporate social responsibility. Carroll (1999) noted that the usage of CSR by a corporation was, in the early references to such behaviour, termed as social responsibility (SR), and this is the term more commonly found in the early-published articles on the subject. This may be because it predated the prominence and dominance of modern corporations in business. Bowen (1953) posited that various big businesses were essential centres of power and decision-making and that their actions affected many lives in many respects. There is ample evidence to support this assertion in the modern era. For example, Frynas (2005) argued that the business sector, such as oil and gas, makes strong claims to affect society in many ways, for example, employee rights, environmental protection, transparency, and community relations.

An ordinary person might expect corporations to consider what is good, especially to the people on whose lives corporations' activities, such as mining or oil exploration, have negative impact, and to behave in a good and ethical manner by minimising damage to the environment where they operate. However, other people think otherwise; they believe that as a corporation is not a human being, it will not necessarily behave in a particular way that some people will accept. There is a difference between human and organizational behaviour. For example, the first Baron Thurlow, the Lord Chancellor of England (1731-1806) pointed out "Did you expect a corporation to have a conscience,

when it has no soul to be damned and no body to be kicked?” (Cited in Banerjee, 2008:51). These two opinions suggest that one should view corporations from two different lenses, one from the ordinary individual’s perspective and the other as a professional. The Lord Chancellor, taking the professional perspective, envisaged that a corporation would not be constrained to abide by certain ethical standards, because it is not subject to the sanctions that may serve as a deterrent to individual behaviour. However, ordinary people may think otherwise; perhaps they do not know the major reason why organisations exist. Kumar et al. (2002) argued that organisations have to serve many purposes, and one of the purposes might be to minimise the effects of their negative activity on the environment.

However, since the existence of corporations, they have been designed as passive organisations with limited objectives towards their ‘external stakeholders’, while more attention is given to the objectives of the founders and financiers of the corporation. Without the founders, the corporation would not have come into existence. In support of this argument, Duggar (1989) points out that corporations have developed to protect the interests of the owners at the expense of those who do not have influence in the corporation. Having a say in an organisation (internal input) is one thing; feeling the impact of such an organisation (external effect) is another. In effect, this brings different categories of interest in what a corporation does, for example, those who benefit and those that suffer from the same corporation.

The suggestion of the Chancellor quoted above could be the motive of the earliest multinational corporations in the world; this is the extension of the British colonial ideology. The first motive for formation of corporations was to make money for founders and financiers. Corporation then sought to eliminate competition from local

and less privileged corporations, who could not stand the test of time (Duggar, 1989). They engaged in many scandalous ways of doing business by exploiting cheap labour and raw materials, enjoying the benefits of their monopoly position. Activities such as the above were extended to the African continent by the foremost multinational corporations, like United African Companies, Shell and British Petroleum, to mention but a few. At some point, some of these foreign corporations bought the local and less privileged companies who did not have the technical expertise to operate in their chosen field, by means of a joint venture or merger and acquisition. In Nigeria for example, the local national electricity power authority was bought by a foreign company; the name was later changed to Power Holding Company. The idea of Duggar (1989), quoted above, is relevant to corporations across the globe to the present. Most corporations exist to serve the interest of their respective owners. However, this policy affected the community people of the areas concerned, such as the Niger Delta region in South-West Nigeria.

This raises the question of the relationship between societies to which a community as a group of people belong and business organisations like Shell. The public, especially the Niger Delta indigenes, have raised concerns about this relationship between themselves and Shell, which in their perception does not improve their well-being. The primary relationship between corporation and society was based on economic benefit, neglecting the social and environmental impacts (Banerjee, 2008). In addition, Windsor (2001) suggests the relationship between business and society favours the corporation more than society. It is not easy for such a relationship to be smooth, and corporations are facing difficulties in coping with situations like this all over the world. In a country like Nigeria with diverse cultures and multi-ethnic groups, one would not expect anything



less; however, understanding the situation requires a deeper exploration of how and why it has arisen.

The preambles above and the following historical view of corporation social responsibilities, with specific reference to Shell, as a MNC in Nigeria will guide and assist us in contextualizing the discourse on this debate, and the roots of the current problems.

The word 'social' played a significant role in the development of corporations; it is important to trace, discuss, and understand this role for better understanding of this study. Perrow (2002: 31) argued that political, social, and economics forces in combination created the "legal revolution that launched organisation". Perrow focuses on the American system of government, whereby state charters are granted to corporations. Corporations are required to obey State rules before engaging in business. The American legislatures owned the sole power to grant special charters of incorporation to corporations, prior to their operation and existence in the country.

In Nigeria, in a similar system, royal charter under British colonial rule governed business operations. The British colonial rulers granted the first royal charter to the first company run by them and many subsequent companies during the era. For example, the British North Borneo Company was chartered in 1881, The Royal Niger Company (RNC) was granted a royal charter in 1886, and British South Africa gained approval in 1889. The Royal Niger Company was a reflection of economic imperialism, concerned solely with economic benefit to the founder and foreign investors. In Nigeria, this practice was to have repercussions that continue to the present day, as will be discussed later. The Nigerian government could not criticise the system due to lack of political power at the time.

Under the charter system, the state regulates what, when and how corporations should exist in society. The charters gave political power to the government to regulate the activities of corporations. The most important aspect of such charters, as argued by Perrow (2002) was that corporations should be obliged to serve the public interest. In fact, in the 19th century, all corporations in America were subject to acts of state legislature to operate lawfully; any corporation without such approval of the constituted authority would be regarded as “invasion of sovereign prerogative” (Hessen, 1979: 3). Moreover, Banerjee (2000) argued that in the 19th century, the state as the regulator of corporate law could revoke the charter of any corporation that failed to act in the public interest, and routinely did so.

The state or government representing the crown had the power to confer or revoke licences, and to impose conditions on which corporations’ were allowed to hold a licence. Such licences often imposed a condition of acting in the social interest. This can be seen as an early recognition that corporations were expected to serve a variety of interests, beyond those of founders and shareholders: the government, because it had power over the corporation’s activities, and society, because it was affected by corporations’ activities. Thus, it can be suggested that the licensing system represented a joining of economic and social objectives but also an early manifestation of what was later elaborated in stakeholder theory: the idea that corporation potentially have responsibilities to a variety of different public or interest groups, who could affect or be affected by the corporation’s actions, and who had different perspectives and expectations.

Nevertheless, Perrow (2002) pointed out that by the end of the 19th century, many constraints on incorporation had been neglected, to allow new systems of control and

form new organisation interests. The period known as the post-charter era opened the doors for corporations to create wealth to the detriment of the public and those who are voiceless. This shift of paradigm has been the usual practice amongst some multinational corporations. In the absence of strong state control, the public have been experiencing much anti-social behaviour from corporations, such as environmental degradation and abuse of human rights, in various countries, not only in Africa, as is well addressed by Boele (2001), Amaechi et al. (2006) and Ite (2007). Corporations and their owners purportedly took advantage of non-existent or non-effective state regulation for economic gain. In other words, corporations have the power to satisfy the shareholders more than other stakeholders. There is no more social good on corporations' agenda, but at best a symbolic commitment, according to Banerjee (2008). The economic and social functions of corporations have been separated, and the effect can be seen all over the world. Certain corporations are behaving in an unethical manner but no one can challenge them; or where people do challenge them, instead of corporations changing, they lobby a few people with power to have their way.

Despite strong protests by some members of the public, for example, Perrow (2002) has argued that the United States government has granted licences to private corporations to own and operate on public land. This shows how powerful and desperate some corporations are to satisfy their business interests, contrary to the public interest. However, such approval generated controversy by Louisville residents in the United States. The land allocated to the corporation was used to build railway lines, despite the environmental effects, such as noise and air pollution.

After Nigerian independence, the people at the helm of affairs followed the footprint of the colonial masters by running those corporations for economic gain. After many

debates and controversies, those earliest corporations formed by royal charter formed alliances with other corporations, for example, United African Company. This made them stronger and it became more difficult for ordinary people to challenge them. Several corporations in Nigeria today still operate under this structure, such as Shell, British Petroleum, to mention but a few.

In Nigeria, the federal government of Nigeria, through its legislative arm, continued the royal charter granted to Shell by the colonial masters to operate in Nigeria. Shell has the legal right to own property and do business, and has no mandated responsibility according to the Nigerian government, apart from a duty in respect of equipment failure. No responsibilities are mandated by the new system of incorporation (Banerjee, 2008). Thus, Shell's responsibility to the larger society, especially the local communities, is unclear, apart from responsibilities to clean the environment in the event of damage caused by equipment failure. Shell's definition of its responsibilities to protect against equipment failure, is to service oil extraction machinery as and when due (SPDC, 2003).

On the issue of land reform, federal and local government claim supremacy, especially the local government, through traditional rulers and a few indigenes who are privileged to live on those lands. Indeed, during the colonial era, the traditional rulers also were powerful and were recognised by the colonial masters. However, during 'self-rule', all powers belong to the federal government. One could question the delegated power of authority to the state government, since some of these state governments cannot do anything unless the federal government approves it. This is resented by the local people. As Banerjee (2000) points out, the mining sectors in Africa, as in North and South America, have shattered many indigenous communities. In the end, such communities

have engaged in antagonizing the governments who allowed corporations to perpetuate harmful activities.

This thesis proposes to consider a different view, where social and environmental responsibilities of corporations like Shell could be made compulsory because of the danger and impact of oil exploration on the people in the affected areas. If the people were not evacuated from the proximity of the oil exploration they would continue to be exposed to danger. The people in the Niger Delta region have been living with the problems associated with oil exploration for over 50 years. Arguably, there are different perspectives on CSR, economic and political, but with a main focus in the organisation on profit or wealth maximisation, with less attention to social gain to the external beneficiaries. This development has raised many contentious debates among scholars about what will be the fate of the public and the environment if the situation is not challenged.

Having compared the era of legislative control over corporations and the post-charter era; over 170-years, the public, especially the local community people, non-governmental organisation, environmental and human rights activists are calling for the state to take over the control of large corporations. This notion was supported by Nader et al. (1976:15): “The corporation is, and must be, the creature of the state. The state must take control” (Banerjee, 2008: 54). Meanwhile, another scholar suggests that ‘Corporation features could be gained without incorporation’; therefore, a corporation should not be considered ‘a creature of the state’ (Hessen, 1979: 29). A call to redress this position is important to balance the power of the corporation for the interest of the public.

The negative experiences of corporation behaviours in Nigeria, reported above, raise the question as to what might constitute an appropriate approach to CSR. As a step towards establishing a framework for the evaluation of Shell's practices in Niger Delta, as perceived by the local community, the next section introduces some concepts and theories that have been used to defined and justify CSR.

### **3.4. Concepts and Theories of CSR**

This section discusses the concepts and theories of CSR where organisation's responsible behaviour was highlighted then moved on to examine whether CSR is a business-oriented term, and concluded with ethics and morality.

#### **3.4.1. Organisation's Responsible Behaviour**

It is not easy to determine if an organisation is behaving in a responsible manner, as noted by Roberts (2003). Campbell (2007) argued that such behaviour is subject to many issues. For example, Ostrom (1990) argued that a corporation that pays good wages to its employees could be seen to behave responsibly. If an organisation tries to reduce its footprint on the environment, this could be a socially responsible behaviour. Thus, there are many possible criteria by which to judge if organisations behave responsibly. Others might be how the corporation treats its customers with respect to product quality, truth in advertising, and pricing; how the corporation treats its suppliers with respect to its willingness to uphold contracts and honour commitments that are more informal; and so forth (Rowley & Berman, 2000). The point here is that socially responsible corporate behaviour may mean different things in different places. Therefore, we must be careful of when and how to use this concept. In addition, care is required in measuring the degree to which corporations are behaving in socially responsible ways or simply making hollow claims to that effect.

Boxenbaum (2006) argued that people should exercise caution on this concept of organisations' responsible behaviour because it is still new. Political and socio-economic institutions present in each country would determine corporations' behaviour. This is evident in how corporations respond to issues such as environmental hazards. These have become common phenomena due to weak institutional frameworks and governance and poor natural resources control, not only in Nigeria but also in other developing countries.

Fligstein (1990) suggested that different institutions may also determine what type of CSR the corporation will adopt, either voluntary or not. Roe (1994) argued that such institutions may include inter and intra-organisational frameworks. Furthermore, the corporation's internal organisational management plays another crucial role, through the organisational management style. Property rights and state regulations may also determine how corporation would behave (Roe, 1994). However, a knowledge gap remains as to what determines CSR and who should determine it, which this research is intended to find out.

Galaskiewicz and Burt (1991) argued that if there are incentives, corporations might behave in a socially responsible way. Maignan and Ralston (2002) argued that certain reasons could make organisation behave in socially responsible ways, for example, to portray a good image of the organisation and its management team, to increase the firm's profits, and to encourage harmonious relationships between the firm and its stakeholders. The explanation above, as posited by Maignan and Ralston (2002), could be used as criteria to set the minimum standard of behaviour; any corporations that act below this standard of behaviour will be regarded as socially irresponsible.

Drawing from this literature, in the absence of institutional constraints in the environment that mitigate such behaviour, firms will have interests and incentives that may cause them to behave in socially irresponsible ways. Invariably, in the absence of these institutions, firms will be more likely to behave irresponsibly than they would if such institutions were present. Vogel (1992) argued that much evidence has shown how some organisations have deceived their customers, investors and endangered the lives of their staff in the process of making profits. Many corporations, however, do not behave in a socially irresponsible way. Indeed, Maignan and Ralston (2002) report that some corporations go to great lengths to do just the opposite, by giving to charities, supporting community activities, treating their workers and customers decently, abiding by the law, and generally maintaining standards of honesty and integrity.

#### **3.4.2. A Business-Oriented Term?**

There are many issues in CSR, depending on the interest of the researcher, and what s/he is aiming to achieve. Many authors have suggested that CSR is voluntary, while others view it as a business case. However, Weber (2008) identified several purposes of CSR, saying it should promote the image of the firm and motivate staff through benefits; it should involve the firm being prudent in production, reduce risk at work and increase sales.

None of Weber's ideas, however, includes the welfare of the community and the environment. This raises the question: Is the community not a stakeholder of the firm? Further, there is no social welfare, including environmental protection, in Weber's points. If corporations follow Weber's key points of CSR, none of them will perform social responsibility towards the host community, or if they do, it may not be in the best interest of the people. In contrast to Weber, Frederick defines social responsibility thus;



[Social Responsibilities] mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public. Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interest of private persons and firms (Frederick, 1960: 60).

Along similar lines, Heald (1970) advocated benefit to all stakeholders in his study, especially with reference to community people. Johnson (1971) supported the "multiplicity of interest ideology". He argued that a firm should balance and be fair to all parties. Corporate social responsibility activity, particularly among business organisations, is popularly associated with what are deemed as so-called "worthy or deserving" causes, such as sponsorship and charitable giving (Kotler & Lee, 2005: 45). This charity principle and its links to religious conceptions of charity and "good works" for society is a thread that continued through later history in Western Europe. Such an approach is reflected in reports by the people from Nembe village of positive impacts of Shell in their community, cited by Tuodolo (2009). The study covers only a few out of more than a hundred communities in the Niger Delta. His findings in the Nembe community show that Nembe indigenes are appreciative of Shell, for example,

Shell gave us so many things in this community, for example, judge's quarters, tap water, streetlights, and so on. We enjoy these facilities because of Shell, they are our saviour for now but it is not enough, we want Shell to do more (Nembe indigene) (p.536).

What is unknown is whether Shell uses scholarship and provision of classrooms as its CSR initiatives. However, this charitable tradition has not been extended equally to all the communities in the Niger Delta, especially Ogoni land, as evident in Tuodolo's study. Given the existence of such disparities, questions are raised as to the relationship between charity and CSR, highlighting a need to explore the influence of other factors that may explain differences in company CSR practices and community responses from one context to another.

Moreover, it is worth noting that despite the importance of charity as an underlying principle, the twentieth century development of the story of CSR can be traced through the debate on the separation of ownership and control in firms (Maclagan, 1998). This separation was a natural result of the increasing complexity and size of corporations during industrialisation; to the extent that the owner of the enterprise could no longer expect to exercise control over its entirety. This idea undoubtedly contribute to society and are visible signs of social responsibility; manifesting that business enterprises have often been anchored not simply by a desire to make profit, but also by a broader aim to build a good society, by attending to the welfare of employees and participating actively in public life.

Nevertheless, the extent to which such an ideology is applicable in a non-Western context such as Nigeria, or how it may need to be modified when rationalized and enacted in such a context, remains insufficiently understood. This gives rise to a need to examine the effect of Western CSR ideology in non-Western operating contexts such as the Niger Delta.

### **3.4.3. Ethics versus Morality**

This section introduces two theoretical frameworks, which have different approaches to the relationship between ethics, morality and behaviours and, hence, different implications for CSR.

CSR has been viewed differently, so it is very important to explore these views for better understanding. Kant (1979) argues that CSR is embedded in the context of liberalism. CSR could be viewed from different angles, e.g. ‘do no harm’, ‘right’, and ‘virtue’, as perceived by many authors like Carroll, and Friedman.

In the Kantian view, duties of right and duties of virtue differ as to their structure. Duties of rights are absolute rules; a person or corporation must always commit its actions to these rules. As an example, Saro Wiwa (1995) demanded clean water and good roads from corporations in their region, as the people’s rights. Kant (1979: 153) argued that duties of virtue “allow exception”, which means such duties are desirable but not mandatory (in contrast to duties of right). So it could be argued that caring for the environment and avoiding or cleaning up pollution is not a virtue of exception (i.e not discretionary) but one of right it should be mandatory, because if companies don’t observe it (e.g. because of cost or other reasons), it affects the health and even the life of local people. The gap identified in Kant’s framework is a lack of definition of the principle of exception; for example, clarification of what is to be exempted and by which type of organisation is unclear. Therefore, what this suggests when considered in the Nigerian context is that practitioners of CSR need to know this rule for a better way to practise CSR.

However, Liedekerke and Dubbink (2009) challenge the distinction between ‘right’ and virtue made in the Kantian framework, and argued that all moral duties are “duties of

virtue”; this is Carroll’s position. Carroll (1991) argues that CSR should be designed to embrace a variety of business responsibilities, through his proposed types of responsibilities: legal, ethical, economic, and philanthropic, as shown in Figure 6, below



**Figure 6:** CSR Pyramid Model, adapted from Carroll (1991, p.42)

The legal responsibility is perceived by the society as meaning that business organisations should play a double role by making profits and by obeying and respecting the laws of the society, e.g. the federal, state, and local government (Carroll 1991). Carroll’s CSR model has however, focused on an American context, ignoring many other issues like culture.

Nevertheless, Edmondson et al. (1999) argued that empirical studies have shown the importance of culture in CSR. It is very important to note that socio-cultural groups in Nigeria have traditional beliefs reflected in their worshipping of gods and goddesses. However, the invasion of the land by MNCs because of oil exploration might have a negative impact on their way of life (Visser, 2006). For example, land displacement and reallocation of farmland may affect farmers and their livelihood. If there is collective negotiation, there could be ways to adjust and minimize the harm done by the oil company. If an oil company can respect the views of the people, this shows they are

being 'reasonable', 'fair and just' and behaving ethically and responsibly to the society, as suggested by Carroll (1991). Any activities that business organisations engage in by contributing either time or money, which could promote human welfare or goodwill, are regarded as their philanthropic responsibilities.

The argument between Carroll and the Neo-Kantian view of CSR is that the Kantians distinguish between right, the individual pursuit of virtue, and the full set of general principles. The Neo-Kantian framework provides for a tripartite division of business responsibility. While Carroll's "legal responsibility" can correspond with right, then his "ethical responsibility" corresponds with "the full set of general principles" and his "discretionary responsibility" relates to the individual pursuit of virtue (Liedekerke & Dubbink, 2009: 132). However, both could be related, but they cannot be forced on corporations because they are grounded in morality.

Law does not embody morality, according to Kantian theory. Then, what is moral behaviour? How can corporations be just and fair in their CSR policy? The contending issue is that "just" and "the harm principle" clearly should be included in right, both within Neo-Kantian thinking and within the broader context of liberalism. It is public immorality for any corporation to abuse the environment in which its operations take place and the people that live in that environment. Liedekerke and Dubbink (2009) posit that public morality is the dimension of morality for which the state or others have some basis for claiming a legitimate role concerning the determination of moral principles or rules and their enforcement or regarding the judgments made in specific situations. Consequently, as a matter of public morality regarding the behaviour of Shell Company, the people of the Niger Delta have a legitimate entitlement to defend or request their rights.

However, comparing ethical and philanthropic responsibilities shows that the former are binding on organisations. The question is, what is reasonable, right, just and fair? This is where the problem of the Niger Delta community begins. All the key players involved in this study will provide answers to these questions for clarification purposes. The community are faced with the dilemma of what are their rights in the oil business located in their land. This raises the question what rights they should demand from the corporations. The people believe they deserve rules that respect their traditions and consider their socio-economic life. Are Kantian principles of CSR applicable in the Nigerian context?

This study argues that value orientations that can influence African communities' expectations from Shell contradict the Western individualistic culture/orientation. The latter is based on rights, justice, and rules, whereas African views are based on cultural beliefs based on traditional values. Mkabela (2005), who suggested that corporations should consider local tradition in their CSR process, supported this notion. The people's concern is particularly with environmental sustainability, which as noted previously is often included in understanding of CSR and is especially pertinent in industries such as oil, which inevitably have huge environmental impact. Nevertheless, as Lindgreen et al. (2008) observe, there is often a disconnect between theoretical perspectives on CSR and practice. This raises the question of the factors that influence the way CSR is understood and practised, and particularly the applicability of CSR in developing country contexts.

### **3.5. Factors Affecting CSR Practice**

As shown above, various notions of CSR have been put forward by scholars, in an attempt to understand what constitutes CSR behaviour and on what grounds it is premised, whether the pragmatic self-interest of the firm, or more complex notions of ethics and morality. Nevertheless, the Nigerian case suggests that in practice, CSR as described in Western literature is problematic and not necessarily implemented in developing countries. This section, therefore, explores a variety of contextual factors that may facilitate or inhibit CSR activities, resulting in different experiences in different contexts. These include the impacts of globalization, the role of government, and organisation identity and managers' role. In the light of this discussion, the section ends by questioning whether there can be a generalized notion of CSR, given the apparent failure of the concept in non-Western, developing county context.

#### **3.5.1. Globalization**

CSR discourse would not be complete without discussing globalization and multiculturalism, especially when such discussion is in the African context. For instance, many of the largest multinational corporations have up to 60 per cent of their sales and workforces in international business outside their country of origin (Sassen, 1998). This situation has given rise to various phenomena, such as alliances and joint ventures, international trade, employment of expatriates and so forth. Globalization is embedded in the capitalist ideology to expand international markets for capital and wealth maximization (Banerjee, 2001). In fact, the process has promoted movement of trade, technology and people across the globe. By so doing; many new things have been introduced to the economies of countries involved in such activities. The trend of globalization has accelerated throughout most of the 20th century giving rise to the

phenomena of the global village, global market and global products where local culture is ignored or at best manipulated (Banerjee, 2001). In turn, this has affected the value of local products and services. For example, the trend among Africans to want to dress like Europeans has led to a decline in the local cloth manufacturing business.

Another impact identified by Saro Wiwa (1995), is the case of religion, which in Africa, especially in Nigeria, has witnessed many setbacks due to globalization. Nigeria is officially a secular state, according to Oputa (2002). However, the Niger Delta region where this study took place has traditional religion, language, culture and many other indigenous ways of life. However, globalization has either drawn people away from traditional ideas and practices or criminalized them. Therefore, it could be argued that the impact of globalization and corporate interpretations of CSR are synonymous in the lives of these groups of people. Globalization could mean development in advanced countries, because it provides political, economic, and social gains to the people; for example, most people benefit from many global products like mobile phones, tablet, computers and so forth.

In contrast, although such economic gains of globalization are available in Nigeria, they are not evenly distributed, for example, in terms of creation of employment, revenue generation, technology advancement, and so forth. Meanwhile, there are other side effects and negative impacts of globalization in the lives of the rural people. For example, Saro Wiwa (1995) argued that the people do not benefit from the revenue generated from their land, as instead of benefit, they suffer air pollution and all sorts of environmental disaster. Globalization in this form has led people to forget their culture, religion, and local occupations like farming, fishing and petty trade. If local people cannot benefit from globalization, and only a few groups of the society are the



beneficiaries, such globalization does not fulfil the intention of Harry Truman. In his inaugural speech as the 33rd President of the United States of America in 1949, argued,

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of undeveloped nations.... The old imperialism exploitation for foreign profit has no place in our plans. (Banerjee, 2001: 686).

The idea behind globalization, therefore, is to develop the economics of the less developed nations, according to Truman. Considering the present situation of globalization in Nigeria, it is arguable that this aim is not fully achieved. Several authors have postulated that certain multinational corporations have tended to copy the colonialist ideology of economic control over less developed nations under globalization (Haddon, 1971; Amin, 1980; Escobar, 1995). The third world nations have suffered the consequences of Western globalization as Dussel (1999) argued; such 'developmentalist Eurocentricism' could have negative impact on political, social, and cultural effects in less developed nations. It is a double standard, when powerful multinational corporations forcefully increase exports of natural resources at low prices while selling imported goods at high price (Dussel, 1999). According to Banerjee (2001), there is no significant economic development to the Third World nations, despite globalization, due to the separation of power between economic and social development. Capitalist ideas have been imposed by Western cultures on less developed, non-Western countries (Dussel, 1999), like Nigeria. This, in effect, had led to several problems such as urbanization and environmental destruction, displacement of the rural dwellers, unemployment, and youth radicalism.

This thesis attempts to describe the relationship that exists between the local communities in the Niger Delta region with Shell as a corporation and the state government in Nigeria. The relationship could be referred to as ‘self-colonisation’. As perceived by Perera and Pugliese (1998: 72), this is characterised by “the fraught space riven by an ongoing colonial desire to exploit the land, its resources and peoples, and the anti-colonial opposition to colonizing institutions”. Banerjee (2000: 7) refers to the situation described by Perera and Pugliese as “recolonization”.

Recolonization is not solely an African phenomena; three kinds of explanation have been offered by Muecke (1992) to explain the debate on recolonization in the context of aborigines in Australia: anthropological, romantic, and racist. Muecke’s explanation was on perceptions of the dominant interest of the dominant cabal over the minority, powerless and voiceless aborigine in Australia. There are some similarities between Muecke’s (1998) discourse and the Nigerian situation. For example, he describes how from the anthropological point of view, the indigenous people were perceived as an abnormal set of people, applying a functionalist-empirical approach, which denied them a role in dialogue. Said (1986) also thinks in this direction and argues that European ethnography depends on the inability of the local people to negotiate or disrupt national debate on issues that affect them. Meanwhile, in the Nigerian situation, the public uses strike actions to voice their displeasure over government policies, since they have not been empowered to negotiate with the government or corporation. These authors perceived that the local peoples’ right to fight for freedom has been limited by their leaders, as their ‘new colonial masters’. It is against this backdrop that youths in Niger Delta region embarked on many anti-social behaviours to press home their demands for human and environmental rights.

Muecke's other two discourses, romantic and racist, provide other explanations for the tragic experiences of the indigenous people in Australia, which also have resonance in Nigeria. Muecke links the romantic and racist experiences of the Aborigines of Australia, arguing that the colonizers viewed "civilization" as a rescue from "primitive" life-styles. However, they discriminated between "half castes" and full-blooded aborigines by providing special schools to those children, special housing, and so forth. As argued by Banerjee (2000), the romantic discourse is rich in such racist metaphors.

The case of the Niger Delta community is almost like that of the Australian Aborigines, as according to Tuodolo (2009), the people of the Niger Delta have experienced discrimination and the communities were not developed evenly. This has led the people to fight for recognition. In their attempt to do so, they were seen as saboteurs, enemies of progress, and kidnapers. This was especially so for youths in the region, because they are the champions of this struggle. Youths in the region have embarked on various means to fight for their cause. Such means include kidnapping of oil workers and federal government officials, and vandalizing of both Shell and federal government properties. As Anderson (1994) points out, the power of organizing and directing the activities of the aborigine was based on colonial power: the power to control both natural resources and their owners is pointed out by Ngugi (1986). This, in Rowse's (1990) view, was done by separating the aborigines' identity from their culture, for easy access to control the people.

Development should not be limited to modern Western knowledge; the local knowledge should be harmonised as well into such plans. Attempts to neglect the non-Western knowledge especially in the third world are "robbing people of their cultures, religion and social way of life" (Esteva, 1992: 9).

### **3.5.2. The Role of Government**

This section focuses on the role of the government. The government in any given country is the law-making body and it holds the supreme powers over external aggression; Nigeria is no exception. A contested issue is whether government be involved in the process of CSR by corporations?

Friedman (1970) and Gregg (2001) suggested that state regulations should influence the CSR agenda. This is where the government's role is important. CSR may be focused on owners' objectives, for example, maximization of profits, as argued by Heald (1970) and Mintzberg (1983). Stakeholder interests should form the major agenda of the factors that will determine CSR, as argued by Friedman (1962). Eden and Molot (2002) claimed that effective government policies and rules might influence the operations of the multinational corporations in a positive way, to the advantage of the citizens and the corporations. Based on Eden and Molots' argument, could that mean that Western governments are more effective than their counterparts in the less developed countries? If that is correct, then should government set regulations on CSR? Carroll (1979) argues that a legal responsibility is involved in firms' business because society has set certain principles to be obeyed. If the government were to set regulations on CSR, it would be obligatory; if CSR were only suggested, it would be up to the companies to decide whether to accept the suggestion or not.

It is the responsibility of business to society to abide by government rules. However, uncertainty as to responsibilities in Niger Delta is highlighted by Ugochukwu and Ertel (2008) who argue that for a long time, the Nigerian government has stopped allocating funds for expansion of facilities in the area, regardless of the revenue generated in this region. Perhaps, the government may feel that it is the responsibility of corporations to

undertake such projects, considering their impact in the region, but the absence of government regulations on this sector creates a knowledge gap, as argued by Ugochukwu and Ertel (2008).

At the time of this research, it was not possible to obtain documentary evidence of the rules guiding the multinational corporations in the oil industry, apart from those published on the oil regulatory bodies' websites. Notable amongst the rules published was that the oil company should deal with any environmental disaster caused by equipment failure. However, there are no consequences for ill behaviour by the government, except from the local people who challenged the situation. Failure by the government of Nigeria to take action on this situation shows a non-caring attitude to the people of the Niger Delta. In other words, the Nigerian government has contributed to the lingering problems in Niger Delta, according to much evidence that this study discovered.

If government does not wake up to its responsibility to set the standard for foreign firms to operate and protect other stakeholders, then appropriate behaviour could not be expected from such firms. Moreover, some firms could still evade certain responsibilities, due to development in technology. For example, Shell has argued that certain oil spills occurred due to equipment failure, but ordinary local people do not understand equipment failure; they only know they see their environment contaminated by oil.

The nature of the operating environment is seen as significant in providing the conditions for Shell to succeed. Ite (2007) argued that the government should formulate policies that support reduction in environmental hazards. Doing this would not only create an enabling business environment but also protect the lives of its citizen.

Greening and Turban (2000) argued that CSR policies and practices can be viewed as a long-term investment in establishment of a harmonious environment for companies to do business, which in turn constitutes a source of competitive opportunity.

In order to achieve a successful development, according to Escobar (1995), the system of government should be unitary, involving managing, arranging and directing the entire population and the resources of the country. This is contrary to the federal system of government in Nigeria, where there are three levels of government: federal, state, and local government (including traditional rulers). Each level of government has power over certain issues. The federal government, for example, oversees general affairs however, for effective governance; it then delegates some authority to the state and local government. Ibrahim (2008) has argued that government has its own responsibilities to its citizens and that if corporations are to undertake some social responsibility for the host community, it should be voluntary and not obligatory. Moreover, such responsibility should not override the general motive of business, which is to maximize wealth. This argument makes CSR complex for the practitioners, as argued by Bowen (1953). As a way of addressing this complexity, this study proposes a dialogic form of CSR where the contentious issues as to what determines CSR in Nigeria can be addressed as an alternative to the Western CSR agenda. The Western CSR is arguably problematic, as it has not gone as people expected; however, it needs a review.

Ite (2004c) argued that Shell has engaged in the expansion of Niger Delta by opening many opportunities in the rural areas, but he suggests that this is more of a government responsibility. If Shell has assumed a governmental role, as claimed by Ite, such a view is tenable in the light of Zyglidopoulos' (2002) argument that MNCs are occupied with

higher responsibilities in the less developed countries compared to their counterparts in advanced countries.

On the other hand, it could be argued that the opportunities opened by Shell came at the expense of other responsibilities. The persistent role of Shell towards the expansion of the oil region in Nigeria with limited support from the Nigerian government can be seen in the damage to the environment and many other crises on record. Walton (1967) argued that CSR is concerned with corporate enterprise's impact on community life, and the ethical principles that should direct the relationship between the society and the corporation. Davis (1960) views social responsibility in terms of business decisions and actions that are not determined solely by the firm's technical or social interest, which could include requirements imposed by government.

Ring et al. (1990) argued that MNCs going to another country would face various business rules from different authorities. However, there are limited studies on the government role in international business (Sundaram & Black, 1992). Baysinger (1984) argued that corporate strategies that will affect public policy are an important part of international business that government should inspect. Conversely, MNCs need a business-friendly environment in which to operate; this is where the government role is important to support and motivate such business to grow. If there is no support from government, a corporation may find it difficult to do business. This calls for investigation of the steps taken by government in supporting MNCs' business in Nigeria. Doing so will not only assist in developing understanding of the contextually contingent nature of CSR, but also contribute to deriving practical implications for the Niger Delta in particular (although such conclusions may be to some extent transferable to other contexts, based on local evaluations of context salience).

Brewer (1992) proposed that for foreign business to grow in host country, government should create smooth avenues to assist the business. Such facilitation has helped many foreign businesses in their various host countries to develop rapidly. However, the host countries also focused on protectionist strategies so that foreign business would not have great negative impacts on the local business, especially where both foreign and local companies are to compete in the same type of business. Nigerian Telecommunication Company is an example, where the foreign telecommunication companies dominated the industry and rendered the local telecommunication company useless. To avoid such problems, Rugman and Verbeke (1993) argued that government should play a regulatory role and oversee the affairs of MNCs; corporations must adhere to any law or rule made by the government, even though some corporations have their own rules.

The variation in many factors that MNCs face outside their countries of origin indicates that they face difficulties in a host community. CSR could be adapted to address such variation to make the environment conducive for business. Van Tulder and Van der Zwart (2006) argued that such a situation allows many actors to come together to address important issues. Such a reconfiguration of responsibilities is missing in the Nigerian CSR literature, which implies a need for more studies in order to fill this gap. This may expose how organisations can make use of CSR to add to the socio-economic conditions and sustainable development in developing nations like Nigeria, and of the potential role of government in ensuring such benefits.



### **3.5.3. Organisational Identity and Managers' Role**

Organisational identity plays a crucial role in the development of firms in many ways. For example, organisations with a good image or identity stand to gain more customers, win more contracts, and expand in size. CSR plays a significant role in building corporate image; this is complex, but the aspiration exists. This complexity could affect the theoretical value of the CSR notion as posited by Johnston et al. (2009) and Mason (1960). It is undisputable that CSR is interpreted in a variety of ways, and similarly, stakeholders have different opinions. Blowfield and Frynas (2005) argued that CSR comprises many views on how organisations may have positive effects on society and to co-existing with the public. For example, Saro Wiwa (1995) urged oil companies to take care of the environment and the people that live in it.

Corporate identity is an implicit yet salient concept in contemporary theorizing around global/local CSR (Logsdon & Wood, 2002; Marin et al., 2008). The identity question is interesting in its explicit link between 'being' and 'doing'. An organisation's identity affects its strategy and it may significantly influence its CSR practices. However, there exists considerable confusion regarding the 'being' and the 'doing' of organisations (Corley et al., 2006). One issue that links strategy scholars', institutional researchers', and business ethicists' concerns is whether MNCs should follow local practices or act according to global standards. In terms of the identity literature, the issue is whether MNCs will develop multiple identities in their different markets or rely on one single identity in guiding their CSR practices. Multiple identities could help firms to cope with location-specific demands and appeal to a heterogeneous set of stakeholders (Fombrun & Rindova 1998). However, according to Meyer (2004), identity variation may confuse stakeholders, which may lead to lack of confidence in the organisation.

Managers play key roles in organisational identity and in implementing the CSR policies of their organisations. Thomas and Simerly (1994) argued that active support of managers is a precondition for organisational change. Management awareness and commitment is a necessary component in bringing about social and environmental improvements, and it does not really matter whether we are talking about codes of conduct (Sethi, 2003), environmental management (Poksinska et al., 2003), ethics programmes (Weaver et al., 1999) or stakeholder dialogue (Pedersen, 2006; Carroll & Buchholtz, 2006). Nevertheless, managements' perceptions of CSR guide the executives' actions, which in turn may be expected to shape organisational identity, behaviour, and performance (Pedersen, 2006). To understand CSR policies in Nigeria, it is therefore necessary to understand how managers in Shell view the role of business in Nigeria. This knowledge gap will be elucidated in this study.

The views of managers differ significantly, regarding what responsibility they owe to society. Managers often refer to several issues when articulating their responsibilities. For example, one manager describes the responsibilities of business towards society as 'Protection of the employee, protection of the consumers' interests, and securing a good working environment', as argued by Pedersen (2006:56). Contrarily, Poksinska et al. (2003) posited that environment is often on managers' minds when they are asked about the responsibilities of business towards society.

#### **3.5.4. Can there be a General Notion of CSR?**

As the foregoing discussion has demonstrated, one could challenge the idea of generalising the CSR notion, because it is problematic. Some authors believe that the notion focuses on a foreign agenda (Idemudia, 2007; Kolk & Pinkse, 2010), based on

profit maximization, among others. Such an agenda sometimes might not suit local needs due to their orientation and many other beliefs, as suggested by Reed (2002). There is need to test the validity of the universality of the CSR notion and whether it is applicable to other settings apart from its place of origin. It could be argued that people perceive issues differently in different situations. Caprar and Neville (2012) argue that differences in cultural values, at all levels, may be conducive to or obstruct adoption of CSR. This indicates that culture is also important in CSR processes; however, no record was found of earlier studies on CSR that take cognisance of African culture. This calls into question the universality of the theory. Since indigenous people gained their socio-cultural identity from land and social belief, as pointed out by Posey (1999), CSR may need to be reframed in such contexts.

Vogel (2005) highlighted that a disparity exists between local beliefs and those of the countries where MNCs originated, and harmonious, beneficial co-existence requires that the multinational corporation does not contradict these norms, e.g. traditional beliefs, religion, and socio-cultural institutions. However, these norms might be factors creating confusion to foreign companies in the developing countries, which they need to understand. This suggests that the Western-centric perception of CSR policies may to some degree differ from the views of Africans, including Nigerians. Husted and Allen (2006) adopted Donaldson and Dunfee's (1994) theory in clarifying the difference between local and general notions of CSR, by suggesting that the former concern the firm's obligations based on common standards applicable to all societies, while local CSR deals with the firm's obligations based on local context-specific standards. If this principle is applied to corporations in Nigeria, then their CSR policies should reflect the standards of the local community in the Niger Delta.

Several writers support the distinction between universal principles and local norms (Spicer et al; 2004; Gnyawali, 1996; Reed, 2002). For example, universal CSR would take care of all stakeholders, while special attention may focus on the local community; different communities with different norms will require different policies. Critical theory, as another different approach, has also sought to distinguish between the general and the specific obligation of corporations (Reed, 2002). These approaches suggest both the feasibility and value of distinguishing between global and local CSR (McWilliams & Siegel, 2001; Reed, 2002). The practitioners of CSR in Nigeria may build principles around global ethics but they need to localize the practice based on the local beliefs of the people (see also, Reed, 2002).

Following from this argument, the question of who are the local community is important to consider. Frederick (1991) defines the local community as a self-defined group of people who are linked by common tasks, values, or goals and who are capable to determine norms of ethical behaviour by which members are bound. For example, the people from the Niger Delta are groups of people from different communities united by common goals. Thus, 'local' corporate social responsibility concerns the firm's obligations based on the standards of the local community, whereas 'global' corporate social responsibility focus on the firm's obligations based on those 'standards to which all societies can be held' (Donaldson & Dunfee, 1994: 262). Hence, CSR may be rooted in general commitments but applied in a localized manner in Nigeria. In order for practitioners of CSR initiatives to fulfil this aspiration, the implication is that there is a need to strike a balance between local and universal principles, especially in Nigeria.

Regarding the possibility of identifying some universal principles, Hustead and Allen (2006) argued that certain issues are the subject of emerging recognition across national

borders, such as human rights and environmental protection. However, in the absence of empirical studies on stakeholders' engagement and the means to negotiate, how the concept of CSR is viewed in Nigeria is unclear. With this in mind, the next section considers issues arising in current CSR debates, which have particular resonance in the Nigerian context.

### **3.6. CSR in The Nigerian Oil Industry**

This study focuses on the CSR of Shell, as an oil company in Nigeria; therefore, this section will explore the CSR notion in the Nigerian context, with particular reference to issues raised by oil exploitation.

#### **3.6.1. Doing Good and Avoiding Harm**

The issues of 'do good or do no harm' will keep recurring in this study, because these are the core foundation and principles of CSR as set forth by Carroll and many others, (see section 3.4), which this study accepts. At this point, an attempt will be made to examine the validity of these principles in the Nigerian setting. Ite (2005) suggests that CSR has both advantages and disadvantages to the beneficiaries if it is well designed. In support of this argument we may look at CSR in two ways, "do no harm", and "do harm". The former is the foundation of CSR. The origin of CSR was based on "do no harm" (Bowen, 1953; Heald, 1970).

However, the latter part of this argument, which is "do harm", refers to the damage that could be caused by a few people. These people could be from the communities whom CSR is supposed to protect. Alternatively, it could be from the government, which is supposed to protect communities and ensure that business organisations obey the law

and conform to societal views. Lastly, it could be from the business organisation. This study investigates whether CSR in the Nigerian context does harm or good.

Zadek (2002) submits that if corporations accepted the view that business is all about profit, no company would practise CSR, but they do so because CSR has become general practice among corporations. However, the role of business, among other responsibilities to its shareholders, is profit sharing and wealth maximisation (Shankleman & Selby, 2001). Business communities have embarked on joint ventures with private organisations to engage in poverty relief programmes, especially in less privileged nations.

Foreign business could assist the development of less developed countries with their CSR policy, but without effective involvement of stakeholders this may be difficult to achieve. Zadek (2002) noted that there is powerful potential for CSR to make a positive contribution to address the needs of disadvantaged communities, if it is practised well. Moreover, Trendafilova and Babiak (2011) argued that environmentally responsible business practices are an element of CSR in that they are often initiated for reasons other than to make a firm money (although they sometimes do), they are not (always) required by law, and they benefit society (see also, Vogel, 2005; Baughn et al; 2007; McWilliams & Siegel, 2001). Other studies show that companies are increasingly paying attention to their impact on the environment and adopting management practices to ameliorate or reduce their negative impact on the environment (Welford et al; 2007; Sarka, 2008; Montiel, 2008). However, there is not much study in the Nigerian context to support the above studies.

Dahlsrud (2008) recommends that organisations be fair to the environment by reducing carbon monoxide and all other environmental hazards that can endanger human life.

This also benefits the company, since often, researchers have shown that effective environmental management can reduce operating costs (Trendafilova & Babiak, 2011). For example, if the environment were degraded, the firm would incur cost to remedy the damage, either by force or by law. King and Lenox (2001) contended that if a company takes cognisance of the environment from the outset, this would encourage it to make effective use of resources and maintain the environment. Thus, firms can successfully supplement and improve environmental management to create a competitive advantage (Kolk et al; 2001). This situation would compel companies to react to growing pressure from multiple stakeholders in a pragmatic approach (Fredrick, 1994; Sethi, 1975; Midttum & Ditlev-Simonsen, 2011; Freeman, 1984). However, those studies were not conducted in Nigeria; so there is need to investigate Shell's behaviour in this regard, and why there is so much opposition from the Niger Delta people towards Shell's behaviour in the area.

Historically, two active stakeholders dominated the oil sector in Nigeria: the oil company and the Nigerian Government (Obi, 2002; Soremekun, 1995). An attempt to include and recognise the community groups as a stakeholder is a new development in this study. Ite (2004) posited that oil companies see the community as a threat and only a few members among the communities are recognized. The corporations deal with a few members of the community, e.g. the traditional rulers and chiefs (Idemudia, 2007). This limited perspective on the interests to be considered may be a factor in the way this company views its CSR responsibilities in the Nigerian context.

CSR has been well established and practised in many multinational corporations such as Shell, with a strong community ethos in their original countries like the United Kingdom (Dahlsrud, 2008). However, some of their practices deviate from normal

practice, especially outside their country of their origin, such as in Nigeria and many other developing countries (Ugochukwu & Ertel, 2008). For instance, the response of these corporations to environmental issues in Europe is quite different from that in Africa (Habisch & Jonker, 2004). The corporations deviate from the core principles on human rights, environmental issues and so on (Obi, 2002; Soremekun, 1995). What we see in the Niger Delta, according to Ugochukwu and Ertel (2008) and Idemudia (2007) could be referred to as an imitation of CSR; there are many reports of human rights abuses in the Niger Delta.

One reason for this factor is that, CSR in Nigeria with reference to stakeholder engagement is still in an exploratory stage, in contrast to the West. Another is the different regulatory environment, MNCs are conscious of their actions in the West, because the law will deal with any act of immorality and this could result in penalties; for example, a corporation may lose its licence to operate. As an example of how law in Western countries regulates MNCs' behaviour, one might cite the huge oil spillage in the Gulf of Mexico, in 2011, caused by British Petroleum Company, which claimed many human lives. British Petroleum paid compensation for these damages to the United States government and the affected individuals. This shows the impact of effective government, which may be contrasted with the situation prevailing in Nigeria. Evidence shows that social unrest and environmental mismanagement occurred due to poor practice of corporate responsibility by the oil company (Boele et al., 2001; Ugochukwu & Ertel, 2008; Idemudia, 2007). The region has faced many social problems due to neglect of the environment by the oil company.

Nigeria is a developing country with many problems, like poverty, corruption, mismanagement, and maladministration. However, if the multinational corporations



played an effective role in terms of CSR, it could help improve Nigeria's endemic situation (Boele et al., 2001). Instead of improving conditions in Nigeria, however; multinational corporations have been responsible for a significant negative impact, due to the problems of oil exploration, as argued by Idemudia (2007) and Ugochukwu and Ertel (2008). For this reason, Tuodolo (2009) notes that despite the achievements and contributions of MNCs to society in many African countries, they still face criticism in Nigeria.

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. These campaigns involved ethical issues such as environmental, health, safety, corruption, climate change, and human right abuses (p.532).

So, is there a Nigerian brand of CSR? What makes the practice of CSR difficult in Nigeria? Spillages and pollution are daily occurrences, apart from the sabotage by youths in the Niger Delta. The rapid solution to the Gulf of Mexico oil spillage is an indication of how sensitive BP and the government were to the public, even though the actions were forced on British Petroleum by the United States government and international human rights laws. Why does this seem not to apply in Nigeria?

As noted previously, the principles and ethos of social responsibility are based on the responsibility to 'do no harm', which was rooted in the West (Fig, 2005). Researchers have suggested different meanings of CSR across cultures and national boundaries. However, a common strand that runs through most of these studies is that CSR is socio-

culturally embedded (see Amaeshi et al., 2006; Maignan, 2001; Hamann et al., 2005). What is less clear, however, is what cultural factors shape understandings and expectations of CSR, for example, how local social, economic, political and institutional factors may influence CSR practices in the Nigeria context.

In this respect, it is argued by Amaeshi et al. (2006) for example, that in Nigeria CSR should be designed to help assist the local people in alleviating poverty and conferring social benefits, just as it would favour customer protection, moderation of climate change, and fair trade in the Western view. A few studies have been conducted in the oil industry in Nigeria. For example, Ite (2005) recommended that Shell should alleviate poverty in Niger Delta through their CSR policies. Idemudia (2011) proposed that CSR in a developing country should move forward beyond African thinking. According to such study, one could easily link African thinking to under-development, lack of economic progress, and political backwardness; however, Africans believe that foreign policy designed by MNCs should consider their plight and include efforts to improve their conditions; anything less may not be acceptable (Idemudia, 2007). However, those studies have been subjected to considerable criticism because they failed to address the processes by which Shell Company for example, arrived at its CSR decisions, which made the host communities hostile.

### **3.6.2. Environmental Sustainability**

Environmental sustainability is another concern of this study. Recently, most top ranking organisations in the Western states are paying some attention to the environment, often by focusing on reducing global warming. This debate has been pursued at the level of international organisations, ensuring that companies take

necessary steps to reduce their negative effects on the environment. The responsibilities of corporations towards the environment were, however, not treated as a distinct concern until the late 1980s, but treated as part of a general 'social responsibility' (Kusku, 2007: 75). In other words, 'social responsibility' was used as a broad term that covered a range field of ideas, and which included the social responsibility of corporations towards the environment. In academic and practitioner literature, a distinction between social and environmental responsibility is not observed generally. Some academics include social issues under the label sustainability and others include environmental issues under CSR (Lee, 2007).

The notion of CSR is a prescriptive, value-laden, ethical approach with an emphasis on a need for greater corporate responsibility and accountability to society (Fredrick, 1994). The concern in this context is to make it possible for the firm to respond to the pressure that emerges from a variety of stakeholders in a positive and pragmatic manner, especially on environmental issues (Lee, 2007). Such pressure could be based on community welfare, environmental sustainability and so on, as in the case of the Niger Delta people.

After more than a decade of increasing focus on CSR and business ethics, there is a vast literature on why businesses engage in activities associated with social and environmental responsibility and sustainability (Midttum & Ditlev-Simonsen, 2011). Much of this literature has been of a general philosophical nature (Garriga & Mele, 2004; Secchi, 2007; Sarkar, 2008). Other research focused on the pragmatic realities of managerial decision-making (see, Engle, 2007; Sarkar, 2008; Midttum & Ditlev-Simonsen, 2011).

Well-managed CSR can mitigate the possibility of environmental destruction, such as pollution and spillages (see, Husted, 2005); and CSR initiatives can be advantageous to the company (McWilliams & Siegel, 2001). A few scenarios have been envisioned regarding the future of the world if awareness of environmental matters such as air pollution and oil spillages are not addressed (Meyer & Rowan, 1977). However, these visions of a dystopian future are becoming reality in Nigeria, ever since the inception of oil extraction in 1958. The negative impacts of industrial activities on the ecosystem imply a need for societies and the corporations in them to give more importance to their environmental activities (Kusku, 2007). An organisation's ethics demands that companies abide by social norms of standard behaviour as argued by Rowe and Wehrmeyer (2001). The more pressure institutional forces can impose on corporations; the more attention the corporation will attach to environmental activities.

This environmental dimension of CSR has acquired particular salience in the controversy surrounding the oil industry in Nigeria, because the local community is traditionally reliant on livestock raising and agriculture. Therefore, incidents such as fires and spillages that damage the land and harm crops or grazing have repercussions throughout the society. Given the fact that in Niger Delta, the local community has suffered excessively from such disasters, the next section considers whether the notion of stakeholders, first introduced in section 3.3., offers any help in considering whether or why consideration should be given to the community's perspective on CSR, and if so, what stakeholder theory has to say about how this may be achieved.

### **3.7. A Stakeholder Perspective**

As indicated in section 3.3., as early as the 19<sup>th</sup> century, conditions imposed by the UK and US governments for granting licenses to business corporations included a responsibility to act in the interest of society. It was suggested that by imposing such conditions, the government became a stakeholder with power to affect corporations' activities, and governments' willingness to exercise such power implied a recognition of the impact of corporations on interests within society. Over the years, the notion of stakeholders, and the way corporations interact and engage with them, has become a matter of interest to researchers and practitioners. This section considers the possible relevance and implications of such a perspective for the Niger Delta situation. It begins by citing the Western stakeholder ideology and its limitations, then makes the case for considering the Niger Delta people as a (hitherto largely neglected) stakeholder and what suggestions literature offers for their engagement.

#### **3.7.1. Western Stakeholder Ideology and Its Limitations**

Organisations use stakeholder theory to analyse and evaluate social performance by considering how they manage their relationships with others in society. In the end, this may improve organisational performance (Donaldson & Preston, 1995), although one could not ascertain the authenticity of this statement, since it has not been validated. Starik (1994) viewed stakeholders in a broad way and described them beyond humans and their institutions; he extends the concept further to the natural environment, which includes ecosystems. The influence of a corporation on its immediate environment as a broad stakeholder is of great concern. There are at least two important reasons for this. One is a question of justice, since harm cannot simply be dismissed or ignored because

it is remote or otherwise hidden from the mainstream public eye. The other is that harms can be cumulative across time and space.

The environmental impact of Shell's business in Nigeria might not be the same as in other countries. For example, the level of environmental pollution due to oil exploration in the Niger Delta could be insignificant compared to the damage done by gold mining in South Africa or elsewhere. However, such comparisons may mean little to the people in the Niger Delta. The stakeholder perspective emphasises that organisations in a given context interact with many interest groups, each of whom have their own perspectives, needs and demands. The complex task facing organisations is to identify the relevant stakeholder groups and somehow balance between their competing claims, in a manner that satisfies major interests, without compromising the survival of the organisation itself. Shell in Nigeria has many possible stakeholders who affect or are affected by its activities, and whose perspectives on Shell's CSR are of interest to this study. Figure 7 below indicates the stakeholder groups this study intended to contact for useful information. For clarity purposes, Shell is a multinational oil company, the community people includes traditional and village chiefs, market men and women, traders, farmers, Human rights groups, Radical groups and Environmental groups. Government and its agencies, e.g. NNPC and DPR.



**Figure 7:** Stakeholders Target for This Study

Each stakeholder group has its perception and expectation of CSR; this is a contributing factor to the endless crises, due to the misunderstanding and lack of avenues to discuss those issues. This study proposes to examine whether dialogue can be used to resolve this issue, by bringing together and giving voice to various stakeholders.

This study focuses on the impact of CSR of Shell’s stakeholders, like the community, and examines whether or how Shell in Nigeria engages with other stakeholders in dialogue in order to meet their different expectations. Clifton and Amran (2011), Black and Hartel (2004), Knox et al. (2005) have used stakeholder theory to conceptualize CSR with respect to environmental management and found that corporations need to respond to external forces that affect their operations. The idea of stakeholder theory was propounded by Freeman (1984), based on Westernised principles to call stakeholders together to share ideas on matters of interest. To actualise such a goal means the firm and its stakeholders need to come together for dialogue on many issues of concern.

As mentioned earlier, Stakeholders are described as “any group or individual who can affect or is affected by the organization’s objectives” (Freeman & Reed, 1983: 91). Carroll and Buckholtz (2002) also defined stakeholders as a group of people or individuals that have a legitimate stake in a firm’s activities, for example, a group of consumers, suppliers, local community, government and non-government organisations, journalists, and so on. Garriga and Mele (2004) propose two objectives of stakeholder theory, to achieve ultimate cooperation of group members for organisation to achieve its objectives and to come up with strategies that would allow organisations to deal with multiple stakeholders’ demands. Banerjee (2000) argued that stakeholder theory is perceived by business organisation as an instrument to control members of stakeholder groups, especially those who are voiceless (such as community people). He further posited that stakeholder theory is a Western notion, which has failed to address the needs of all stakeholders, including the community as part of stakeholders and concludes that it could be regarded as a capitalist idea to benefit a few people.

Phillips et al. (2003) argued that multiple stakeholders should gain benefits from activities of corporations, as suggested by stakeholder theory. It is difficult at times to deal with these multiple stakeholders; however, because many of them come from different backgrounds with different expectations, as argued by Hall and Vredenburg (2005). Due to this great challenge and the high expectations of stakeholders, Perez-Batres et al. (2012) argued that organisations should identify and prioritise the needs of the major stakeholders in order to satisfy them, since organisations might not have adequate resources to satisfy all the existing demands. However, Hart (1995) argued that for an organisation to satisfy the needs of multiple stakeholders it must identify those who have power to influence organisations’ decisions (see also Mitchell et al., 1997). Again, it is difficult to identify the most influential members of the stakeholders,



as admitted by Mitchell et al. (1997). However, David et al. (2007) suggest three characteristics are to be considered when organisations wish to give priority to stakeholders: first, the power that the stakeholder possesses in influencing organisation decisions; second, the urgency of stakeholder demand and thirdly, whether the stakeholders' expectations are legitimate.

On this basis, Hart (1995) distinguishes between latent and definite stakeholders proposing that a *latent* type of stakeholder is one that possesses only one of the characteristics mentioned above; therefore, organisations should consider their needs last and place priority on *definite* stakeholders that have all three characteristics. A reputable organisation would like to establish a good rapport with *definite* stakeholders for progress and smooth business operations. Freeman (1984) called this type of relationship firm-centric. From this perspective, the Niger Delta people meet two of the above characteristics, because all their needs are important. For example, the need to maintain and keep the environment clean is urgent and it is legitimate for the community to demand attention to this from Shell. The problem is that they lack legitimate means of influencing Shell's decisions, forcing them to resort to the kinds of violence and sabotage highlighted in Chapter Two, in an attempt to impose pressure.

Since the group of people in Niger Delta are affected by oil exploration in Nigeria, they can be seen as stakeholders that the organisation should consider during their policy making process, to deliberate on issues that affect them as a group of people. For example, the people of Niger Delta should benefit from Shell's activities in their land. However, the benefits can only come to the people if the firm recognises them. As posited by Banerjee (2000), whilst various interest groups can and should benefit from firms' actions, the problem lies in the way stakeholder theory is interpreted and the way

stakeholders are identified and prioritized. Maximiano (2007) argued that firms should give respect to their host government and communities by obeying their rules at all times. Hence, investigating the degree of understanding of Shell's perceptions of stakeholder engagement in decision-making process towards its CSR policies in Nigeria is essential.

Freeman et al. (2010) argued that when studying stakeholder relationships with a firm, attention should be focused on how stakeholders affect the firm's decisions, instead of how the firm would manage its stakeholders. Meanwhile, Harrison et al. (2010) posited that stakeholders should be entitled to a voice in how resources are being managed, while Freeman and Wicks (2004) posited that if a firm engages with its stakeholders it would create an avenue for more opportunities to develop. However, Burchell and Cook (2006, 2008) examined stakeholder theory with a focus on Non-Governmental Organisation (NGOs) and civil society's influence on business, but paid little attention to community influence on firm strategies. Moreover, studies that focused on communities, such as Whiteman and Manen (2002) did not consider communities in a less-developed country context, because their studies focused on advanced countries and the need to study less developed countries is important.

Given that different societies may have different ways of understanding and enacting "community", and the differences in environmental and social-cultural factors from one setting to another, it cannot be assumed that the insights afforded by such studies will be equally applicable to other contexts. An exploration of the situation in the Niger Delta can potentially shed new light on how stakeholders are identified and how the perceptions of and relationships between stakeholder groups, with their antecedent contextual factors, influence the performance of and response to CSR activities, matters

which as yet are not well understood. Therefore, an attempt to examine those notions and their potential salience in less developed countries like Nigeria will facilitate better understanding of the difficulties facing CSR in such contexts.

Freeman (1984) argued that one of the core obligations of managers is to make sure the organisation survives by accumulating more wealth, in the end, to share the wealth fairly amongst numerous beneficiaries. It is important to examine if managers at Shell Company recognize the community members as a stakeholder/beneficiary of their CSR and social activities. This issue of stakeholder identification is controversial. Stieb (2009) suggested that only shareholders in the firm are eligible to be beneficiaries because they contributed their wealth to the business; therefore, they are entitled to returns on profits made by the firm. On the contrary, Phillips et al. (2003) argued that other stakeholders should be beneficiaries of firms, regardless of their contributions to the firm.

It could be argued that the idea behind stakeholder theory is to allow the firm to achieve part of its obligations to society. A firm may use stakeholder theory to deal with the interests of its stakeholders as argued by Clarkson (1995). This raises the question, *what are the responsibility of corporations to their stakeholders?* Answering this question is difficult. Drawing from various arguments from stakeholder theorists indicates that to define firms' responsibility, one should also consider the stakeholders' perspectives. The outcomes of this study could contribute to fill knowledge gaps in this area, by interacting with Shell and its stakeholder in Niger Delta to elicit their opinions.

This study adopts a similar approach to investigate whether Shell Company is 'proactive' in its response to stakeholder pressures to be greener than others are. Clifton and Amran (2011) argue that uncovering and profiling the various stakeholder networks

and popular corporate response strategies in this way can encourage the development of stakeholder-focused policies and corporate strategies that emphasize communications, awareness, and a clear sense of direction.

The less privileged communities are at the receiving end of the inability of Shell to make sure their environment is clean and habitable for living. Oil exploration leads to a dirty and polluted environment. The people living close to oil exploration are faced with these problems without adequate arrangement for alternative better conditions or compensation. Community leaders and representatives have made uncountable attempts to press for change in the organisational behaviour of Shell in their regions without success (Saro Wiwa, 1995; Ite, 2004). Schmidheiny (2006) argued that corporations operating in Latin America are characterized as dirty and polluting the environment due to the nature of their production. Similarly, Guidi et al. (2008) suggested that lack of stakeholder engagement has made corporations in Latin America react reluctantly to environmental issues that affect the economy of the area, due to weak governance policies. Such behaviour could lead to outbreak of many diseases in the area due to environmental degradation. The case is similar in the Niger Delta region.

This study argues that environmental degradation in the Niger Delta could be controlled through interactive practices of companies operating in this environment. This is in line with Haslam (2004) and Pratt and Fintel (2002) who suggest that socially responsible firms should take on a leadership role by encouraging firms to integrate the environmental concerns of stakeholders in their decision-making, even when stakeholders have limited power to impact on the performance of firms.

The purpose of this study is to use these insights and existing stakeholder management theories to investigate the relationship between environmental decision-making, CSR

and stakeholder pressures of Shell Company in Nigeria. The perspective and outcome of this study will not only be useful in updating and interpreting existing Nigerian studies on CSR but also contribute to the global understanding of CSR processes and application. By relying on the response from the community and Shell staff, this study will provide a rare insight into a geographical area where problems are urgent and persistent.

This study argues that many authors did not advocate a participatory form of responsibility involving the local community as a stakeholder; this constitutes a gap in the CSR literature. Nigeria is a less developed country, with an unstable political system; it may be difficult for Shell to assume what is right or wrong in Nigeria without government regulation. Shell being a MNC cannot initiate regulations by itself, since there are limited platforms to be followed by such companies. This highlights a potential limitation in Carroll's (1979) studies and others carried out in advanced countries where basic rules were in place for corporations to follow, since this is not the case to Nigeria.

Arguably, there seems to be limited participatory input of the beneficiaries of CSR in Nigeria. This study defines 'participatory responsibility' thus: Participatory responsibility suggests corporations do some good, minimize the harm to both the environment and the people that live in it, and engage the stakeholders in dialogue. This would allow corporations to shift away from '*profit alone*' and focus on '*beneficiary motives*'.

### **3.7.2. The Niger Delta Community as a Stakeholder**

This section is to examine the position of the Niger Delta community in oil exploration, in Nigeria. This thesis argues that the Niger Delta people are qualified to be addressed and treated as stakeholders in the oil exploration in their domain. As such, they are eligible and entitled to gain advantages from such business operation. The community people should have a stake in the oil business for many reasons: the natural resource was found in their territory, they are affected by the negative impact of crude oil exploration such as pollution and spillages. If they were seen to be facing these kinds of problems, there should also be some ways for these people to benefit from the same resources that created problems for them.

This study investigates Shell's behaviour as it affects certain groups of people as its stakeholders in Nigeria. It will be helpful to understand these groups of people and the role they play in influencing the firm's decisions towards them. Wheeler et al. (2002) argued that one of the notions of corporate social responsibilities is that it is a tool to examine organisations' disposition towards their numerous stakeholders. To investigate a firm's disposition, it is important to contact the firm and its stakeholders. Anderson and Bieniaszewska (2005) have argued that the relationship between a firm and its host community depends on the attitude and the interest of the firm towards such stakeholders. Jenkins (2004) suggested that the response a firm receives from the host community would determine whether there is hostility between them or they exist together in harmony in a positive relationship.

The theory of the firm stipulates that firm should concentrate on shareholders only, while the contrary, stakeholder theory focuses on the needs of all its stakeholders. This is problematic but inevitable. The problem associated with this position is that firm has

many stakeholders; therefore, they would face many problems such as competing community needs and ways to address them. With this in mind, the next section will discuss the importance of organisations' engagement in dialogue with stakeholders.

### **3.7.3. Engagement Through Dialogue**

Moreno (2010) reported that many corporations recently have been considering stakeholder dialogue during meetings, as published in their CSR annual reports. The problem with an instrumental stakeholder approach is that it is fundamentally about stakeholder management and containment, not actually about stakeholders seeking to manage the behaviour of the firm and about the power of stakeholders to do so. Much of the literature on stakeholder management is theoretical. The common stance suggests communication with stakeholders by organisations should be two-way, as proposed by Morsing and Schultz (2006). The lack of empirical studies in this subject area has left managers to refer to the theoretical frameworks available.

The question is whether a pattern in the emerging practice can be revealed by systematically assessing these elements. To this end, there are two ideal-typical models, reflecting the perspectives on stakeholder engagement found in the literature; the strategic management and the sustainability models. An effort is made to identify some of their characteristics in the current dialogue practice of MNCs. The extent of their occurrence will shed light on the instrumental value of this practice for strategic management, as well as for corporate environmental sustainability.

MNCs often refer to stakeholder engagement activities in their CSR reports. While these references suggest that stakeholder dialogues contribute to CSR activities, it is generally not reported whether or not stakeholder dialogue is seen as an indicator of

CSR. However, since this study treats stakeholder dialogue as an instrument, it has to consider the instrumental value that stakeholder dialogues could have. Literature on both stakeholder theory and CSR has revealed the importance of dialogue and claimed that one aspect of it is a sustainability instrument while another aspect is as a strategic management instrument.

Dialogue has been argued to create value in promoting development and creativity in organisations. In this line of argument, multi-stakeholder collaboration literature often promotes dialogue as a way to find solutions for complex sustainability problems (see Hemmati, 2002; Kell & Levin, 2003; Waddock, 2004). The same reasoning underpins some work on corporate stakeholder management. These publications stress that the mutual learning process that dialogue encourages between stakeholders and a company can inform and shape CSR efforts (e.g., Madsen & Ulhoi, 2001) and thereby help companies detect and solve sustainability problems related to their business (e.g., Grafe-Buckens & Hinton, 1998). This type of argumentation is referred to here as the sustainability perspective on stakeholder dialogues. The situation in the Niger Delta requires this model, to enable the corporations in this region to work in harmony with the community people and in turn allow their CSR practice to be smooth.

Other studies on stakeholder management focus on the strategic value of stakeholder dialogue, emphasizing the role of stakeholder management in long-term business continuity. They argue that business continuity depends on a company's ability to form durable relationships with stakeholders, while successful management depends largely on stakeholder responsiveness (Amaeshi & Crane, 2006, Grafe-Buckens & Hinton, 1998). Ultimately, companies are motivated to engage with stakeholders by a need to manage risk and thereby to ensure a licence to operate and to gain a competitive



advantage by responding better to stakeholder concerns than their competitors do (Madsen & Ulhoi, 2001). These studies fall under the strategic management perspective on stakeholder dialogues.

The strategic management and the sustainability roles of stakeholder dialogue are not mutually exclusive. Scholars taking a sustainability perspective acknowledge the strategic value of stakeholder dialogue, while their strategic management counterparts recognize the value of sustainability (Yaziji, 2004; Perrini & Tencati, 2006). In some instances, a single perspective cannot be discerned, because the stances have been blended so well (e.g., Kaptein & Van Tulder, 2003; Van Tulder & Van Der Zwart, 2006). Therefore, the difference between the two perspectives lies in the nuances: whether a scholar's point of departure emphasizes sustainability or strategic management as the driving force for corporate stakeholder engagement.

However, these different views produced different images on how corporate dialogue should be processed. The motive of an organisation to engage stakeholders in dialogue will affect the outcome of such dialogue. Burchell and Cook (2006) elaborated on those images as ideal typical models, which may be used to compare empirical observations of dialogue in organisation. Oil companies should know their stakeholders and their demands, irrespective of who they are, and their value to the company. Furthermore, corporations need to prioritize each stakeholder in accordance with the benefit the corporation stands to gain from them and what the corporation stands to lose if it ignores such stakeholders. For instance, Shell in Niger Delta stands to lose its corporate image by ignoring certain responsibilities in the Niger Delta. The corporations should listen to pressure from the community, as part of their stakeholders. This is not to say

that the corporations should deviate from their core responsibilities to other stakeholders, but each stakeholder should be given a priority, as stated above.

Dialogue plays a crucial role in stakeholder theory. It creates an avenue for stakeholders to exchange views and can provide solutions to many problems. However, before dialogue can take place, an organisation should initially identify those stakeholders that would be involved in the dialogue. Blair (1998) posited that corporations should focus beyond the traditional conception of shareholders and pay attention to modern management strategies in identifying the main stakeholders that will contribute to the goals of the firm. As Ulrich and Fluri (1995) suggest, a company should be viewed as a multifunctional and therefore pluralistic, legitimized, value added unit, which fulfils socio-economic functions for various target groups.

Identifying and managing the concerns of stakeholders can help to avoid the risks of damaging publicity, and potentially increase the social capital of a firm. It is inevitable, therefore, that the transition towards issues of stakeholder management has resulted in an increased interest in identifying effective processes of stakeholder engagement. A problem has arisen with many company efforts to increase information to stakeholders, as communication has been in one direction. Many researchers have noted that one-way communication does not achieve the purpose of dialogue between the stakeholders. By focusing upon dissemination as opposed to interaction, companies were largely defining stakeholders' demands rather than listening to the matters and concerns being raised by the stakeholders themselves.

Indeed, Crane and Livesey (2003) suggest that to presume that a company can actually engage in a one-way process of communication may be misleading. They argue that any process of communication with stakeholders is inevitably interactive as 'the

fundamentally dialogic nature of meaning making is in fact implicit in every act of communication, whether it is explicitly recognized or not' (Crane & Livesey, 2003: 46). Even where companies are merely seeking to disseminate and communicate information, therefore, the meanings that are attached to these messages by other stakeholders provide them with an active role that often was not perceived by the companies themselves.

In progressing beyond this 'one-way' framework, where information is viewed as a commodity to be transmitted to stakeholders, several companies have looked towards a far more interactive form of stakeholder engagement. Rather than merely attempting to identify and manage stakeholders and their concerns, some companies are now actively engaging with their stakeholders. Waddock (2001) distinguishes this process from previous engagement strategies, suggesting that it involves a pattern of mutual responsibility, information-sharing, and open and respectful dialogue. Dialogue with various stakeholders creates an avenue to learn new things from members, which is especially important if the firm faces many challenges from different stakeholders. By engaging in dialogue:

“Stakeholders learn from each other the different ways that a shared messy problem can be defined. In the struggle to gain a cognitive grip on the mess, preconceived relationships between self and others changes as new learning occurs” (Payne & Calton, 2002: 133)

Dialogue, therefore, is an exercise that comprises two-way actions of stakeholder engagement in organisation. As Lawrence (2002: 199) suggests, constructing and implementing successful dialogues “encourage both companies and stakeholder

organisations to engage more often in the difficult, but productive, task of listening to and learning from one another”. Despite the calls for organisations to engage their stakeholders in dialogue, there is no evidence of such studies in Nigeria.

Lawrence (2002) argued that organisations face great challenges to involve community members as a stakeholder in dialogue, because these groups of people are complex to deal with. In a remote area where MNCs have no local knowledge, they may contact local people for direction on how to address certain issues that will benefit them. This study argues that if organisations were to engage in dialogue, it would enable them to have access to many information and suggestions that could help to address external problems such as Niger Delta environmental issues.

To recap, this study focuses on the impact of CSR and a stakeholder perspective based on the local community instead of the organisation. Therefore, the study defines CSR based on the view of the community as a marginalised stakeholder in the oil business in Nigeria. The study shows the weaknesses of the CSR concept and stakeholder theory focused on Westernised ideology, as the way they are practised does not conform to the African context. Hence, this study calls for a community perspective instead of the western-centric concept of both CSR and stakeholder theory.

### **3.8. Summary and Conclusion**

In order to provide a theoretical background and foundation for this study, this chapter has reviewed literature on conceptualizations of CSR, with particular reference to the complexities of their applicability in the developing country, and especially Nigerian context. This section summarises key features of the foregoing debates, in an attempt to identify gaps in knowledge to be explored in this study, and criteria against which

Shell's activities in Niger Delta, and its interactions with the host community, can be compared.

CSR was shown to be a complex, contested and multifaceted concept, potentially encompassing philanthropic, ethical, legal, economic and environmental responsibilities. Whilst its origins can be traced to early expectations of corporations, associated with the licensing system, CSR has often been perceived as a voluntary, discretionary activity, although there have also been suggestions that certain responsibilities should be enforced by government. It has also been suggested that CSR may encompass a combination of general principles and local norms and modes of implementation. Although it might be defined in broad terms by the dictum to 'do good' or at least 'do no harm', what this means in practice is unclear, and appears to be context-dependent, given the different expectations, needs and problems prevailing in each region where corporations operate.

A theoretical perspective that may assist in exploring what responsibilities corporations owe, and to whom, is the stakeholder perspective, which recognizes that corporations interact with multiple interest groups, whose needs and expectations potentially conflict. This perspective, however, raises the problem of how a given corporation identifies its stakeholders and prioritizes among them. It was suggested that in the Niger Delta community, the local community should be considered as a stakeholder with urgent and legitimate needs with regard to the preservation of health and means of livelihood, but with the problem of weak power to influence corporations such as Shell, and the question was raised as to whether engagement through dialogue was a feasible and desirable way of negotiating stakeholder expectations as part of CSR decision-making. At the same time, the chapter has shown that various aspects of the Western notions of

CSR and stakeholder theory remain contentious and are especially problematic in the developing country case, where neo-colonialism and globalization pressures, for example, have produced results damaging to local communities.

The apparent limitations of Western CSR and stakeholder ideologies in the African and especially Nigerian context needs further exploration, in order to understand better how Shell interacts with the local community. This investigation needs to explore why and how corporations practise CSR in such a context, how the local community, especially, as a hitherto neglected stakeholder group, perceives such responsibilities, and what obstacles exist to stakeholder engagement and negotiation of a mutually acceptable approach to CSR. Such investigation will in turn add to understanding of the complexities of CSR and stakeholder ideology when applied in a non-Western context.

Based on the literature reviewed in this chapter, and the gaps in knowledge identified, this study therefore addresses the following questions.

1. What factors make CSR practice difficult in a developing country and to what extent do people understand these factors in Nigeria?
2. What are the community's expectations, and can they be achieved through dialogue and stakeholder participation in Nigeria?
3. How can Shell meet the community's expectations and environmental obligations through its CSR processes? Who determines CSR policy in the oil industry?
4. What are the roles of stakeholders, especially the community, in the practice and design of CSR by Shell in Nigeria?
5. What are the significant impacts of CSR processes by Shell on the life of the community and the environment they live in?

The next chapter will discuss the research methodology employed to address the contentious issues raised here.

## **CHAPTER 4**

### **Research Methodology**

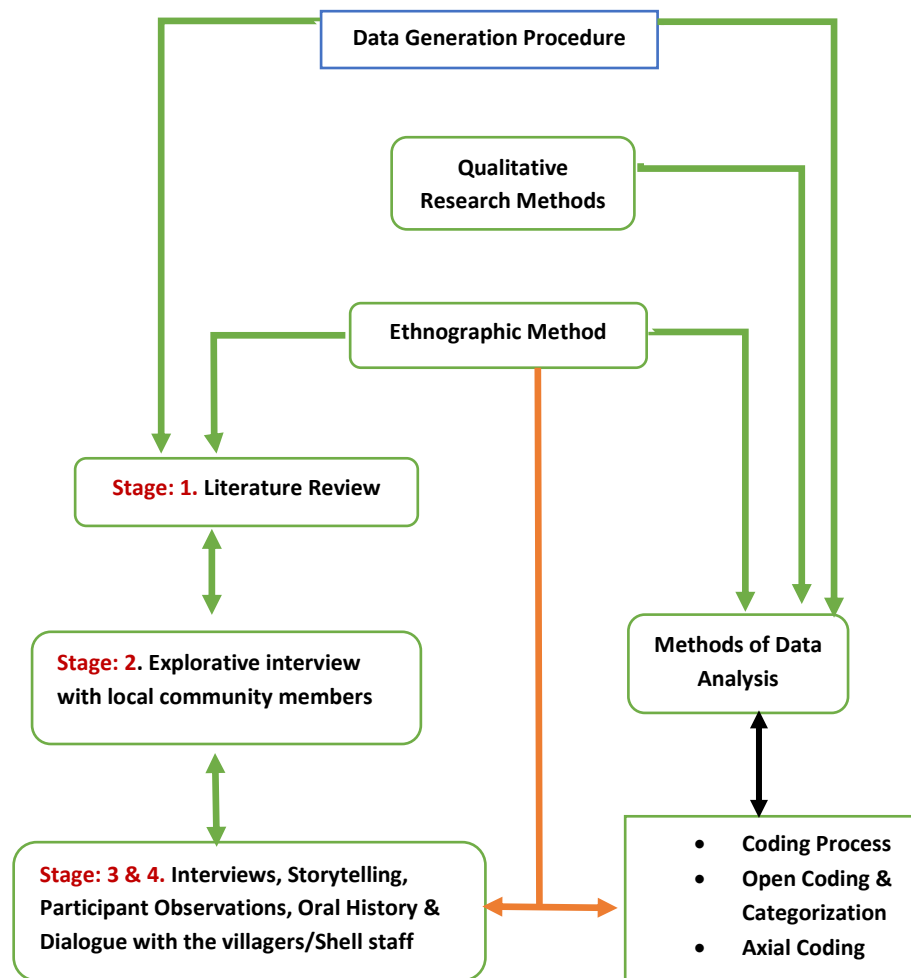
#### **4.1. Introduction**

Chapter Three was devoted to a review of literature on CSR and stakeholder theory, which are considered intertwined. It showed that CSR is a complex and contested subject open to multiple interpretations. Responsibilities of corporations have been suggested to include good treatment of employees and fiduciary responsibility to shareholders, accountability to regulatory bodies and less clearly defined responsibilities towards “community” and “the environment”. Thus, a common thread running through the chapter was the notion of stakeholders, various parties who can affect or are affected by the actions of the organisation. The chapter stressed ways in which stakeholder voices can be heard. It also pointed out various issues specific to the Nigerian setting that influence CSR and relationships between stakeholders. Wheeler et al. (2002) argued that one perspective on corporate social responsibilities concerns the organisation’s disposition towards its numerous stakeholders. Among these, the local community was identified as a neglected stakeholder of Shell in the Niger Delta.

A need was therefore identified to investigate how the CSR activities of Shell in Niger Delta are perceived, not only by the company itself, but also by the local community, and whether there is any possibility of dialogue between them in order to agree a mutually accepted approach to CSR that suits the local context. Thus, Chapter Three formed the framework for research carried out in the Niger Delta to understand the perspectives of stakeholders, particularly Shell and local communities, on the conflict between them, and on the possibility of dialogue as a way forward.



This chapter marks the transition from the theoretical to the empirical aspects of the study. The purpose of this chapter is to explain and justify the ethnographic research methodology employed in conducting this study. Following a reminder of the research purpose and an overview of its stages, the research paradigm is discussed. Given that this was an ethnographic study, discussion is provided of this approach and of qualitative research generally, with particular reference to its relevance to this study, before introducing the research tools, sites and sample. An explanation is given of the way the study was operationalised and validity issues. Methods of data analysis are also explained. The chapter concludes with reflections on my position as a researcher, and on ethical considerations arising in the research. Figure 8 summarises the research methods adopted and how data was generated for this study.



**Figure 8:** Research Methodology Flow Chart

The next section provides a problem statement and identifies the research need for the study.

## 4.2. Problem Statement/ Research Need

This study aimed to generate extensive learning on CSR by exploring the experience of the Niger Delta people of CSR. Specifically, it explores different stakeholders' perspectives to gain knowledge on the causes that hindered CSR initiatives from achieving their full potential in Niger Delta, Nigeria. More importantly, because CSR

initiatives is a new topic in the oil industry in Nigeria, it was important to find out the impact on the community, and to find out whose responsibility it is to determine CSR and what factors determine it. The reason for this investigation is to examine the experience and expectations of the Niger Delta community people of Shell's operations in Ogoni land, and to ascertain the effects of exploration of oil on their livelihood, as a step towards exploring the relevance of CSR interpretations to a developing country context, and the implications for CSR theory and practice.

The government controls natural resources in Nigeria. It awarded oil exploration rights to Shell Company through its agencies (NNPC/DPR) and centralised committees with approval from the executive head of states. However, the community claimed to have no knowledge about the contract and when it was approved, which led to crisis between the major players in the industry. The ideas of CSR and stakeholder theory reviewed in Chapter Three suggested that dialogue can provide a foundation for balanced implementation of CSR between multiple stakeholders. However, Ite (2005) and Idemudia (2007) suggest that CSR as it is practised by Shell does not meet the expectations of the people; therefore, it does not achieve its full potential in Nigeria. However, those studies lack ethnographic evidence, creating a research gap, which this study has attended to fill by engaging closely with local people in their environment, in order to explore how CSR is interpreted in the Niger Delta context.

An ethnographic approach was therefore adopted in this study to investigate Shell's CSR policies in Nigeria, whether or how Shell met the expectations of the communities in the Niger Delta, what they actually did and how the beneficiary communities perceived these policies. These issues gave rise to the following contentious questions addressed in this study:

1. What factors make CSR practice difficult in a developing country and to what extent do people understand these factors in Nigeria?
2. What are the community's expectations, and can these be achieved through dialogue in Nigeria?
3. How can Shell fulfil environmental obligations through its CSR processes, and who determines CSR policy in the Nigerian oil industry?
4. What are the roles of stakeholders, especially the community, in the practice and design of CSR by Shell in Nigeria?
5. What are the significant impacts of CSR processes by Shell on the life of the community and the environment they live in?

Steurer (2006) and Smith (2003) have argued that concern with why organisations adopt and practise CSR must be complemented with insight into what they do if the full potential of the concept is to be realized in the interest of stakeholders. Jones (1980: 65) also expresses the view that “Corporate behaviour should not be judged by the final decision reached but by the process that led to the decision”. Jones argued further that for an organisation to deal with its CSR properly, it should adopt a process approach rather than a decision principle approach. To date, among studies on CSR in the oil sector in Nigeria, none has revealed Shell's CSR process. For example, the Nigerian government has always remained silent on Shell's activities in Nigeria, while the communities keep agitating for a better and cleaner atmosphere. Meanwhile, the oil company claimed to be doing ‘good CSR’, in their business report (Shell, 2014). However, no one knows ‘how’ it was done and what factors influenced its decisions in this respect. The concern to learn how and why required me to go to the location for observation and to interview Shell staff, government representatives, and the community people to explore perceptions from different sources.

Filling the research gaps by investigating Shell's CSR processes and how they are interpreted required an exploratory approach, especially as existing literature on CSR suggests that application of Western CSR models to an African context may not be appropriate. For example, Visser (2006) suggested that Africans should develop their own model of CSR as an alternative to the existing ones. These aims, as discussed in subsequent sections, prompted the choice of an interpretive and ethnographic approach, since the research phenomenon could not adequately be understood in quantitative terms. An in-depth exploration of how CSR is actually enacted is needed before barriers can be brought to light and the applicability or otherwise of current interpretations of CSR in a developing country context like Nigeria properly understood. The results of this research may be a point of reference to many stakeholders interested in this subject area, to facilitate good practice and policies on CSR. Following this rationalization of the research purpose, the next section provides an overview of the stages by which the research objectives were addressed.

### **4.3. Data Generation Procedure**

In order to achieve the aims of the study, a four stage procedure was undertaken, each stage being intended to achieve a specific objective, as follows.

**Stage 1:** This phase was designed to achieve the first research objective, set out below.

(1) The first objective was to identify and trace the history of CSR in order to evaluate its suitability of this Western notion to the African setting and to the Nigerian context. This was pursued in part by a review of literature on CSR and related concepts, with particular reference to the Nigerian situation. In addition to the literature review, a series of semi-structured interviews was granted by the executive staff of Shell Company that

shed more light on the activities of Shell to the community in terms of CSR and how they can meet the community's expectations in Niger Delta.

**Stage II:** The aim of this phase was to achieve the second objective thus:

(2) To explore whether community expectations can be met through the actions of Shell oil company concerning its CSR process in Nigerian.

The aim was to define 'corporate social responsibilities' in line with the concept of 'do some good' and 'minimize the harm' to the environment, in the way the community people understand it. To achieve this objective, semi-structured interview were used, of which a full analysis will be discussed in the findings chapters. The outcome of the interviews formed the agenda for a dialogue process. The dialogue stage involved representatives from different community groups, except for Shell, which refused to participate. Involving representatives reduced the number of participants to a manageable size. This created room for meaningful discussion. At the end of this stage, the participants suggested their own understanding of 'corporate social responsibility'.

**Stage III:** This stage was intended to achieve the third research objectives.

(3) To explore the impact of CSR processes by Shell in Niger Delta to demonstrate how these affect the lives of the local community and the sustainability of the environment in which they live in Nigeria. These people are the beneficiaries of CSR initiatives; what influence does oil exploration have on their means of livelihood? This objective was pursued via semi-structured interviews, storytelling, oral history and dialogue with the community.

**Stage IV:** This stage was intended to generate more data from all participants in order to achieve the fourth research objective:

(4) To examine the extent to which stakeholder engagement may re-shape CSR processes by Shell in the Nigerian context by investigating who determine CSR, and why.

The fourth objective was to investigate if there is scope for local people's engagement with a view to reshaping the practice of CSR by Shell in a way that will allow smooth business operations and cordial relationships between Shell and the community. Thus, the intention was to evaluate the practice of CSR by the oil company in Nigeria to find out if they fulfilled their obligatory functions to the community as part of the stakeholders. This aim was achieved by using semi-structured interviews, oral history, and participant observation methods to inquire into the impact of CSR on the local people. By reflecting on the learning from the four stages outlined above, it was intended to address the fifth objective, namely.

(5) To evaluate the appropriateness of CSR in a developing country context and explore the challenges this may pose to existing interpretations of CSR in the light of Shell's practice of CSR in Nigeria.

The best way to achieve the objectives of this study was to adopt an ethnographic method. The following sections contain a detailed discussion of the research approach and procedures, beginning with the philosophical assumptions that underpinned decisions as to how the research would be conducted.

#### **4.4. Research Paradigm and Approach**

This research is exploratory in nature, it explores the experience of Niger Delta people of Shell's CSR. The researcher's philosophical assumptions in relation to topic and the phenomenon that he/she wishes to investigate will determine the selection of research method to use (Creswell, 2007).

Karatas et al. (2010); Morgan and Smircich (1980) and Burrell and Morgan (1979) argued that the significance, in research, of people's assumptions about reality and the nature of knowledge and understanding, requires researchers to make explicit the ontological and epistemological position they adopt when they conduct research. These are reflected in the research paradigm, which is a framework that guides how research should be conducted (Guba & Lincoln, 1994). Moreover, Leitch et al. (2010) argued that the choice of research method depends largely on the philosophical assumptions, which influence the objective of the study and the type of research questions to be asked by the researcher. The term ontology is concerned with whether the social world is regarded as something external to social actors or as something with which people are in close engagement. Crotty (1998) argued that ontology is concerned with how the natural world came to be, rather than what it is. Epistemology seeks to understand the origin, process, and limitations of observations. Therefore, epistemology is concerned about how we can gain knowledge.

In terms of these assumptions, there are two research philosophies, namely, the positivist or scientific philosophy and the interpretivist or constructivist philosophy (Galliers, 1992). Positivism is an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond (Bryman & Bell, 2003). The positivist ideology was based on the assumption that there is only



one true answer to questions and these answers will be self-evident if we simply observe and record events carefully (Novak, 1998). Adherents of this view focus their efforts on testing hypotheses deduced from certain theories, or developing new hypotheses based on relationships discovered through the analysis of data. These researchers claim that such theories tend to be aggregate, not specific to cases.

However, contrary to the positivist paradigm, interpretivism has a very different research approach. The word interpretivism denotes an alternative to the positivist orthodoxy that has held sway for many years (Yi, 2007; Webber, 1947). Interpretivist researchers, especially in the social sciences, argue that it is necessary to respect the differences between people and the objects of the natural sciences. Therefore, social researchers are encouraged to pay attention to the subjective meanings of social action.

In view of these considerations, the choice of the interpretive paradigm was selected as appropriate for investigating complex phenomena such as the situation in the Niger Delta, where understanding requires exploration of people's subjective perceptions and experiences. This research was embedded in the interpretive paradigm rather than positivism because the interest was in finding meanings ascribed to the term CSR by different groups of people in Niger Delta.

The ontological assumption of this research is that reality should be viewed as a contextual field of information (Ryan et al., 2003). Epistemologically, the researcher is required to explore through engagement with social actors in a particular context, how they experience and make sense of their world. Doing this type of research under these ontological and epistemological assumptions, using scientific methods would clearly have been quite inappropriate. The interpretive paradigm reflects the multiple meanings of reality from multiple individual perspectives and considers the language used through

human interactions as argued by Morgan (2007) Guba and Lincoln (1994); and Cunliffe (2011). Therefore, this research was done with the intention to generate rich descriptive data of events, which uncovered the meanings that participants ascribed to issues (e.g., Gephardt, 2004). Morgan (1980) argued that users of the interpretive paradigm engage in deep interview to bring to light the participants' views on issues as they experience them in their daily activities. These views are consistent with the objective of my study.

The study concentrates on social and environmental issues rather than the economic activity of Shell, in order to reveal how certain decisions were reached. Creswell (2007) argued that the assumptions that the researcher holds regarding the nature of the phenomenon's reality (ontology), will affect the way in which knowledge can be gained (epistemology), and these two in turn affect the process through which research can be conducted (methodology). In this study, it was assumed that the opinions of participants should be represented in the results of the study and the reflexivity of the researcher. The description and interpretation of the problems will extend the literature and call for action (Ryan et al., 2003). In this way, my reflection in this research will reflect standpoints on the way Shell processes and implements CSR in Nigeria, based on the responses from various participants/stakeholders.

This stance, in turn, affected the research approach. There are two fundamental research approaches: deductive and inductive (Sekaran, 2003). Based on the objectives of this study, an inductive method was adopted to elaborate activities based on theoretical reflections. The underlying reason for adopting an inductive approach in this research is that the approach is appropriate because this study seeks to generate new knowledge from the actors concerned. In turn, the research paradigm and approach have

implications for the choice of methods. As Strauss and Corbin (1990) note, interpretive research does not rely on statistical and quantitative data analysis for its outcome.

A qualitative research method was employed to interpret and describe rather than quantify existing data. This method was chosen because the aim was to generate and create meanings rather than discovering and measuring data (Gergen, 1991; Bruner, 1986). There are different forms of qualitative approaches and each approach has a distinctive feature. The researcher's epistemological position helps in the determination of an appropriate methodology and logical structure (Kaplan & Duchon, 1988). In addition, it provides a 'philosophical grounding' for selecting an appropriate research approach. As noted above, epistemology of this research is based on the assumption that knowledge of the Niger Delta situation required close engagement with the participants in that setting, in order to see the world from their perspective.

With this in mind, in this study I discovered new knowledge due to my physical presence and observations in the field in Niger Delta, and daily reports from the media. The process involved identifying a world; the target for the study (ontology) before proceeding to make enquiry for further information and ideas from the targets, according to my interpretive epistemology. The choice of methods and techniques is explained in the following sections, beginning with the choice of a mixed method design.

#### **4.5. Research Methods Adopted for This Study**

This study adopted mixed methods, for triangulation. Using a triangulation of research methods in a mixed method approach helps in gaining a deeper insight into a phenomenon, where preference is given neither to a solely qualitative or quantitative

approach. Saunders et al. (2000) suggest that multiple data collection processes give strengths to enhance the validity of the data. It was anticipated that using mixed methods such as document analysis, observation and interviews would not only assist in confirming aspects of the research problem, but also help provide a deeper understanding of how stakeholders view the prevailing situation, enabling an evaluation of whether or how they might be able to come together to deliberate on issues of mutual benefit.

This study did not make extensive use of quantitative methods; only a few aspects of such an approach were adopted. However, in line with Geertz's (1973) advice, archival data were combined with semi-participant observation and interviews to facilitate acquisition of additional information, including much classified information, which could be triangulated with responses of participants for validation purposes. Therefore, this research is predominantly qualitative in nature, and adopted mixed methods, including semi-structured interviews, analysis of data and participant observation, to interpret how the participants explained their experience with the other key stakeholders in the Nigerian oil sector, consistent with the ethnographic approach of this study.

#### **4.5.1. Qualitative Research Method and its Challenges**

This study has adopted predominantly qualitative research methods. Qualitative research emphasizes qualities of entities, processes and meanings that occur naturally (Denzin & Lincoln, 2000; Creswell, 2007; Van Maanen, 1998). The case for qualitative research is now more widely accepted than before, and this has led to a growth of interest in the combination of qualitative techniques (Bryman, 1988). This study was rooted in thick description and exploratory in nature, which is quite different from

quantitative methods. However, there has been a countervailing tendency on the part of some ethnographers to distinguish their approach more sharply from quantitative method, and in the process to reject the very notion of a science of social life devoted to understanding human behaviour.

Denzin and Lincoln (1994) argued that qualitative methods permit the researcher to examine participants and their situation within their natural environment using social actors' meanings to describe the subject of study. The social actors in this research are the community people of the Niger Delta, the Shell Company, and other stakeholders relevant to this research. This method can be used to answer questions on how social experience was created and perceived by social actors or participants.

To understand the social experience and expectations of the Niger Delta community on corporate social responsibility required a qualitative research method. However, qualitative research method is difficult to pin down, as argued by Van Maanen (1998). Qualitative research is based on highly contextualized individual judgments (Crabtree & Miller, 1992). It allows the researcher to describe and illustrate events as they occur naturally, which cannot be quantified by figures or variables.

My individual judgement as a researcher in this study is very important because of the field experience gained during the process of conducting this study. Denzin and Lincoln (2005) claimed that qualitative research has the potential not only to generate new knowledge but also to inform critically public policies, existent social movements, and daily community life. I spent a short period in the Niger Delta to share the experience of the peoples' daily life. Qualitative research method suits this research purpose rather than quantification of figures (Saunders & Lewis, 2000). This study is a human-centred approach; because of this, qualitative methods are suitable for this type of research,

allowing interaction with participants one-to-one, rather than at a distance through a questionnaire. The intellectual roots of this approach go back over many years since the inception of social science. It is common in most social research, including political science, sociology, anthropology and so forth (Atkinson, 1990). It enables researchers to get closer to participants, to penetrate their internal logic and interpret their subjective understandings of the way institutions evolve (Mouck, 1998). Moreover, Creswell (2007) considered that qualitative research allows us to understand better how meanings are socially generated and sustained, allowing research questions to be generated out of actual cases, rather than being imposed upon them, as in the case of quantitative research method.

This study needed to elicit practical information from the participants by asking questions like 'how' and 'why', which could most appropriately be addressed by qualitative as opposed to quantitative methods. The objective of this study was not to measure the relationships between causes and effects but to explore the individual and multiple subjective experiences of certain groups of stakeholders about the effects of oil exploration in a certain location. A qualitative research approach was consistent with the selected interpretivist paradigm, and suited to examining the research topic, because it was necessary to have intensive interaction and engagement with the social actors in the setting. The underlying motives and perceptions of individuals as to why they acted as they did could be better understood through this process than through, for example, quantitative surveys. This is because surveys would not vividly describe factors like emotion, frustration, anger, and experience.

In fact, all research methods suffer from serious drawbacks. Moreover, Creswell (2007) argues that one would face many challenges to conduct a qualitative study, which makes

qualitative methods more difficult than other methods. This study agrees with Creswell's view; it was time consuming, and expensive to conduct this study. For example, the data collection stages entailed considerable expense in travelling from England to Nigeria. Data collection and analysis in qualitative study is a continuous process, which allows researchers to elaborate and modify their research topic and question. Punch (2006) argued that this method could be messy and may lead to failure to meet planned targets. This type of research method also requires deep personal participation of the researcher, as it involves writing many manuscripts and this process makes the method more tedious.

Although qualitative research has limitations, a quantitative approach would not have been a preferable alternative. Despite the strengths of quantitative method in collecting and analysing statistical data and the potential to generalize the research outcomes beyond immediate context, the method has limitations that made it unsuitable to this research. For example, Collis and Hussey (2009) argued that quantitative methods impose constraints on participants; questionnaires can overlook or miss important information, which could influence the research outcome. Quantitative data collection methods were contrary to the objectives of this study, because they would have prevented me from obtaining in-depth information from participants. Furthermore, one cannot properly understand people without exploring their perceptions. The quantitative method also prevents researchers from seeing things personally and they may be forced to rely on secondary information, whose source may not be traced or ascertained. These considerations made quantitative methods unsuitable for this study.

A phenomenological study is characterized by study of a small sample who are empowered to represent themselves in a particular context. Qualitative research has

strength for this purpose, to elicit thick data directly from the participants (Bryman 1984; Gephardt, 2004). This allowed me to enter deeply into the viewpoints of the participants in an area characterized by complex tensions whose causes are understudied. Although a weakness of this method pointed out by Crabtree and Miller (1992) is that qualitative study often lacks sufficient literature review on the subject of study, this study reviewed extensive literature on CSR; however, CSR in the oil sector is in the exploratory stage in Nigeria.

Among the challenges this study faced were the unforeseen circumstances that occurred during the data collection stage, which discouraged some people from participating in the interview. There was a scarcity of fuel, which led to increase in the pump price of fuel, so people were reluctant to go out unless it was very important to do so. This restricted movement generally, and posed a challenge since I had to travel to different locations to meet the villagers. Nevertheless, the study gained a large volume of useful information from the relatively few people that took part. Glesne and Peshkin (1992) suggested that to produce a successful qualitative study it must have a clear focus from the beginning, which will guide the study to the end. This study overcomes these problems by stating the research objectives and questions from the beginning. An adequate literature review was conducted in this study and I was deeply involved in the whole process in both data collection and analysis of data.

#### **4.5.2. Ethnographic Research Method and Its Challenges**

An ethnographic method was employed for this study, since it created an avenue to watch attentively the activities and behaviour of the people in their natural setting (e.g., Alvesson & Deetz, 2000). I believed that entering different communities and seeing



things personally would help to expose a large amount of information. To unearth the causes of the crisis between oil company and the host communities and to understand their experience and expectations about CSR, it was necessary to speak to the affected people within the locality.

Through this approach, it was possible to watch what happened; listen to what was said, ask questions and collect data that was available, as well as to elucidate further the issues of interest (Hammersley & Atkinson, 1992). As Bryman et al. (1988) argued, such a process may enable the reader to understand the world from the participants' point of view, focusing not only on what takes place, but also on the structural and ideological factors that give meaning to the phenomena being researched.

This study presents an ethnographic report of Shell's relationship with its stakeholders. As advocated by Whyte (1955), the research concentrated on multiple groups of people in a particular place. By using an array of techniques including ethnography, participant observation and semi-structured interviews would enabled elicitation of more representations than using interviews alone. This was desirable because, as Silverman (1994) suggests, the ability of interviews to give a clear picture is limited in nature. One reason for this is that it places the respondents on guard. In case of interview pressure or concern with social desirability, the interviewee may give "distorted reports of reality" (Silverman 1985:176). Moreover, while engaging the participants in an open interview in order to get the most accurate data, or at least the most natural response, as suggested by Fontana and Frey (1994), prevailing subjectivities and the language being used can significantly influence the outcome of the study (see also, Fleetwood, 2005; Guba & Lincoln, 1994). One major drawback of this approach is that the participants would be influenced by the researcher's assumptions and language. Collinson (1992) suggests as

a remedy the repetition of interviews over time to establish consistency. However, this is often impractical, so it is impossible to be sure that such influences are absent from this thesis.

Rather than using interviews alone, this study employed participant observation, which as Schutz (1964) has argued has twofold benefit in research, because it enables the researcher to examine the social world without disturbing it and it affords a degree of objective to the participants. The researcher can see what the participants did not see, or see it in a different way or perhaps better and more modestly. Participants' deep immersion in their social world may prevent them from seeing beyond their circumstances. However, the researcher will be able to take a step back and maintain some distance that may enable him or her to see what is hidden from the participants (Schutz, 1964), or at least see it from another view. Utilizing a variety of complementary sources in such a way helps in filling the gaps left by interview, as well as facilitating a richer and broader understanding of social processes (Geertz, 1973). This assists in overcoming the risk inherent in dependence on a single kind of data. In other words, multiple methods "provides basis for triangulation in which data of different kinds can be systematically compared" (Atkinson 1992: 24).

Adopting an ethnographic method does not necessarily guarantee accurate results. Geertz (1973) has argued that every research method has its weaknesses; no method can provide a completely objective finding or can be advocated for producing such outcome. Gadamer (1975) argued that the subjective philosophy of hermeneutics holds that no understanding is free from bias. Hammersley and Atkinson (1992) posited that the distinction made in ethnography between "natural" and "artificial" settings is subject to criticism.

Furthermore, the “real world”, that the ethnographer seeks to reflect, although purportedly ‘natural’ by comparison with the settings used or created in other methods, itself usually reflects the influence of certain powerful groups and the ethnographer may end up merely reinforcing an oppressive status quo if the privileging of the natural is taken over-emphasized. In fact, ethnographic practice can sometimes in itself be viewed as an imposition of power (Pels, 1997). Borhek and Curtis (1975) argued that an ethnographer cannot produce neutral data because the researcher in this reflective approach is inevitably part of the social world he or she is observing. Therefore, it is difficult, if not impossible, to be objective in the strictest sense, which leads Denzin and Lincoln (2005:21) to suggest, “There are no objective observations, only observations situated in the worlds of and between the observer and the observed”

Alvesson and Deetz (2000) point out that ethnographic researchers’ attempt to go native at times has been criticised because they find it difficult to familiarise themselves with a strange culture, which they want to study. In this study, ‘going native’ was possible for me, as a Nigerian conducting research in Nigeria, although not from the Niger Delta region. Thus, an inherent danger in this research arose from differences of language, religion and culture, even among citizens of the same country. Similarly, Vaan Maanen (1998) argued that it is not easy to turn empirical data from the fieldwork into an ethnographic report that would reflect the natural world. Marcus and Fischer (1986) raise the issue of accurate data interpretation; they posited that a researcher might not be able to interpret the data accurately. In the end, this renders all methods questionable. However, complementary use of multiple methods and data sources helps to overcome these limitations.

Nevertheless, it must be acknowledged that ethnography poses challenges. The post-structuralists argue that there can be no single true understanding about the world; therefore, they challenge ethnography's claim to portray the true picture of what they study. As Hammersley (1998:17) states, "Any research is but the interpretation of the researcher on what they assume to be the 'truth'; to represent a certain study 'as it is', is not possible because we have no access to an independent reality, all we have are interpretations". It is worth pointing out, however, that, as Parker (1995:113) claims, "If a relativist and subjectivist epistemology is taken to its limits then case study research, or any research at all is merely a matter of telling stories".

Despite these inherent limitations, this study presents a plausible empirical case study through a narrative lens to audiences who are interested in CSR processes in the oil industry in Nigeria. It would be wrong for me, therefore, to claim that this study presents the truth or better results than many previous studies in this field. Umar (2008) argued that his study only attempts to present, and analyse the views of the participants through his own level of knowledge. Inevitably, this means that ethnographic research is what Parker (2000) described as "partial rewritings of partial understandings of partial data". I share this view. In the end, from the foregoing arguments on the type of research methods employed for this study, no method is perfect; it all depends on the choice of the researcher and the objectives of the study.

Despite much strong argument in support of the ethnographic method adopted for this study, it still face some challenges. For example, difficulty was encountered with Shell before permission was given for the interview. At one point, there was a temptation to give up, but because the research was at stake, after so much time, money, and energy

had been spent on the programme, insight was gained from the experience of a colleague who had been to Shell for similar information.

It is important for the researcher to be aware of the challenges of ethnographic study; however, they are inevitable. Ryan et al. (2003) argued that ethnographers face many challenges both in the field and after the field. An ethnographer spends an enormous amount of time to collect and analyse data. In addition, ethnographers may have to go native sometimes, in order to get the desired result (Creswell, 2007). Sometimes, a study may not be concluded, due to field problems.

Nevertheless, it was possible to overcome part of these problems, based on understanding of the systems, such as the peoples' culture, religion and the language of the Niger Delta people. Originally, I am not from the Eastern part of Nigeria, the location of data collection, but having lived in Port Harcourt for a few months during my youth service in 1997, had some local knowledge about the place, although this was not made known to any of the participants, to avoid influencing their decisions. Golden-Biddle and Locke (1993; 1997) argued that a researcher should bracket his subjective opinions to get unbiased information. However, staying in the community for a few months does not suggest ethnographic research presents a true or a more accurate account of the phenomenon than other strategies.

The reflexive nature of ethnography does not allow the ethnographer to give a neutral account because he is in many ways part of the "reality" being studied. Denzin and Lincoln (2005:21) state: "There are no objective observations except those situated between the observer and the observed". Holbrook and O'Shaughnessy (1988) argued that there is a degree of bias in every research because the researcher decides in advance the type of question to ask participants. Quantitative research exacerbates this bias, as

respondents are not free to express their minds, as argued by Collis and Hussey (2009). In contrast, as Parker (1995) concludes, ethnographers are storytellers. Given these concerns, it is worthwhile to explore further the choice of research tools utilised for this study. The specific tools used for this purpose are outlined below.

#### **4.6. Choice of Research Tools**

This study sought rich information; therefore, it required multiple sources of data to produce a comprehensive report as explained earlier on. To find out how Shell and community members perceived the former's CSR processes, and explore the potential for dialogue needed a mixed method approach to gain deeper insight. In view of this fact, this study used interviews, observation, storytelling, and document analysis as the research tools.

**Interview:** Several stakeholders were interviewed about their experiences and expectations from Shell, as well as how they perceived the role of corporate social responsibility. Semi-structured interviews were employed to elicit the views of the participants on different themes, which was later analysed and is interpreted in the next chapter. During the process, the participants could raise other matters, which they considered salient.

Due to many unforeseen circumstances during the study, only fifteen 'formal/standard' interviews were conducted at different locations, commencing from the oil regulatory agency in Lagos. Oil regulatory representatives granted two interviews after much persuasion, Shell was able to grant three and the rest were from the communities. It will be recalled that Niger Delta has nine states, each with its own local government, with many local communities. It was not possible for me to visit the whole region; hence, I

chose a few communities/villages for personal observation during the interviews. In all, more than 16 villages were visited in different local government areas, with the cooperation of the village youths. The villages/communities visited were a few kilometres apart; some are interconnected, for example, the towns of Onne and Eleme are neighbours. Others are Port Harcourt, Bori village, Tai village, Gokana village, Eleme village, Onne town, Rumokurisi town, Rumuola town, Rumueme town, Rumukalagba town, Rumuoparali, Eremo Ogbogoro village, Rurowolukwo community, Oyingbo town, Kigbaraji, Umuachem, the Lagos Head Office of Shell, and the Victoria Island office of the oil regulatory body.

The shortest interview lasted for 90 minutes, while the longest was two and a half hours. I spent 90 minutes for the shortest interview conducted with the executive chair of the petroleum regulation body in his Lagos office. Six interviews were conducted while travelling with some of the villagers as they guided me through the neighbouring towns. I refer to these interviews as ‘informal’, and I later merged the information from them with those conducted in a conducive atmosphere, categorised as formal/standard interviews, bringing the number to fifteen. The trips with the villagers gave me the opportunity to observe the environment along the way. The use of a tape recorder was allowed by the participants to enable permanent capture as evidence that the research was conducted and to provide a basis for transcription for data analysis.

Three interviews were granted by Shell, due to their strict policy. The company’s officials were willing to grant more interviews, but at a later date which fell outside my time schedule. However, I could conduct more interviews among the communities because they were more approachable than other participants. A notebook was used to jot down observations during the interviews, especially non-verbal aspects, of which in

themselves form part of the data. More respondents were interviewed from the Ogoni community than Shell management, because the research aim was to focus more on the community people, as they are the ones affected by the application of CSR process by the oil company in Niger Delta.

**Observation:** Observation is another method apart from interview that can be used to collect data. Observations on human activities and the environment generally were recorded on both audio and video in order to generate specific ethnographic materials, although with the permission of the participants. This afforded a real picture of the people, their way of life, and the environment in which they live. The richness of the observation in this study fulfilled the ethos of ethnographic research.

**Document Analysis:** Much illuminating background information was derived from document related to the activity of Shell in Nigeria. The history of the Ogoni land was found in their own document. Important information was extracted from the BBC news reports on the Niger Delta oil exploration. Insightful information was gleaned from the Nigerian oil regulatory bodies, for example, the Nigerian National Petroleum Corporations' (NNPC) and the Department for Petroleum Resources (DPR). The next section discusses the site location of the study.

#### **4.7. Multiple Sites Location**

Multiple locations were selected for this study, the reason being that Shell Company has its corporate head office in Lagos while its business operations are located in Port Harcourt. The major fieldwork for this study took place in Port Harcourt, in the Niger Delta region, Nigeria. Less time was spent in Lagos than Port Harcourt because the majority of the participants live in Port Harcourt. Oil exploration is taking place in Port



Harcourt, River State, known as Ogoni land. Specifically, for the fieldwork, about three months was spent in the village doing observation and interviews.

A detailed account of my journey will be given in the findings chapters because the experience formed part of the data. A research conducted in multi-sited locations gives the advantage of opportunity to discover many new things and it provides alternative ways to conceptualise the results. Wax (1971) argued that multi-sited imaginary sometimes allows the possibility of learning in ethnographic study during intensive fieldwork.

Sixteen different communities were visited; the names of the communities have been mentioned in section 4.6. This makes the study a multi-sited research. The villages in the Niger Delta are very close to each other, for example, within Port Harcourt, there are twelve local government districts, which comprise different communities. If one travels from Onne local government to Bori, along the road there are three other villages; travelling alone gave me the opportunity to observe these villages. This experience reflected Bryman's (1988) claim that multi-sited ethnography is an exercise in mapping terrain; its goal is not holistic representation, an ethnographic portrayal of the world system as a totality. Rather, he claims that any ethnography of a cultural formation in the world system is also ethnography of the system.

This study could not have gained so much rich information from participants if it had been conducted in a single site, due to many issues addressed in the study. It was stated earlier that the region comprises nine states and many villages; studying only one village would not be enough to reflect the experience of the region. Bryman (1988) argued that conducting a research in multi-sited locations could lead to contradiction of ideas due to many discoveries amongst the studied. However, Umar (2008) argued that

the solution to such contradictions for an ethnographer researcher is to get closer to the participants by renegotiating identities and to study the situation well. Moreover, the outcome of this study is evidence based and reflects my perceptions during the fieldwork. This gives me the opportunity to balance my argument with theoretical views. The next section will focus on the research design and sample size.

#### **4.8. Research Design and Sample Size**

A research design is simply the framework or plan for study used to guide the collection and analysis of data (Saunders et al. 2009). The research design was dominated by interaction with different participants, as mentioned earlier. In addition, the research design consists of key actors involved in this study. For example, three people represented Shell Company, two participants were oil regulatory body/government representatives (NNPC/DPR), and five people represented environmental/radical and or NGOs, while 12 people were youths (employed and unemployed) and 22 people were involved from the village: farmers, tanker drivers and the village/traditional chiefs.

The justification for the sample composition was that the selected participants were the major ones affected by the impact of CSR in the Niger Delta. In addition, each participant category was selected on the basis of specific considerations related to their role and the nature of their knowledge and experience. For example, village chiefs or traditional rulers were included because they are in a better position to give useful information about historical background, as the heads of the community. Four village chiefs/traditional rulers were interviewed in their respective villages, with their subjects in attendance. The criteria for selecting the participants were based on their position, occupation, location, and level of educational qualifications.

Youths are very important in this study, because they are the ones protesting and vandalising oil pipelines. Some were categorised under the radical/environmental/NGO, employed and unemployed. The study gave them the opportunity to demonstrate their level of understanding of CSR, and to express their opinions during the interview sessions. The farmers and fishermen were also affected by the impact of oil exploration, so they were expected to be able to give accounts of their experiences and expectations. The study targeted executive personnel of Shell and government representatives because they oversee the corporate affairs of their respective organisations. This study was unable to cover all stakeholders apart from those selected specifically for this study, because of time constraints and financial implications. A large sample was initially envisaged but a small sample was chosen eventually because of the unexpected difficulties faced during the research process, such as fuel scarcity and the Nigerian general elections, which occurred at the time of the interview process, discouraging some people from participating in the study. The targeted samples for this study were referred to as stakeholders and key actors.

According to Peacock (1986), ethnographic methods are promoted on the basis that they lead to the discovery of meanings and insights. However, Atkinson (1990) warned that ethnographic methods are doubted in terms of their ability to verify or refute theories, due to the small samples used. A limitation of this method is that it may not be possible for a detailed analysis of a small group to prove a universal principle. Nevertheless, such a study can forcefully call into question claims of universal theory and can creatively suggest insights to enrich such theory (Peacock, 1986). Although a small group of people were involved in this research, nevertheless, it was sufficient to provide compelling insights into the contested interpretations of CSR in the Niger Delta.

## **4.9. How the Research was Operationalized**

This section explains the practicalities involved in gaining access to the research sites and employing the data collection tools identified earlier.

### **4.9.1. Gaining Approval for the Study**

The journey started by applying to the research ethics committee of the University of Hull for approval; then moved on to informing the university immigration and visa compliance team of my intention to travel to Nigeria for data collection. On getting to Nigeria, a visit was paid to the Nigeria National Petroleum Corporation NNPC office, at Kofo Abayomi Street, in Victoria Island, Lagos, to get approval to proceed to Port Harcourt, in Rivers State, the location of Shell office.

My experience at the NNPC/DPR office was facilitated by advance preparation in the form of a letter of introduction stating the objectives of the study. The letter was approved on the third day by the executive chair of the corporation. It was possible to interact with the executive chair of DPR who, out of his tight schedule, only allocated an hour for the interview; however, the interview eventually lasted 90 minutes due to interruption. The details of the interview will be discussed in the next chapter.

The approval letter from the DPR was taken to the Shell office in Marina, Lagos the following week. This was where my difficulties began, due to protocol, procedures, frustration, intimidation, and distractions. It was necessary to start another process again; although the approval letter from the DPR was accepted, since it is the regulatory body for oil companies in the country. Shell Company gave approval for me to interview its employees in charge of CSR, but on the conditions that such research

should only be for this study alone and I must sign to indicate my adherence to the terms and conditions of the company policy.

In addition, I had to comply with Shell's internal policies on how to conduct interviews with staff members. The corporate manager had to approve my letter, or it would not be possible to move on to the next stage. I wrote another letter seeking the approval of the corporate head for the interview, and a copy of the letter approved by the DPR chair was attached. Eventually, the letter was approved after all the bureaucracy. At Port Harcourt, the interview location, the same difficulties arose as at the Shell Lagos office, but approval was finally given for the interview. It was necessary to sign terms and conditions and give an assurance that my interview would only be used for research purposes and not for anything else. Figure 9 below is the front view of the Shell office in Port Harcourt; it shows the entrance for visitors only.



**Figure 9:** Front View of Shell Office, Port Harcourt

#### **4.9.2. Access to the Participants**

This research involved interviewing many stakeholders, who had to be dealt with separately; however, my concern was with Shell as a corporate body, and it was difficult to gain access.

On arrival at the Shell office in Marina Lagos, the first experience I had was annoying. I wanted to take a photograph as evidence of my visit, in front of Shell's main entrance. Four police officers instantly approached me and insisted that Shell's regulations prohibited the taking of photographs on their premises. I told them that there was no notice to that effect. Despite much argument, they maintained their position, and I had to give up, to avoid further harassment.

I later requested access to the office. The security staff demanded to see my invitation letter. They collected all my belongings at the security post, and I was screened with a metal detector on entry. I told a secretary that I wanted to interview some staff members on the company's CSR. She immediately replied, "*Shell has a strict policy of not speaking to people like you*" (Company's secretary). I attempted to persuade her that it was not a harmful exercise and that the company would benefit a lot from the research. She later demanded my approval letter from DPR. She received the letter and recorded it in her inward mails logbook. She said someone would get in touch with me on the phone within two days.

The operational office of Shell is in Port Harcourt, while the administrative office is in Lagos. Depending on what someone wants from Shell, it might not be necessary to go through both offices. However, this research necessitated using both offices. The Shell Head office in Port Harcourt is in the centre of the city, called Rumuomasi. It is well

fenced with barbed wire, just like a prison yard, in order to intimidate intruders and to protect the lives and property of the Shell staff.

In Reception, the secretary inquired about the purpose of my visit. The waiting lounge is divided into two; the secretary told me to sit in area 'B' since I was a researcher/visitor. The second lounge is strictly for another purpose. After a few minutes' wait, a young man in uniform came to me, with a form to fill. He told me to read the instructions on the notice board and some of the pamphlets on the corner shelves, which contained information about the policy of the company on how to conduct research.

Instructions in the pamphlet showed that for an independent candidate to conduct research, there are certain criteria to follow: a brief research proposal must be submitted through the company website, a letter of approval obtained from the oil regulatory body, and the candidate will wait for the company's response. Relying on this protocol of three weeks would prevent fulfilment of my goal. I decided to utilise my second plan, to use networking. An old university colleague (a member of staff of Shell) had privately told me to ask for her when I finally gained access to the area 'B' reception. She took me to the university liaison department headed by Professor Emmanuel Ukpabor. The professor requested my letters from DPR and from the university. On receipt of the letter, he told me to sign a confidential agreement that my research would not have any negative impact on the company. Fortunately, a friend assisted me to gain access to the Shell office in Port Harcourt, which was necessary despite the approval letter given from the executive chair of DPR in Lagos. If I had relied on the official protocol it would have taken longer for Shell to allow my research to go ahead; hence my adopting networking and informal methods to gain access to the company.

In contrast, the villagers were not difficult to access but they too had their own difficulties. Some members of the non-governmental organisations contacted for the interview were glad to use the forum to show their feelings on CSR of Shell Oil Company and environmental related issues in their community. During the interview period, it was necessary to travel between my base in Onne Local Government Town in Rivers State, and other towns, for personal observation, film recording, and interviews.

Participants were interviewed at different locations within Port Harcourt neighbourhood because each town has its significant role to play in this research. Each town has its own peculiar oil problems; therefore, much travel was needed in order to get information.

My first point of contact was the village chief head; this necessitated a similar process of gaining approval to that from the company head office, but in an informal way. The chief in the village must know and approve anything that happens in his constituency. For several reasons, some of these people refused to mention their names or to allow me to use the name publicly; although the names are well known, they did not want them on record. The chief gave me a specific date to return so that he could inform his subjects to attend for the interviews. Interviews were conducted in various locations: the chief's palace, the town hall, the market leader's union office, and playground/games centres.

Another way of making direct contact with local people was by playing games with the villagers, such as ludo, drafts, chess and cards (these are local games) organised by the villagers; they hold competitions in these from time to time, for local entertainment. I joined the local people in doing many other social activities, consistent with the principles of social research characteristic of ethnographic research, as suggested by Alvesson and Deetz (2000). Some of the villagers made fun of me, because I was



unable to pronounce some of the local dialect properly and such interaction could be funny and interesting. Figure 10 shows my interaction with the villagers during my visit. During my social engagement with the villagers, some ‘informal’ interviews were conducted and much information was gathered from them.



**Figure 10:** Village Centre Onne, Port Harcourt

#### **4.10. Validity and Generalisation**

Ethnographic studies have been criticized by naturalistic researchers on many occasions; however, many other researchers still adopt the method for their studies. A single study might not be easily generalised because the result is based on a particular setting, as argued by Silverman (2006). Contrarily, Gibbert and Ruigrok (2010) suggested that a single study could be generalised, depending on the type of setting of the study. To generalise a study means to replicate the findings of the study in another setting. For clarity purpose, Gibbert and Ruigrok (2010) posited that validity of a research depends on the type of such research. For example, a research that does not

seek to measure cause and effect (e.g. exploratory study) would not need internal validity.

This study focused on construct and internal validity, using transparency in its processes to validate the findings, instead of external validity. Social constructionism makes replication difficult in social research, as argued by Campbell (1979). Human beings and society generally are subject to change, different things motivate different people and what motivated a certain person a few minutes ago, may not motivate another person in future. The fact that the same research is conducted using the same methods does not guarantee they will produce the same outcome. Gibbert and Ruigrok (2010) submit that social science research is likely not to be replicable because it consists of human beings, who are subject to change; however, it is possible to replicate scientific or natural science studies. At this point, the intention is not to generalise the findings of this study, but to build and elaborate on existing theory to reflect the situation in Nigeria.

The above criticism notwithstanding, an ethnographic study offers an important complement to other research methods. Ethnographic study encourages thick description and evaluation of difficult concepts that are not possible in many other methods. Gephardt (2004) concluded that despite multiple challenges in ethnographic method, if the study is properly conducted it may come out with a ground breaking result. The value of the outcome, of course, depends on the depth and richness of the data generated, and how it is analysed and interpreted. The data analysis method employed is explained below.

#### **4.11. Method of Data Analysis**

The main goal of this research was to investigate how CSR was understood by the participants through their responses to interviews conducted. Therefore, the research adopted an interpretive lens to analyse the data. Analysis of data in research entails different techniques and methods. There are multiple activities involved in analysing data: data must be reduced to the useful ones, data must be displayed in different forms, and the researcher must draw conclusions from data analysis, as argued by Miles and Huberman (1984). Data reduction is the process of selecting, focusing, simplifying, abstracting, and transforming the information for different purposes (Basit, 2003). The data was analysed with the aim of interpreting the situation (Silverman, 2004; Miles & Huberman, 1984; Frooman, 1999; Stuerer, 2006). Attention was focused on the research questions and the semi structured interview questions, while interpreting the data. However, all of them were still relevant to the study. This shows that the study is in line with the proposed aim and objectives, considering the community's relationship with the oil company.

In this thesis, data is presented with double quotation marks; long quotations are indented without quotation marks and single quotation marks are used for the field notes. Serial identifiers are used to differentiate between field notes and data from tape. I differentiated each interview with a category name and, where possible, with an acronym ending with the letter, t. To avoid confusion, each participant has an interview name or title. For example, Shell staff or sht means Shell staff interview, Community/village chief or cct means community chief interview, Environmental/radical/youth or yt means youth interview, elderly woman or ewt means elderly woman interview, Village people or vp means village people interview etc. I ordered the field notes in the same way as the interviews, but with the letter n to stand

for field note. This method made it easy to trace the original data from different sources and participants.

The data analysis was done by first reading through the entire data transcript several times back and forth and listening to the audio recordings as well (e.g., Thompson et al; 1990; Miles & Huberman, 1994; Strauss & Corbin, 1998; Gibbert et al., 2008; Leitch et al; 2010). The complex whole was then broken down into smaller manageable constituents using open coding to come up with themes and categories to better describe how informants perceived their world (Oktay, 2012; Pratt, 2008; Gibbert & Ruigrok, 2008; Schouten 1991; Hill & Stamey, 1990 and Mick & DeMoss, 1990).

After this, I grouped the codes together into concepts and related themes (e.g., Glaser & Strauss, 1967; Strauss & Corbin, 1990; Bazeley & Richards, 2000; Leitch et al; 2010). In other words, the categorisation involved the classification of data as representing or belonging to some general phenomenon (e.g., Glaser & Strauss, 1967; Miles & Huberman, 1984; Strauss & Corbin, 1990) and helped identify the emerging themes from the data. For instance when looking for newness, responses that mentioned the need for change to something new were coded.

I used statements that were common to create first order codes and categories which were then strengthened to become more abstract and theoretical (the axial coding e.g., Oktay, 2012; Strauss and Corbin, 1998; Spiggel, 1994). From categorisation, I took the analysis to abstraction level, a process beyond categorisation that collapsed broader categories into fewer, concrete, higher-order and more general conceptual constructs of common features (Spiggel, 1994; Miles & Huberman, 1984). Once this was done, I sought how these categories related to each other (Leitch et al; 2010; Glaser & Strauss, 1967; Strauss & Corbin, 1990). For instance, respondents complained about

environmental pollution; such comments were quoted and analysed under the 'pollution' theme. With this in mind, I scanned the data back and forth to see how and where they fitted (e.g., Charmaz, 2006; Glaser & Strauss, 1967).

In the process, the data was reduced, dissected, sorted and reconstituted (Spiggel, 1994). I then discovered, organised and decided what was important to be learnt and what to tell readers (e.g., Bogdan & Biklen, 1982). For example, the participants raised the issue of humanity, which was coded. Thomas (2003) mentioned that this enables the researcher to draw findings from the significant or dominant themes out of the raw data without constraining structured methodologies.

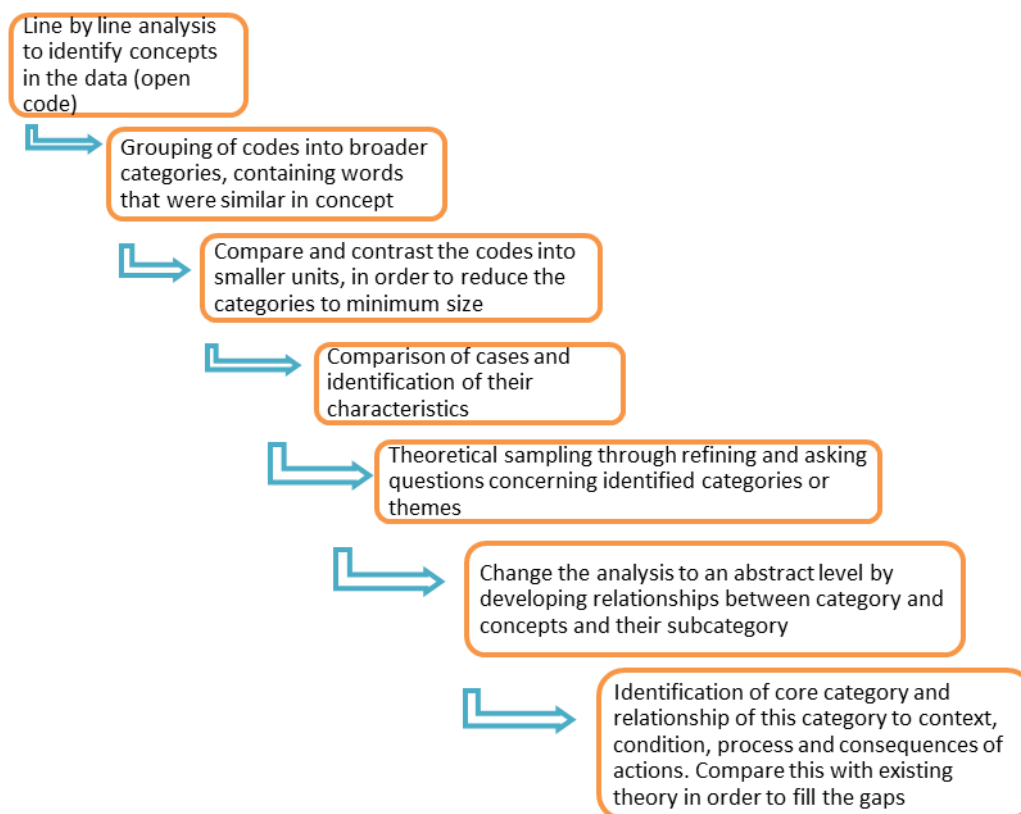
The process of abstraction continued throughout until various perspectives were then developed from the analysis to assess how participants perceived CSR. To be able to do this, responses to questions such as, 'What is your definition of CSR and what are your expectations of the company?' were analysed. The second perspective analysed responses to the question on 'corruption'. In the third perspective, I analysed responses to the question on 'security and unemployment'. The fourth perspective analysed responses to the question, "What are the major causes of conflict between communities and the Shell?" The fifth perspective analysed responses concerning the effectiveness of Shell and the government's proposed strategies in resolving conflicts. This is where the issue of amnesty came up. In the final perspective, I addressed responses to "What can be done to resolve the conflicts?" I then compared theoretical constructs with informant' experiences and responses to unearth similarities and differences. Comparison was then made among incidents, categories and cases. This constant process took place throughout the analysis in an integrative form where I integrated theory into the contexts, conditions, strategies and outcomes.

Throughout the analysis, my field notes were also incorporated as a component that further contextualised the findings. The responses from each informant and those collected from other secondary data sources were combined into one manuscript. Irrelevant data were then sorted from the relevant data before the latter were coded, analysed and represented according to the economic, environmental and socio-cultural indicators from the various stakeholders' perspectives. Comparisons were then made of the views of Shell and the communities to look out for similarities and differences (Thomas, 2003).

The analysis was a difficult process that required intuitive, dynamic and creative skills with the aim of determining the categories, assumptions, and relationships that informed participants' views of the world and the particular issues under investigation (e.g., Basit, 2003). My primary objective was to generate understanding of the participants' sense making in the research (e.g., Leitch et al; 2010). The process helped in the manipulation of the data through categorisation, abstraction, comparison and integration. This facilitated the construction of a coherent conceptual explanation of the findings (Spiggel, 1994). To be able to do this effectively required a constant iteration (moving back and forth) through the data (e.g., Thompson et al; 1990, Mick & DeMoss, 1990). This iterative process helped in making inferences that aided interpretation (e.g., Hirschman, 1992; Spiggel, 1994). Spiggel contended that such an approach enhances unified interpretation; refines concepts and draws out theoretical implications. It also promotes data verification and refutation (e.g., Holbrook & O'Shaughnessy, 1988).

The issue of CSR is complex and it needs systematic explanation to practitioners as well as stakeholders. However, in creating this simplification, Umar (2008) argued that a process of selective inclusion and exclusion must take place, to develop a specific

interpretation of these processes and events. Figure 11 below gives a summary of the process by which, the data was analysed.



**Figure 11:** Summary of Data Analysis Methods

#### **4.12. My Reflections and Position on this Study**

As already indicated earlier, the main methods of data collection were observations and interviews, which entailed spending extended time with the researched. This means that I established rapport with the participants throughout the period of study. In view of this, my presence may have had an impact on the process of data collection. Ethnographers cannot separate themselves from the data because they are not like a sponge, soaking up data or a bucket, but they are involved in interpreting as they record

their observations. Peacock uses the analogy of a photographer and the camera to explain thus:

In an ethnographic experience, the photographer is part of the camera; both are part of the foreground being photographed as well as of the background that infuses the foreground. The resulting picture is multidimensional; a kind of holograph that can be glimpsed with tantalising clarity from certain angles, but that from others dissolves into hazy depths owing to the complex convergence of forces that create the image (Peacock, 1986: 91).

Ethnographic research is very tedious and rigorous to conduct; it is very expensive, time consuming, and difficult at times to be objective as a researcher. However, Hammersley and Atkinson (2007) argued that ethnographic researchers must separate their assumptions so that the authentic experiences of the participants can be reflected in the study. One should be neutral and sincere in reporting exactly what one saw or heard during the data collection process.

I entered the field with certain views and assumptions, which were changed by my held experience. Had I not gone into the field, I would have had wrong perceptions. Carolan (2003) argued that reflexivity entails self-appraisal, self-reflection, and self-critique. This is required because as Gadamer (1989) maintained, one cannot understand others unless one first understands oneself. Meanwhile, Finlay (2002) distinguished between reflexivity and reflection and placed them at extreme ends of a continuum. In this study, I am unable to absolutely separate myself from the participants, due to the reasons mentioned earlier, given my position as a Nigerian and social researcher.



A researcher coming into a community raises apprehension as the people try to figure out what exactly it is that the stranger 'wants to know about them'. Being a Nigerian, I was an insider, so they felt free to talk to me and consider me one of their own. Nevertheless, when it came to certain issues, I was an outsider. For example, I belong to the Yoruba tribe, while my participants were from Igbo-land. This meant that I was not one of them in tribe and culture.

Apart from being from another tribe, difference in education between me and the local communities was another point of difference, which caused me to be considered an outsider. I introduced myself as a student-researcher gathering data for my PhD project. I would have risked creating unnecessary anticipation if I had portrayed myself as working for a Non-Governmental Organisation. Again, the villagers would have expected me to give them money if I claimed to be working for government. To claim anything other than student status would have been to risk not getting useful information. Previous contacts and experience proved valuable in encouraging the participants to take part in the interviews. Despite my being to some extent an insider, the research process posed many challenges, which to a large extent emanated from the involvement of several site locations, as explained in section 4.7.

#### **4.13. Ethical Considerations and Confidentiality**

When conducting research, many ethical issues have to be considered. Prior to commencing this study, ethical clearance was sought to ensure my safety and that of the participants, as suggested by the ethics committee of the Business School, University of Hull. As Phillips (1985) suggests, research ethics are the guidelines that are utilized to

safeguard all research participants during and after the research process and to promote effective communication to all participants.

Mouton (2001) also points out that consideration of research ethics is involved throughout the process of the research, including carrying out the research design, analysing the resulting information, and publishing the research outcome. Doyle et al. (2010) recommend that academic institutions closely supervise student research to ensure adherence to ethical principles.

Researchers need to exercise caution if the conditions in the field are volatile and more so if the researcher is not familiar with the place. I am a Nigerian, and as such, I was aware of the sensitivity and volatility of the research location. Many difficulties were encountered while conducting the interviews in Niger Delta, especially as the Nigerian general elections took place during the research period. It was very difficult to gain access to some local areas and dangerous, too, to interview in some areas.

All information collected for this research purpose remains confidential and mainly for academic use. Informed consent was sought from the participants and care taken to avoid causing discomfort by providing reassurance that participants' identity would be safe during and after the study. Usher and Arthur (1998) argued that obtaining participants' consent is vital, as this may affect the general outcome of the study, failure to do so could reduce the quality of the study and compromise the research validity. Doyle et al. (2010) suggest that this imposes a constraint on the freedom to generate and convey knowledge. Access to important information had been formally arranged before going to the field. A letter of introduction with a request to approach members of staff was sent to the Shell head office in Nigeria. Information on Shell Company was

available from various sources, including the company website, archive materials and in many academic journals.

#### **4.14. Summary and Conclusion**

In conclusion, qualitative research methods were adopted for this study based on the topic and the objectives to be achieved. The chapter has provided the underlying justifications for the methods. The second major issue discussed was the methods of data generation, which included ethnography, semi-structured interview, and personal observation. The next chapters will focus on the findings and the analysis of the data generated for this study.

## **CHAPTER 5**

### **Research Findings**

#### **5.1. Introduction**

The previous chapter explained the ethnographic approach employed in order to investigate stakeholders' perceptions of CSR as practised by Shell in Niger Delta, in order to fulfil the research objectives. A four-stage process of data generation was described including semi-structured interviews, storytelling, observation and document analysis.

This chapter gives an account of the first part of the findings derived from that process under different themes in a narrative way. The chapter presents my journey experience from Lagos to Port Harcourt, which formed part of the process; then moves on to analyse and narrate the interviews simultaneously. The findings will be presented chronologically. The reason for this is to present the results in the way I observed them, without undue authorial intrusion.

For comprehensive understanding of the thesis, this chapter provides a meaningful insight into the real-life experiences and personal opinions of the participants, which helped in understanding the dynamic issues that prevented peaceful relationships between the Shell Company and its stakeholders especially host communities in Niger Delta. It further identifies the views of the stakeholders, specifically the community, about CSR policies, processes, and implementation by Shell in their environment. Lastly, the role of government through its agencies such as NNPC/DPR is discussed.

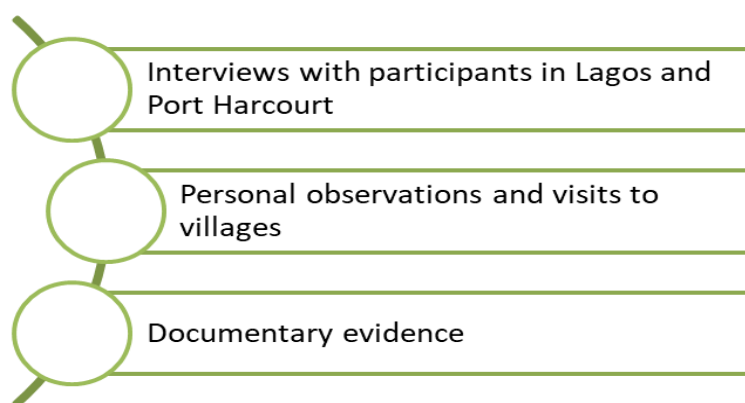
The findings show what the communities expected from Shell Company, in view of oil exploitation on their lands.

## **5.2. The Process of Presenting the Findings**

This section outlines the process employed to arrive at the findings, in the form of a diagram to provide a holistic overview. The chapter describes the city of Port Harcourt and gives an account of interviews conducted in each village. The ordering reflects the stages of my visit to the communities and it recounts each event as it unfolded.

Figure 11 illustrates the processes undertaken to arrive at the outcome of the study. The chapter presents and discusses issues related to communication gap, gas flaring, oil spillage, environmental pollution, unemployment, social unrest, and so on. It demonstrates how the means of livelihood of the local people in the Niger Delta have been tampered with by the Shell Company due to oil extraction. These major themes recurred throughout the findings, and these experiences have led to mistrust and frustration that prevented the Shell Company from engaging in dialogue with the local communities. Cross-examination of some records made available by the participants provided documentary evidence related to some recent issues, with much crucial information on the genesis of the crisis and new revelations that were not in the public domain.

The chapter moves on to discuss visits to oil flow stations and oil wells at different locations in Port Harcourt, as part of my effort to fulfil the ethnography requirement. I examine the contributing factors that led to the crisis between the oil company and its host communities and conclude with a brief discussion section.



**Figure 12:** An Overview of the Process that Leads to the Findings

The chart provides the reader with an overview of the main sources of information from the beginning before reading the whole content; it further serves to illustrate antecedents, consequences, and the evidences on which the findings are based. CSR is a process that portrays Western views of business and organisational behaviour, but this seems not always palatable in less-developed countries. The affected communities, for example, were powerless in the sense that they could not confront the government. The affected communities perceived the oil company to have contributed little to the land, causing anti-social behaviour performed by youth to serve as an alternative means of livelihood. They engaged in kidnapping and various forms of radical behaviour that could fetch them quick money. In this study, I refer to youth as a radical group because of their antecedents.

This study shows Shell that management style and behaviour did not meet societal/community expectations in Nigeria. The contextual dynamics are characterised by lack of basic infrastructure, poverty, environmental mismanagement, pollution, oil spillage among others.

### **5.3. Port Harcourt, The City of Oil**

It is very important in this section to introduce and describe the city of Port Harcourt before going to the main interview and to shed light on the activities that took place during the research period. Port Harcourt is the headquarters of Rivers State government. All multinationals and indigenous oil companies operating in Nigeria have their operational or head offices located in Port Harcourt. Initially, in the early 1980s the number of oil fields was 80. Within about ten years, the number had increased to 600. This attracted many foreign and local oil companies to the region, including Port Harcourt (Idemudia & Ite, 2006). The oil exploration in town attracted many other corporate businesses, like the banking industry, insurance companies, and private and public transportation companies among others. For these reasons, any research relating to the Nigerian oil industry should begin with Port Harcourt.

To understand Port Harcourt very well and to have a good opportunity for observation, I travelled by road from Lagos on a private commercial bus, about ten hours' journey. I started making friends right from the motor park in Lagos where the journey began. Sitting in the front seat provided a clear view during the journey. I had expected to be excited by this choice of travel, but was later disappointed for many reasons.

First, the roads from Lagos to Ishagamu were in a dilapidated condition; Ore to Benin, (about 125km), and then from Onnisha to Owerri was another death trap. Second, I witnessed four fatal road accidents during the journey; caused by reckless driving and bad roads. Despite spending most of my life in Nigeria, I had never before travelled to Port Harcourt by public transport. The journey provided an opportunity to explore the whole city. Port Harcourt, despite being an oil rich city, could not be compared with Saudi Arabia, Scotland, or Libya. Nevertheless, there are relatively beautiful sights to

talk of, such as Onne international market, Eleme junction, Oyigbo market, Onnisha Bridge, the Nigerian Naval Base, the Nigerian Ports Authority lighter, and ocean terminals, among others.

Lack of properly maintained social amenities is very common; for example, during my short stay, electricity was erratic in Port Harcourt, unlike England where we have uninterrupted electricity supply every day. The same thing is true of the water supply system in the city and its neighbourhood. The local people of the region create reservoirs to store water whenever it is available. The people in the city are used to witnessing long queues at the filling stations every day, to buy fuel. This could only be avoided by buying 'black-market' petrol, a recourse adopted on a journey to the neighbouring town with some of the villagers who volunteered to assist me.

There are four local crude oil refineries located across the country: Kaduna, Warri, Port Harcourt, and Alesa Eleme. Due to inefficiency and mismanagement by the Nigerian petroleum board, three out of the four refineries have been rendered useless for many years, especially during the military regime. Nigeria has continued to import refined crude oil from abroad for its local consumption, in spite of being the main producer in Africa. After much money has been spent to rehabilitate the refineries by the federal government and private contractors, the refineries are still not functional. This on its own is a sign that the system is not working well in the region; people face hardship daily.

The transportation system in Port Harcourt city can be hectic, dangerous, and expensive, especially for a stranger, compared to the transportation system in advanced countries like France and the United Kingdom. Unlike the United Kingdom, where there are well organised underground systems, trams and buses, the transportation system in Port



Harcourt is not organised. Motorcycle is the fastest option for business and appointments, especially during peak time when traffic congestion is common. During the period of study in Port Harcourt, I used a motorcycle more than any other means of transportation because of its convenience, although the possibility of an accident was worrying, since there is no health insurance scheme in Nigeria.

Port Harcourt is the abode of oilmen and nongovernmental organisations, including environmentalists, human rights activists, ethnic militia groups, and illegal oil bunker groups, making it a dangerous place in which to live and to embark on research; it would have been impossible to conduct the interviews, had I not been a Nigerian. A stranger would find it difficult to conduct research there, compared to the advanced countries.

#### **5.4. Communication Gap Among The Stakeholders**

I categorised Kana, Bori and Tai communities as three sites. Kana is a local government in Rivers State; it has more than twelve villages, among them Bori and Tai. Bori is a small village in Port Harcourt, about 7.5 kilometres from the city centre. The villagers are used to the inflow of different types of reporters working for government or private media agencies or student researchers, as many people have been sponsored to do this type of research on the Ogoni's behalf.

I conducted the interviews in the English language because the participants spoke English fluently, except for a few old people who preferred to speak 'Pidgin English', which can still be understood as well. Much time was spent tracking down and accompanying the participants all over the town and visiting neighbouring communities for interviews and personal observation.

Getting to know the affected communities was made possible by visiting them one after the other and by seeing directly the level of destruction caused by oil exploration, rather than accepting hearsay. During the trips to explore these villages, the people told many stories, which form part of the themes of this research. For example, they talked about security, unemployment, crisis in the land, illegal business by youths as means of survival in the absence of employment and so on.

In Port Harcourt, each town has its own peculiar oil problems; for example, during a trip to Tai village, inside the car, one of the villagers was narrating the story of how Shell Company terrorised the villagers a few years previously. This implies that it might not have been possible to conduct research in this village a few years ago, when Shell took over the whole village. The British Broadcasting Corporation BBC used helicopter to cover events during the crisis between the local community and Shell, this shows how dangerous the region was then. At the period of this study, conditions were not much better. The community were “living under tension”, according to one of my hosts. He said, *“Master [as some of the villagers referred to me], Shell and its terrorist agents have destroyed us in this village for many years in silence and no one feels our pain, we have nothing positive to show for their presence here in Tai, as you can see for yourself. We will lead you to other communities so that you can see for yourself; our people cannot do small scale business due to lack of money and security”* (Village member at Tai community).

The car contained five of us including four volunteers. The villagers narrated amnesty events during the trip to the next village. These interviews revealed how and why amnesty was declared to the people of Ogoni land. The amnesty story revealed important information that assisted this study, for example, the villagers gave accounts

of when and how the issue started. The story was divided into two phases, pre-and post-independence.

The post-independence period was linked with the amnesty while the villagers did not so vividly recount the situation pre-independence, as some of them were not born before Nigeria gained independence in 1960. Amnesty came due to the agitation of the villagers about their suffering at that time. The communities had representatives but many of these representatives were not being transparent and sincere with the villagers. They lacked useful information about the company and the government. The contradictory information led to frustration among the communities. The situation was inflamed by youth, who turned radical in the cause of freedom from the two key actors. From these narratives, it is easy to identify a communication gap as part of the problems. After many years of protests and clashes between the Niger Delta communities and Shell, after many lives had been lost and properties destroyed, the federal government of Nigeria welcomed the idea of declaring an amnesty and reconciling with the affected communities.

When asked what amnesty meant and why the government had declared it, a participant responded as follows:

*“The amnesty is just a way for the government to come back and restore business as usual for the oil company because there is a lack of revenue for the government in the region since oil production has stopped. They created conflict among the communities by giving money to those who have many followers not to challenge the authority, if anyone is found fighting or destroying property they will arrest that person and he will be dealt with” (First villager, Bori town).*

Another of our fellow passengers took up the narrative as follows:

*“Why did government call the settlement an amnesty? They should call it restoration of peace to the communities, but there is no peace in Ogoni-land. We the youth hate that word amnesty because they portrayed us as criminals when the government and Shell refused to do the right things and the people turned to violence. Although all the villagers were looking for a way out of the situation then, no one championed the move” (Second villager, Tai village).*

In other words, both the government and Shell needed to come together to discuss the way forward. Such a move would have served many purposes. It would have allowed Shell to continue its business smoothly and for the government it would have increased their revenue generated from Shell and restore peace to the people. Each stakeholder would have explained its conditions together with the ways the conditions would be met. There was a campaign for peace to be restored in the region, due to the widespread destruction, especially the reckless path that youths embarked on. Youth have become notorious in the region; they pose danger to most foreign companies in the region and other innocent villagers.

I learnt that the government gave the youths money and collected their weapons; however, some of the youths still have their weapons or they have secured new ones since the amnesty. Presumably, youths returned to the street when they ran out of money. It could be argued that the government is not interested in the welfare of youths. Another reliable source from the villagers reported that, *“The government representative to the amnesty committee embezzled the money and other relief material that was supposed to be given to some affected villagers, for example, we later heard about huge money budgeted for this programme” (Village man from Tai).* It is easy to

identify a communication gap between the community representatives and government officials and a lack of accountability. One could feel the pain of youths in that region; however, it could be argued that they should have used other methods to press home their demands instead of violence.

#### **5.4.1. Lack of Security, Bribery and Corruption**

I travelled from Onne Local Government to Bori, the main town and headquarters of Kana Local Government in the company of Ijaw youths, who volunteered to assist me. The road to Bori and Tai was in a dilapidated condition with many potholes, heaps of refuse littered everywhere, and it had become an eyesore, which reflected badly in what should have been a prosperous area.

We saw police checkpoints along the road; the police would randomly stop any car, and ask the driver for the particulars of the vehicle. In addition, the police might demand a 'bribe' if the driver were unable to produce the particulars on demand. The police were sensitive; as soon as they sighted me, they knew I was not from the town, due to the way I dressed. One of them came to my side, smiled at me and asked me to identify myself. It is very common when police stop a commercial vehicle to ask many questions from the driver and the passengers. On being told that I was a student researcher from the United Kingdom, the officer suddenly asked me to step out of the car, and demanded to see my student identity card and my international passport, after which he allowed me to go.

This incident demonstrates the lack of safety in this area; the law enforcement agents are reckless, as there are no checks and balances. One of the themes that unfolded was the issue of security. One of the villagers in Onne told me that if they did not follow me,

the police officers would not allow me to go ahead. They would only do so if I gave them money. He narrated another well-known local story of someone who came home from abroad and was arrested by police. He said; *“A few years ago, a man came home from America to see his parents. One evening he was going out with his kinsmen, they were stopped by police and he was arrested due to a mistake of identity. We later heard the man was shot dead. This government is not doing enough to protect us in these villages. Therefore youth took up the responsibility to be our security, we know ourselves and we know a stranger when we see one”* (Village man, Onne town).

During my visit to the DPR chair in Lagos, the secretary had warned me about the security situation in Niger Delta. Her description of the situation made me anxious, but at this stage, there was no going back because I had come to Nigeria to do interviews in the region; I was not going to stay in Niger Delta for long. The DPR described Niger Delta as, *“A volatile place; you need to be careful because of the local boys, they are dangerous and mean. If they knew you are from abroad, you should be ready to part with money. It all depends on which area you wanted to cover. Try to be smart, young man”* (DPR chair, Lagos). The situation I met was as he described it. If I had not heeded the advice from different quarters, I would have fallen into a trap. Although I was aware of the danger in the place, I had not known it was so great. The situation in the region had an impact on the study, which has been discussed in the methodology chapter.

#### **5.4.2. Unemployment, Insecurity, Social Unrest**

A few miles after we left the police hurdle, we ran into the local boys, popularly called ‘area boys’; unemployed youths who collected money from commuters in the same way

as the police did earlier, at the checkpoint. The local boys were more dangerous than the police as they had guns and machetes, and practised the local 'juju' or voodoo. Anyone who resists them is in trouble. It occurred to me that those 'area boys' could be a source of information, as they were the ones who used to kidnap the oil workers. I did not have the right kind of money in my pocket to bribe them, because they deal in foreign currency, but jumped out of the car and greeted them in their local way, hoping they would embrace me as one of them, I told them that my mission was to interview people like them, to learn about their suffering.

When asked why people engaged in this kind of activities, one of the youths responded, *"we have no job and no one is ready to provide for our needs, but immediately we engage in this act government will attack us by the military force. We are not happy with this kind of activities but we have no choice"* (village youth).

In the end, they allowed me to go ahead with my work. The decision to engage them in this way was fortuitous, otherwise they might not have allowed me to move further. Moreover, my hosts were from the same locality; they served as security and talked to the boys on my behalf. Again, this illustrates how both the local people and the security agents are taking the law into their own hands. We continued the journey in fear till we reached the town, where a political rally was taking place.

#### **5.4.3. The Peoples' Social Way of Life**

We finally reached the town, after about one hour forty minutes' journey. The small town was bustling with all kinds of activities. In one location, some youths were gathered, drinking local gin, 'ogogoro', and some of them were dancing. Local gin,

'ogogoro' is part of the local culture, it is commonly used among the people to welcome visitors, and for many traditional ceremonies.

Since my visit to Bori village coincidentally fell on the same day that a political party was campaigning for support during the Nigerian general elections, this offered a good opportunity to meet many important personalities in Ogoni land; although it was rowdy, in the end, I was able to benefit immensely from the occasion. On the site, the presence of different security operatives including the Nigeria Police, and private bodyguards signalled the importance of the event. It also indicated that the place was not safe, anything could happen. My hosts helped me to focus on a few people who might be able to give useful information. The Presidential candidate for the All Peoples' Congress Party, among others was at the venue.

Political rallies attract different cadres and important personalities; nearly one quarter of the population of the town attended the occasion. Everybody wanted to know what was going on in the town. Ogoni chiefs from different communities turned out in force. One could easily identify the traditional chiefs through their mode of dress. It was difficult to approach them without permission, as some of them were in the company of their wives, colleagues, and bodyguards. In the turmoil, it was difficult to conduct interviews with the community members during the rally. On several occasions, we had to talk inside the car that brought me to the venue, to escape from the noise. Occasionally, I had to speak very loudly and put my tape recorder very close to the participant's mouth in order to have a clear recording. It was important to seize this opportunity to make many contacts for further interviews because as soon as the event was over, most people would disperse.



Some people mistook me for a journalist, until I explained that I was a student, conducting interview for my PhD. The Ogonis have learned to use any chance of media exposure to put across their grievances against Shell operations in Niger Delta. A participant recalled, *“In this town, many people have killed themselves, apart from those killed by the military government over crises caused by oil extraction. During the crisis, government deployed soldiers to protect Shell property and equipment against the people who were protesting against Shell. This led to the death of many people, especially youths”* (A retired businessperson, Onne town).

The stories of the slain Ogoni people were distressing. My hosts told me how volatile that venue was in 1995, during the Nigeria military rule; because that was the village square, where village functions took place. The villagers are now afraid to congregate in that place due to the past incident. It seemed as if they knew the questions I was about to ask. One of the people said,

*“This is the village of writer Ken Saro Wiwa, the man who launched a media campaign against Shell and the federal government of Nigeria against Shell’s mismanagement of the environment, and abuse of human rights. Since then, Shell was forced to abandon all operations in Ogoni land because the safety of its workers could no longer be guaranteed”* (Village man, Gokana village).

This further confirmed the existence of a communication gap between the community and other stakeholders. Effective communication in this situation could have yielded a different result, if all parties concerned had come together to look for the way forward instead of the present condition. I asked the man, ‘What happened after the incident?’

He replied thus: *“Many years after the incident, Shell with the help of the Nigerian government, wants to restore its operations in Ogoni land and, indeed, the second phase of the reconciliation process, being planned as a follow up, was going to focus on re-establishing good ties between Shell and the Ogonis people. The government is not only interested in reconciling its feuding citizens but also wants oil operations to continue. Of course, the government needs to adopt any strategy it can to secure oil flow because it derives its foreign income and internal revenue from the sales of oil”* (Village man, Tai village).

The perspective of local people was that the interest of Shell was to make a move to settle the crisis as soon as possible for smooth business operations to maximize its revenue. Meanwhile, Shell and the Nigerian government did not discuss the peoples' welfare such as environmental and social responsibility policies. Their major priority was to restore operations for Shell to continue oil extraction in Ogoni land. However, the business perspective on Shell's activity had failed the people therefore, there was a need for a new approach by going local and using indirect means to get the people.

In the perception of the local participants, the amnesty and reconciliation are all about restoring the flow of oil in order to create an enabling environment for Shell to operate peacefully, rather than being intended to meet the people's needs. Meanwhile, other stakeholders in the oil sector did not participate in the reconciliation process. I found that reconciliation was focused on appeasing youth, to stop them rampaging in the villages; it was not extended to other groups in the communities. Consequently, both Shell and the Nigerian government through its representatives failed to explore stakeholder engagement, although as argued by Kaptein and van Tulder (2003), stakeholders should be engaged to discuss common goals. In contrast, both Shell and

the Nigerian government side-lined the community, which precipitated conflict. During the amnesty, the findings revealed, the government consulted a few community members, but for business purposes instead of the community interest, revealing a lack of sensitivity to the local culture. In the Nigerian culture, people look to their traditional rulers or elders for decision-making and for many other sensitive issues. In effect, people in rural villages depend on the actions taken by those leaders. The Nigerian culture could extend the engagement method, which would allow people in the locality to listen to and obey their traditional rulers. This means firms could engage the local traditional rulers to communicate with the people.

The fact remains that there is a gap between the parties, which must be addressed and closed. According to Ite (2006), the oil company in Niger Delta is claiming to do the right thing without result. Although the business case is important for organisations to create a conducive atmosphere in which to operate, what is not clear is how Shell addressed this issue. In addition, the government tried to make a business case for Shell's activities, but unfortunately, only a few people were involved, according to the participants. A response from a representative of the oil regulatory body shows their perception on the issues:

*“Youths in Niger Delta are radical and heartless. They were destroying property and they had turned to hoodlums. The government recognised their leaders and engaged them in peace talks but most of the agenda discussed was not complied with, especially by the leaders of the militant groups. They have become a nuisance to the public. Shell on the other hand, has taken steps to address the situation” (DPR chair, Lagos).*

There is an antagonistic type of stakeholder relationship in Niger Delta, between Shell and its stakeholders. This is not new, but in other cases organisations have been trying

to develop smooth relationships with other stakeholders including the community and NGOs, as argued by Burchell and Cook (2012). However, even with the community there are many other issues, which are not yet covered; for example, who amongst the community will be engaged. The Nigerian case, as this study implies, shows that people look up to their traditional rulers. Organisations could create strategic alliances or joint ventures with their numerous stakeholders to facilitate business. This type of relationship is needed in oil-producing communities.

The world is full of many economic, political and environmental problems. Business organisations cannot face these problems alone, and they need to collaborate with other members in the society. Doing this, according to Burchell and Cook (2012) will help to solve societal problems. Austin and Seitanidi (2012) posited that organisations' collaboration with many stakeholders could guarantee CSR to achieve its potential. Organisations need to focus beyond profit maximisation and think about the welfare of their host communities, especially in less developed nations like Nigeria. However, this principle, espoused in Western stakeholder literature, appears to be less easily realized in practice, given to the prevailing culture of mistrusts, as illustrated by the chief at Bori town: *"If for example, Shell consulted the people during the amnesty process, let it be published. What we knew was that Shell was giving certain people money, developing certain communities and neglecting others. It depends on how you can fight your case, and how important is your community to Shell's business"* (Village chiefs, Bori town).

This comment recalls Tuodolo's (2009) study, which reported on Shell's development projects in Nembe village and how the villagers were praising Shell for its activities in their community. More effort is needed on the government part to convince the people of their effort to make sure that the region is protected from environmental abuse.

However, the people were not convinced that the government protected their interests indeed, they believed it jeopardised the interest of most people who expected government protection. The findings resonated with Blowfield and Frynas's (2005) study, which described a similar situation of selective inclusion and exclusion of stakeholders in business discussions because of power or the role played by each stakeholder in the business. In other words, a company will include in its business case those stakeholders deemed important to the company. Shell might for this reason have not included unrecognised groups of individuals in its business meetings. This is in line with Frooman (1999) who questioned what strategy stakeholders would use to affect firm behaviour, looking at the kind of relationship between the two actors. Therefore, Rodgers and Gago (2004), and Burchell and Cook (2008), in their interpretation of the stakeholder approach, argued that for people to understand the business-society relationship, stakeholder theory should also be examined from stakeholders' perspective, instead of corporate performance.

In view of this argument, Frooman (1999), encouraged scholars to explore stakeholder relationships in their own right and shift from how business can best manage its stakeholders to how stakeholders influence business decisions. Stakeholders deserve a voice in how natural resources are managed; failure to afford them this right would affect stakeholders' perception of fairness and justice. As Whiteman and Manen (2002), point out stakeholder involvement thus creates new opportunities for firm value creation. However, despite much argument that studies should focus on stakeholder perspectives, most or such studies were on NGO/civil society influence on business, with little attention to community influence on organisations' strategies. Moreover, Whiteman and Manen (2002) argued that those studies that focused on communities were largely western based for example, studies on Asia and Latin America. However,

there is a need for more studies in Africa; the evidences uncovered in this study cast doubt in the applicability of Western stakeholder ideology in the Nigerian context.

## **5.5. The Meaning of CSR to the Local People**

After my encounter at the election campaign rally, I secured appointments with a few prominent people in the communities, for further interviews. Twenty-five people, including the village/traditional chief, hosted a meeting where they entertained me with local gin mixed with coca cola. I had no choice than to accept the offer, even though drinking alcohol is against my religion as a Muslim.

I brought out my tape recorder and my notebook. It is important to note that these people allowed me to record the interviews. As an experiment, one of the participants requested me to play the first few minutes of the interview recording. The voice was clearly recorded and the chief was happy with the output and urged me to go ahead. The interview questions were posed to the participants and thrown open for anyone to answer.

My first question to the participants was, ‘Do you know the meaning of corporate social responsibility?’ The chief, as the convenor of the meeting and representative of the community, said,

*“CSR: a few years ago, some people came to the village to ask me the same question. I think that means the duties of government, or organisations, to the citizens or to the stakeholders, or both, but which one do you want me to talk about, the government or the company, the responsibility of company to the people?” (Community chief, Eleme town).*

The reply to the same question by another chief from another village was; *“CSR is to develop community and make life better than how the firm met us because in our local proverb, the elders say, a foreigner that cannot improve your condition should leave you in your old condition and not deteriorate it”*(Chief Kigbaraji village).

The second chief interpreted CSR according to his own meaning and expectation. The chief understood CSR in terms of the impact of organisation on the peoples’ live and their environment. Responses from different participants, especially the villagers, showed that their condition as a group of people had deteriorated beyond their expectations. However, the first chief’s response to the question showed that he was familiar with interview on CSR. On being told he was welcome to talk about both government and company, he further explained that his understanding of CSR could be different from the way I might understand or appreciate it, and in response to probing offered clarification:

*“Corporate social responsibility as the duties that business organisations owe their host communities like Shell to us Ogoni people is by making sure the environment where they do business is clean, because oil business is dangerous to health, as you can see pollution all over the place. Then the government should try to make sure the company complies with the rules to protect the people. Our initial belief was that the government would let us have a say in the whole process, where we would come up with our own agenda. Surprisingly, nothing like that happened, this made us helpless”* (Community chief, Eleme town).

I asked him to mention a few responsibilities that he expected from corporations, especially Shell, and the government. He told me,

*“The first responsibility of a corporation is to seek the consent of the people before doing business in another man’s land. Some corporations believe that engaging with government only is enough for them to do business, but in our own case this is not true, companies need to also seek our consent. The company needs to inform us what they want to do in our land and how they will do it, the company needs to inform us of the risk involved in their business for us to prepare for the solution, and so on”*(community chief, Eleme town).

I tried to interrupt the chief to ask which people and what consent? However, I observed that these people did not like being interrupted while talking, especially the elderly ones. He told me to wait a minute, and argued further, saying,

*“We in Ogoni land, Niger Delta, we want Shell to take care of the environment and the people that live in it. As I have said before, we need to benefit from oil. We should be able to show that we have resources in our land that have made our lives better than they are at the moment. We are living in poverty”* (Community chief, Eleme town).

Another leader responded, *“Another responsibility we expect from Shell is to recognise us as human beings. We are not animals, we should live in peace in our communities as a people, we should not be living in agony. The village is in danger of environmental pollution, lack of security and absence of the social infrastructure [indeed] for comfortable life and [a decent] standard of living”* (Tai community leader).

His perception of the relationship between Shell and the local community people as part of the stakeholders in the oil business went thus:

*“The relationships between Shell and the host community has not been smooth over the years, we are like cat and dog, Shell have been using force on our land, they use divide*



*and rule with the help of the government and a few people among us to sabotage the efforts of the activists. The people relied on the activists to fight for our rights” (Community chief, Eleme town).*

The respondent claimed that none of the community members had the opportunity to engage in dialogue on any issue with either Shell or the Nigerian government; he confirmed that he had lived most of his life in the community and not experienced such engagement. In this view, the inability of Shell to gain local consent for their activities resulted in lack of trust and social legitimacy in the eyes of the villagers, because they were denied the power and opportunity to dialogue and negotiate on issues that may affect their well-being.

On the other hand, a company participant’s response on the relationship with and consent of the people was quite different, implying that Shell had fulfilled its responsibility to communicate and that the root of the problem was corruption among local chiefs.

*“Many of those chiefs are contacted by the recommendation of their respective local councils, but how can Shell meet the whole people of the region? This is not possible. The chiefs have access to important executive staff of Shell Company. The chiefs need to be honest with their people. Some palaces of those chiefs were refurbished with funds allocated for rural development by Sell” (Shell staff, Port Harcourt).*

At this point, I realised the impact of the absence of dialogue in the relationship between the oil corporation and the host community. Malone and Goodin (1997) argued there are many impediments to good CSR in Africa, one of the main barriers being lack of an institutional and regulatory framework to promote effective CSR. The lack of an

opportunity or framework to engage the community as a stakeholder in dialogue has created a gap in relation to meaningful CSR in Nigeria. Blowfield and Frynas (2005) argued that corporations could take advantage of such a situation to avoid their responsibility. I therefore asked the chief if his people were willing to enter into dialogue with the oil company. He declared, *“Yes, we have been looking for an avenue for such opportunity to arise so that they can reveal their grievances to the company for peace to be restored in the land. We are people of peace and we love peace”* (Community chief, Eleme town).

Another view was expressed by a different leader; *“In Ogoni land, what the community want is reasonable responsibilities from government and oil corporations through peaceful dialogue and full representation”* (Community chief, Bori town). When asked what he meant by ‘reasonable responsibility’, the chief reiterated, *“If I come to your house and you ask me what I want to eat, and you prepare the food I will eat it with satisfaction, rather than you offering me what you have. Then the entertainment that you offer me is reasonable because I told you what I want”* (Community chief, Bori town).

The chief implied that his people wanted to participate in the decision-making process to decide the type of responsibility they want, simply because they are an oil-producing community. The second chief explained what the citizens of Ogoni land wanted, *“We want Shell and the government to call for consultation through dialogue or any other method where each stakeholder will be able to voice out their opinion; until this is done we would not have reasonable responsibility”* (Community chief, Eleme town). The chief's submission resonates with the suggestions of the mutual benefits idea of

stakeholder theory; each member should benefit from firms' business (Freeman, 1984; Friedman & Miles, 2002).

The chief said, *"The Nigeria government and oil company are not responsible to the communities; both are doing illegal business that only involved a few people amongst the villagers. Worse still is that the educated elites amongst the communities are coerced into these illegalities"* (Community chief, Bori town). Consequently, the chief claimed, no consultation was held between Shell and the communities before Shell started exploration in Ogoni land. This is a big claim and I put it to the chief that Shell could not have commenced business without adequate consultation. If the claim of the villagers were true, then this action of Shell was against the UN's (2004) report that firms should consult local people to secure local consent before they could start work in the place. A village member said, *"They consulted government through their officers but not the villagers; they [government] cannot speak on our behalf. We have educated children who can stand for the interest of the community. We are human beings and have same claim in the oil"* (Village man, Bori town).

I found from the participants that there is difference in behaviour and attitudes between the leaders or chiefs and individual owners of landed property. The chiefs see to the affairs of the village, while individual landowners represent themselves when it comes to issues of land, displacement, relocation, and many other pressing issues. This is a new insight discovered in this study. The individual landowners want personal recognition, consultation, and compensation. They do not want such a process by proxy.

In this respect, a difficulty arises due to the complex structure of government in Nigeria. The Nigerian system of government operates three tiers of government; federal, state, and local government. The state government oversees the affairs of the local

government while the local government is the closest to the people through traditional rulers. The traditional rulers represent each community through individual household. It is right to say each landowner has rights on his/her land; if anything is to happen concerning the land, they should be informed and engage in the process. This supports stakeholder engagement, as each landowner is a stakeholder.

Another complaint raised by participants concerned compensation: “*We have no compensation whatsoever for the displacement of our people in different communities from their homes and farmlands*” (Community chief, Eleme town). This, however, raises the question, if the government or Shell pay compensation to the chiefs or leaders in the community, how can they be sure it goes to the right people?

Greenwood and Van Buren III (2010) suggest that if less privileged stakeholders are forced into a contract rather than entering it willingly, such stakeholders would depend on the company and so they become more vulnerable to potential exploitation. In Ogoni land, according to the participants, no record shows community engagement in any contract or project with either the government or Shell. What Shell did, according to the participants, was to bribe a few people amongst the communities, including some weak leaders who could not stand their ground. This claim recalls the Shell staff member’s comment that Shell money had been used to refurbish some chiefs’ palaces. Moreover, the government handpicked a few educated and prominent citizens within the communities, to give them political appointments. Those with political appointments were not living in the community anymore, for fear of being attacked by youths. Youths target people like this, by burning their houses and other property, because they see them as traitors, according to participants.

The chief claimed that if his people had been given a voice in the oil business they would have stated their own concerns and expectations, which he thought would have prevented his subjects being affected in a negative way. During this study, I personally travelled round some of the communities in the Ogoni land and saw the level of environmental degradation from oil extraction. (see my field pictures on pages 219, 222, 223 and 224). The chief went on to say:

*“Shell has destroyed the environment. They cannot come back now and be claiming to clean it up and make it look as if it is a wonderful thing they are doing. What is now being assumed as corporate social responsibility is an attempt by Shell to indirectly compensate for the illegalities and crimes they have committed over the years, due to the outcry of the local people” (Community chief, Bori town).*

For a meaningful CSR to suffice in Ogoni lands, he argued, *“The host communities should know how much Shell is making in the Niger Delta and that should be used as a criterion for measuring a company’s commitment to social responsibility. If Shell is not making profit, then let them go” (Community chief, Bori town).*

In this chief’s view, a firm profit should be used as a yardstick to measure its level of responsibility. Truly, the chiefs could be right in demanding for Shell to declare its profit, not to them, but to the constituted authority, to measure the level of tax and activities required of them. However, their perception was that this did not happen. It was clear from the members of the host communities that they believed Shell was hiding behind the weakness of the Nigerian government laws, which offered no challenge to the company’s activities.

### 5.5.1. Shell Community Project and a Need for Collective Responsibility

During the interview, anyone was free to answer any question posed, but the chief seemed to be vocal and articulate and tried to answer as many questions as possible. This was so because, as chief, he possessed more knowledge than most of the people. Suddenly, one elderly woman, about 56 years old, spoke up. She argued.

*“Shell is not being sincere in its dealing with us as the host communities and even if it wants to change the situation, as it is claiming, the company is taking the wrong steps” (Elderly woman, Onne town).*

I asked if the woman could suggest a way out. She burst into tears. Then she wiped her wet face with a handkerchief given to her by the village chief. She said,

*“I lost my inherited farmland to oil spillage in 2006, about 6 hectares of land; no compensation from anybody except God. In fact, Shell is evil. The Nigerian government does not take us seriously in Ogoni-land. Any time there is an outcry by the people, government will not respond, but give a few people incentives to keep quiet” (Elderly woman, Onne town).*

I could not ask further questions from the woman due to the emotion expressed in her body language. Her experience was just one of many problems resulting from the presence of the Shell in Ogoni land. The situation is critical, according to the peoples' stories; many of their claims were evidence based. Perhaps this could be a reason why Shell office premises employed such tight security, to prevent aggression by the community people, especially the radical groups.

Freeman (1984) argued for mutual benefit for stakeholders, Friedman and Miles (2002) support this view; they suggest that all members should gain mutual benefits in the

business of corporations as part of their stakeholders. In the case of the old woman quoted above, as a stakeholder in Shell's activities, she and her family were excluded from the engagement process. She was unable to benefit from Shell. In her perception, Shell only included those with powerful influence in its engagement process, such as chiefs, who were given brand new cars and many other incentives to keep quiet. A respondent claimed, *"The former federal house of representative from Kigbaraji federal constituency was murdered and his family members were put to shame in the village because he had allegedly taken bribes from Shell to represent his people. Such a man will be saying rubbish in the media in favour of Shell"* (Village man from Kigbaraji). The situation as described was that Shell and the government of Nigeria were making profit while the people at the grass roots were bearing the brunt of the damage caused by oil activity. Meanwhile, the Shell spokesperson justified the company's position in adopting CSR, on the basis that the company played by the rules of the government and not those of the common people. Listening to civil society would amount to a double standard. The implication was that one cannot serve two masters at a time.

*"Shell has engaged many villages in projects that are beneficial to the people if you go around the entire region. Those villagers that are complaining have internal crisis among themselves and the most senior members of the community take advantage of the weak ones to bypass them. In Port Harcourt, there are many projects done by Shell. If you look properly you will see what I am saying, don't let anybody deceive you"* (Shell staff, Port Harcourt).

The Shell perspective was that it carried out community projects as CSR. Indeed, some communities actually had had certain projects carried out by Shell. However, some were not functional, while the local people claimed such projects did not meet their needs. In

contrast, Shell staff told me, *“Shell did some of these projects according to its budget during the fiscal year, for example, the road from Rumukurusi to the federal lighter terminal port was constructed by Shell, along with drainage to protect the road during the rainy season”* (Shell staff, Port Harcourt).

Careful examination of this claim showed that the road constructed by Shell was to facilitate easy transport of materials used by Shell and other allied companies in the region and not specifically for the sole benefit of the local people. The road project was not the peoples’ choice, though they benefited from the project. One could ask why Shell focused on that particular road; why not the Bori/Tai road? Indeed, there are many other roads that need urgent attention, from the government or Shell, and conflicting views among the parties involved as to where responsibility lies. Shell claims to be doing CSR by executing various projects; the community reject these, because they do not see the benefit; while the government appears to abdicate its own responsibilities and expect Shell to fill the gap.

After a few minutes break, we resumed the interview. Two more people came in uninvited, but we could not send them back. The elderly woman had gained momentum, so she was willing to reiterate her earlier discussion. She lamented;

*“Shell needs to contribute to the development of the society in all honesty, respect and integrity, and the communities’ demands should be respected by Shell even if our government refuses to respect us”* (Elderly woman, Onne town).

Within the group, it seemed all members had one thing or another to say; therefore, I allowed them to voice their experiences and feelings without interruption. Suddenly, two people started talking at the same time, I really did not know which one to stop, but



since the conversation was being recorded on tape, I did not stop them. One of them argued that,

*“The community people wants new agreements, new contract, new policies, and agenda to be worked out through massive consultations or dialogue with the host communities by the Shell and government rather than maintaining those conditions imposed under colonial and military rules” (first old man, Onne town).*

Furthermore, the community people argued that the right step would be to renegotiate by examining the current situation from another perspective. They insisted that Shell's CSR processes and implementation were based on erroneous assumptions about the need of the communities, resulting in the offer of unwanted community projects. Another person's comment was as follows:

*“The community should have a say in whatever a company is getting from our land, we should direct them where to go and what to do. We should have some percentage of the workers to be from our community, as a benefit from the oil in the land. We have an annual traditional festival; we want Shell to assist us with funds to do the festival. This will reduce evil in the land. We cannot not do this festival anymore, because most of the forest has been taken away by Shell. The company has violated our forefathers' tradition and customs” (Second old man, Onne town).*

I put it to the group that they should remember that Shell was doing business to make profits and paid corporation taxes to the government. It was left for the government to shoulder the responsibility of how to clean the environment, how to take care of displaced people, and destroyed farmland. The response from the chief and the people was,

*“Are you not a Nigerian? Is it because you came from the South-West? You know that in your region no company can do what they are doing to us here. The people there know their rights and again, the level of education in your place is higher; it makes it easy for your people to fight for themselves. Corruption has made things worse in Ogoni-land as you can see everywhere in the villages” (Village man, Tai village).* The answer to my question was that in theory, my argument made sense but in practice, such arguments were based on faulty assumptions of legitimacy. There were divided opinions in the region; it was argued that people betrayed themselves and this gave opportunity for external bodies to oppress the people.

*“How could you say that it is the government responsibility to clean the environment messed up by someone else (Shell)? Even if the government collects tax from Shell, does that mean it should spoil the environment? Does that mean it should abuse peoples’ rights?” (Community chief, Bori town).*

A speaker questioned whether this was the way Royal Dutch operated in England or Germany, it was pointed out that Shell got the licence to operate in Ogoni land in 1956, when Nigeria did not have independence from the colonial master, and so Shell was able to manipulate the government. Now, the citizens wanted *“new negotiation and a new contract that will benefit and take into consideration everybody; and not a few people, as is the present situation. We should be part of the decision-making process. There should be a means of communication with the company, in case we have complaints or we have some information to pass across to the company. The company did not give us any chance at all. Our children are educated; they can fight for their future. That is why they formed militant groups to represent each community, to fight for the rights of every one” (Community chief, Eleme town).*

The chief thought that it was unfair for Shell to focus adamantly on business alone and ignore the plight and living conditions of its host communities. This behaviour of Shell led youth and other radical groups to force Shell out of oil producing communities. The chief's main position was that Shell should engage his people in a new or modified agreement. He argued that irrespective of any past contract or agreement that was signed with the government, the host communities did not recognize those agreements, because during that time only few people were educated. Therefore, it was necessary for the company to accept its mistakes and make necessary adjustment to move forward. Furthermore, the villagers argued that when Shell signed an agreement with government many years ago, many problems had not yet occurred in the region, but now the situation had changed. This called for redress. This could promote harmony among the stakeholders and in the end, it would allow smooth running of Shell's business. The chief argued further,

*“Shell should disclose the quantity of crude oil extracted on our land and its real profit to the Nigerian government. By doing this, each community will know how much crude oil was exploited; this will form part of what to use to allocate revenue or projects for the community. For example, if there is 20,000 barrels of crude oil in my community and 10,000 barrels of crude oil in another village, do you expect us to get the same allocation of revenue?” (Community chief, Eleme town).*

The chief suggested that as Nigeria was expecting to have a new democratically elected government, he envisaged that Shell could be encouraged to review its CSR approach to refocus on a community-oriented and environmentally-friendly programme, which would comply with international standards. The chief claimed, *“Shell has been violating the rules in Nigeria; however, they comply with such rules in their own*

*countries because they know the consequences” (Community chief, Eleme town). However, another man said he would largely blame Nigerian politicians for the bad attitude and behaviour of the multinational companies in Nigeria. He said, “They create the gaps. As long as the Nigerian government is not ready to change from the old style, the people will continue to suffer, and Shell will continue to lose profit” (Village man, from Umuachem).*

In conclusion, after many arguments and counter arguments on different issues, during most of the interviews, the people were saying almost the same thing but in different ways. At times, I received almost the same response to same question from different participants at different locations; I have thus reduced the data in order to prevent repetition. The most common issues discussed were the right of the local people on their land to voice out what they want and what they do not want. Nearly all the villagers agreed that Shell was not fair in its dealings with them and they wanted a change of behaviour.

#### **5.5.2. Lack of Respect for Local Peoples’ Culture and Traditional Belief**

The government spokesperson was not ready to give too much detailed argument to support or refute most of these claims. Even the company participant was cautious in most of his responses. He preferred to refer me to the company publications, but some of my questions were too technical to be answered in a publication. For instance, when the village chief and his people responded to a question of contract, they mentioned tradition and culture briefly. Thereafter, the topic changed to another theme on culture, religion, and traditional values.

It would be recalled that the region comprises multiple tribes and religions. A certain percentage of the people are Muslims, including the late Saro Wiwa, while a few are Christians but the majority of them are traditional believers. However, all of them are unified culturally during traditional festivals, according to the participants. The village head narrated how the presence of Shell had broken their traditions by preventing them away from worshipping their ancestors.

The participants told me about the ‘Aminipo masquerade’ and other festivals in the region with their significance to the people. ‘Aminipo’ is a god of the forest that people appease in the hope of an easy life. Worshipping of Aminipo involves killing cows, closing markets for business and imposition of a traditional curfew for necessary rituals. The people believed that if they appeased this deity, life would change, things would improve, rain would fall to boost farming and so forth. The chief said, *“Aminipo is worshipped every year during the first and second weeks in July. Our ancestors have observed the ‘Aminipo festival’ for many decades. During this festival, all the citizens of the region will come home to celebrate this festival. Special prayers will be offered for barren women; unemployed graduates and businesspersons will pray for success and so on. The whole town will be full of fun throughout the festival period”* (Village chief, Kigbaraji village).

Almost all the chiefs narrated something about the festival and its significance in their communities. They made me understand how the villagers missed this festival and its influence in their life. Shell has acquired all the land and forest that the local people used to use for the rituals of local tradition. The result of this interview showed that the villagers, especially the younger ones, want the festival back.

One man reiterated that his grandfather told him how he met his wife during the festival. *“They arranged a marriage between the two families during the festival. It was an avenue for things like this to happen in those days” (An old man, Gokana village).*

From another perspective, *“During the ‘Aminipo festival’, many businesses flourished for example, my hotel business increased because many people would book rooms for this period and my profit would increase” (Businessman from Onne).* The people enjoyed their local way of life before the advent of multinational corporations to their communities. They believed corporations should appreciate their values and promote them instead of destroying such institutions. However, a different perspective on how Shell affected the traditional ways of life of the people was reported by Shell staff:

*“I was aware of the popular ‘Aminipo festival’ but I have never witnessed the masquerade performed. Shell has been assisting in promoting culture by donating money to state cultural activities through the local government of each oil producing state” (Shell staff, Port Harcourt).*

The community festival was an event that connected the people. Absence of such activities has destabilised the communities, traditionally and in business terms. Saxena and Ilbery (2010) argued that communities are rich in social life; they are bonded in communal interaction. The destruction of the cultural system of the community people left them devastated, frustrated and prevented from enjoying their natural and local way of life. During the interview, one of the youths talked about civilization that though, *“they enjoyed some of the masquerade festivals but the world is civilized now, so such local ideals should be abolished” (Village youth).*

Records showed Shell's involvement in some local activities but to my understanding and according to the participants, "the round peg was not in the round hole". It could be argued that Shell's presence in the region has caused people to lose their cultural values and religious belief, since the current generation has found it difficult to teach their offspring their cultural values, as their own grandfathers taught them.

## **5.6. Lack of Local People's Engagement in Community Project**

Friedman (1962) argued that one of the MNCs problems is how to be responsible to their numerous stakeholders and shareholders. Stakeholder theory has become an issue in business ethics and management theory in the last several decades (Freeman, 1984). Corporations nowadays focus on different types of engagement strategies to increase stakeholder interaction (Burchell & Cook, 2006). A MNC like Shell in a developing country should embrace engagement with its stakeholders, which should be properly documented. It is understood that a company cannot engage all and sundry, but the representatives of the people should be recognised.

Arising from the perception that such recognition by the oil company is lacking, Port Harcourt has become home to many radical groups. Many such militant groups were mentioned in the previous chapters; one of the prominent ones among them is the Movement for the Survival of Ogoni People. MOSOP. In the beginning of this research, I identified a need to interview such people, in order to obtain a more complete, multi-dimensional view of the prevailing conflict. However, a problem faced in this work was that certain people could not be reached (the details of the problem and how it was addressed can be found in Chapter Four). The next section reports on interviews conducted with these groups of stakeholders.

### 5.6.1. Divide and Rule

There are allegations of corruption and claims that Shell is using divide and rule amongst the people to get what they want. Such allegations needed to be investigated. I was able to contact two factions of militant groups. The encounter took place in the pub, where the men and their relatives were watching football with their friends, a popular means of entertainment. They allowed me to interview them after the football match. One of them was unhappy because his team had lost the match. Nevertheless, he allowed me to go ahead with the interview. He asked me what exactly I wanted to know about Shell. I told him that I wanted to know the views of his people about Shell's CSR and its relationships with the villagers. He stressed that Shell has not done the right thing in Ogoni land since 1958; he immediately blamed Shell and the Nigerian government. He further claimed that some of his people also conspired to cheat the majority. This statement corroborated the claims of many other participants. He pointed a finger at me and said,

*“Look, if I wanted to become a millionaire today, I would have become one as a MOSOP member. Shell gave some members of the group many incentives, for example, a car, or a house; at times, they even gave scholarships to some members who wanted to go to school. If you refuse the gifts, then you are in trouble, they will call you many names. They killed some members that refused to accept these gifts in order to shut up and give up the fight. Some of us decamped because they received bribes from Shell and the government” (First NGO member, Eleme town).*

The second person said, *“That is who Shell is; Shell is our people and our people is Shell, we cannot separate the two because they are like husband and wife. At times, we*



*are happy to see Shell here, at another time, we would prefer they were not” (Second NGO member, Eleme town).*

I asked him that what he meant. He further argued, *“Shell employed our people to treat us badly; I will not blame Shell; I will blame my people. Many of those people are working for Shell as security underground. They informed Shell about the plans of the local people because Shell has given them money. On the one hand, Shell has provided employment; on the other hand, it's destroyed the people” (Second NGO member, Eleme town).*

When I contacted Shell on this issue of bribery and corruption, the Shell staff member declared that he had no idea on that. He went on *“Shell has engaged some local people to watch its properties such as pipelines, oil wells. Shell will employ any method to protect such properties to save cost and prevent damage, [which would occur] if the community continued to vandalise pipelines and destroy oil wells for their individual gain” (Shell staff, Port Harcourt).* On the other hand, one of the NGO members stressed that Shell had failed to realise that there are many actors and stakeholders involved in the oil business that should be considered when taking important decisions. *“You cannot ignore other members of the stakeholders and pretend that everything is all right. Perhaps you may have noticed that oil is everywhere in Niger Delta, but we in Ogoni have declared Shell operations on our land as illegal and we have made it difficult for them to operate” (First NGO member, Eleme town).*

Meanwhile, Shell staff claimed that, *“Some villages have benefited from Shell’s development projects. Any community that does not cooperate with the company will be removed from the list. Shell truly employed the local people on low skilled jobs to serve*

*as security because those people are local and they knew every nook and cranny of the villages; they are better engaged than foreigners” (Shell staff, Port Harcourt).*

However, in the view of my NGO informant, the people could not continue this way: *“We have lost so many lives in the struggle to get Shell to listen to our voices, Shell have killed our people, killed our local business. Shell is very strict on business policy rather than the host communities’ welfare” (First NGO member, Eleme town).* He urged me to find out about Shell's operations in other advanced countries and whether the same applies, arguing that those in the Niger Delta could not enjoy the dividends of the oil boom in their land, as he thought was the case in many other countries in the world. He urged that, on return to the UK, I should check the BBC because *“they have many documentaries about the Niger Delta, but our own government never report the real facts” (First NGO member, Eleme town).* The man’s claim was substantiated by a BBC report: Shell has accepted responsibility for the spillage of about 4,000 barrels in Ogoni-land in Niger Delta (BBC, 23 March 2012). The UK federal high court had ruled and compelled Shell to pay compensation in the developing world for environmental damages (BBC’s world affairs correspondent, March 2012).

The Nigerian economy is largely dependent on oil based in Niger Delta. The licence to extract oil was granted to Shell by the federal government of Nigeria without notifying or obtaining approval from the communities, as claimed by the participants. This alone is contrary to the stakeholder theory. My respondent pointed out that,

*“The government of Nigeria is aiding Shell to abuse the rights of the people of Ogoni land this is evident in the killing of the Ogoni nine people in 1995, by the former military head of states, the late General Sanni Abacha, because the people challenged Shell of its rights to operate in Ogoni-land” (First NGO member, Eleme town).*

In advanced countries, he claimed, people have the rights to protest and show their grievances to government policy or corporations' agenda, especially when it affects the majority of the people, as is the case in Niger Delta. The Nigerian government turned the situation against the people of Ogoni-land and ordered police to shoot the protesters during the crisis.

The second man pointed out, *“Shell embarked on some projects in the community in order to show them on their website to score cheap publicity We at MOSOP, did not recognise such projects because we were not consulted to know if the project is exactly what we want”* (Second NGO member, Eleme town).

When asked to name some of the projects done by Shell, his response was not encouraging. He commented, *“Shell constructed boreholes, hospitals, and schools but [they provided] no maintenance or follow up; some of the projects were not completed. Shell used unregistered contractors for most projects to save cost and after a few years, those projects become dilapidated”* (Second NGO member, Eleme town).

He did not know that I had seen some projects, which corroborated his claims. He claimed, *“Shell should give us the option to decide what project we want and how we want it, for example, the people of Rumuola town need electricity more than any other villages. Although every town deserves electricity, the case of Rumuola is different because there are many industries in this town that need power supply”* (First NGO member, Eleme town).

I suggested that Shell should not have to concern itself with electricity supply in Rumuola town, as that was supposed to be a government responsibility. Shell staff informed me that certain villages have priority over others in terms of responsibilities.

Evidence from Shell staff also indicates that Shell intentionally performed some projects for the benefit of the company. The NGO participant, however, held to his main argument. He explained, *“If you have a car and you take it to your mechanic to repair; you need to explain what is wrong with the car. Your mechanic cannot repair the car without knowing what went wrong with it. We do not have a voice in Ogoni land. We are afraid to complain, to protest, and to fight for our rights”* (Second NGO member, Eleme town).

The Nigerian government, he claimed, had labelled the people with many names, such as ‘militant’, radical, or ‘egbesu<sup>1</sup>’ because they stood up to challenge them. He argued that it was only necessary to look around to see that *“Shell has abandoned some of these projects, because the projects did not serve the community in the first instance, we did not request them”* (Second NGO member, Eleme town). He argued that the people were not happy with the relationship between them and Shell because they were being treated like fools. *“We have said this many times, but no one cares to listen to [our argument] that Shell must dance to our tune; Shell must call us round the table to discuss and recognise us as stakeholders the way they recognise the federal government of Nigeria”* (First NGO member, Eleme town).

As part of the stakeholders, *“We expect the government to represent us very well to the foreign company in order to [make sure they] treat us well in their corporate policies. When the government refused to do that, we expect Shell as a recognised multinational company to protect their image and recognise the people as its host”* (First NGO member, Eleme town).

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<sup>1</sup> Egbesu mean hoodlum in Ijaw language.

He described Shell's attitude toward Nigeria as a developing nation as being racist, because Shell could not behave in this way in advanced countries. He argued that Shell should stop creating conflicts in the communities, by giving recognition to some people and neglecting others; this is unfair practice. Similarly, he expected Shell to conduct their corporate affairs in Nigeria in the way they would have done in Europe. He claimed that Shell benefited from conflict in Nigeria because they neglected their duties and then cried foul, alleging that the community people did not allow them to perform their duty.

It could be argued that it is wrong for an organisation to give recognition to one group/community against another, although the literature review in Chapter Three suggested that companies prioritize stakeholders according to their influence and ability to affect the company. However, Donaldson (1989: 45) posited,

Despite its insights, the stakeholder model has serious problems.

The two most obvious are its inability to provide standards for assigning relative weight to the interest of various constituencies, and its failure to contain within itself, or refer to, a normative, justificatory foundation.

Donaldson employed a hypothetical contract argument to explain the detected inadequacy. In light of that, Phillips (1997) recommended a better option would be by application of the principle of fairness: "I believe a superior normative model of stakeholder relations can be found in the idea of an obligation based on what has been called "fair play" or "fairness". Obligations of fairness arise when individuals and groups of individuals interact for mutual benefit; such persons and groups engage in voluntary activities that require mutual contribution and restriction of liberty". This

would imply that the government in Nigeria should create an avenue for fair play, to ensure the mutual benefit of its people and the oil companies, but the perception of participants was that this was not happening.

#### **5.6.2. Lack of Mutual Understanding**

Another respondent, Akpoborie Benson, an activist, was a graduate of History and International Relations from Lagos state university. However, Mr. Benson, as he preferred to be called, is from Niger Delta. He wanted to be interviewed. He said that he held the position of Public Relations Office for the militant group for two years. The opportunity to talk to him was welcome, because he would be able to provide more accurate information.

I asked him, *“Mr Benson, what do you have to say about Shell’s CSR?”* He smiled and shook his head to show that he had much to say. However, before he began to make any comment, he told me not to write, but listen carefully. He said he was a man of history, *“For you to enjoy my story you must listen and be patient” (n1)*. He said that he was not going to ask me if I knew “Saro Wiwa”, because he believed that I was not from that locality, but I might have read about the man in the news. I confirmed that this was the case. He described Saro Wiwa as his hero, and recounted that the man started the struggle to make Shell realise what they were doing to his people was bad. *“The whole system is bad and corrupts no one to run to. There is no whistle-blower to report the situation. International community did not come to our aid only few years ago UK intervened in the Shell case in Niger Delta for the first time” (Mr. Benson, Onne town)*.

When asked to expand on that, he argued that the local people had learned struggle from their hero Saro Wiwa, their loyalist human rights activist, and tragedian. He argued,

*“The case in the Niger Delta is complex and pathetic, in that our resources that are supposed to benefit us to serve as a source of income and sustenance, to keep our livelihood have turned to be against us and our people” (Mr. Benson, Onne town).* He reiterated that Shell’s policies on CSR were doing the local people no good at all. This argument was consistent with the view of a local youth leader:

*“Shell should know what is good and what is bad because they have long history of oil operations all over the world. This is not the only place that Shell is extracting oil so why is it that we keep having problems in Nigeria with Shell” (Youth leader Gokana village).* I asked Mr Benson what he thought could be done to minimise this conflict. His response was that a highly reputable organisation like Shell should observe certain standards of behaviour *“Shell requires a social license to operate in its host communities. The communities hope to get great reward from the company because they are here to do business which yield great profit, anything less than that could amount to cheating on the local people” (Mr. Benson).*

Many authors have posited that for MNCs to operate in land where there are natural resources they must obtain a social licence (for example, Kaptein & van Tulder, 2003; Salim, 2003). A social licence can be obtained with the aid of stakeholder engagement and dialogue, as proposed by Freeman (1984) and Blowfield and Frynas (2005). However, these people give no clear indication as to who should be in the team to approve the licence, although Wilburn and Wilburn (2011) suggested that when MNCs seek a social licence to operate in a rural area, they must consult the indigenous people, because their operations will affect the peoples’ sustenance. At the same time, they postulated that such operations may also generate mutual benefit. Therefore, they

should both dialogue and bargain on term and conditions that will suit both parties (see Thomson & Boutilier, 2011).

Kaptein and van Tulder (2003) argued that dialogue has the capacity to promote mutual understanding is enormous if both parties can utilise the opportunity very well. In Niger Delta, however, *“We do not have the opportunity to sit round the table with Shell for one day to discuss our welfare. It is when we talk together that we can discuss many issues of mutual benefit”* (Mr. Benson). However, Hill and Jones (2007) argued that stakeholder theory is underpinned by moral and ethical expectations, which stipulate that any practitioner of CSR, especially MNCs, should not undermine the legal framework in order to fulfil one of the stakeholder conditions. On this theme, a community chief argued.

*“A foreign firm should sign a Memorandum of Understanding with the host communities in order not to operate in a hostile environment, and what is happening now is that most of the communities are now angry; they therefore resort to violence, they vandalise properties. To gain recognition from the government is one thing another thing is to have good relationships with the people in the grassroots”* (Community chief, Bori town).

The chief mentioned that the people had prepared a memorandum of understanding but Shell did not care to consider it because there was no means to meet. Failure of Shell to engage and recognise the local people according to their claims has led to many ugly situations. According to the chief, his people want Shell to engage with them ‘informally’ by allowing representatives from the village so that they can discuss some important issues. One could identify the communication gap between Shell and the community in this case.



However, the local people were more concerned that they experience poverty, despite being surrounded with wealth accumulated from natural resources, Mr Benson concluded. Furthermore, his argument was that because crude oil may dry up after many years of extraction; the people should benefit from it before it comes to an end. The benefit could replace the hardship the people are going through; after all, the danger inherent in oil processing is inevitable even to the environment. Many people have died while waiting for Shell to ‘turn a new leaf’. He suggested that the companies should form a partnership with the non-governmental organisations in the area to work together for peace and development of the people amidst the wealth. Mr Benson claimed that *“Shell's operation in Ogoni land is a crime against humanity knowing that many people died a slow death, some without jobs, due to the bad environment, while others were displaced due to the same reason”* (Mr. Benson, Onne town).

Contrarily, the DPR chair argued that the people in the region are not sincere and they did not allow the government to intervene in their problem. The declaration of amnesty and many other Niger Delta programmes highlighted by the federal government could not go ahead, due to the crisis going on in the region, according to the DPR chair. However, it should be noted that in Nigeria, government representatives in positions of authority do not like to be quoted; they prefer not to talk, and when they talk, they do so in favour of their employer. This made the responses from the chair scanty.

Mr Benson accused Shell of *“chasing shadows spending huge amounts of money on advertising and propaganda on TV trying to convince the world that Shell is not only trying to make profit but also cares for its host communities”* (Mr. Benson, Onne town). The man claimed that the oil company had refused to obey the ethics of other corporations around the globe. He submitted that no company in Europe could behave

as Shell did in Ogoni land. Mr Benson called for comparison of what the Shell Company has gained in the Ogoni land with its impacts on the people, to see if the two were equal. He suggested that for his people to be convinced that Shell's behaviour in Ogoni land was in line with international standards, it needed to be subject to the review of an independent panel.

The man criticized the Nigerian government for not playing the role of mediator and regulator between the local people and the multinational companies in the Niger Delta. He concluded by saying that *"we need transparency from Shell and the federal government of Nigeria for our minds in Ogoni land to be at rest and for everlasting peace to reign"* (Mr. Benson).

However, the oil regulatory representative claimed the DPR is in charge of regulation and the organisation has been mediating between the local community and Shell. I put it to Mr. Benson that Nigeria's land laws, promulgated by the former president Olusegun Obasanjo in 1970, gave the federal government the power of land ownership. Hence, nobody could claim ownership of the land anymore. Mr Benson described this law as barbaric, but he claimed he was not aware of such a law. He told me, *"Nigerian law is complex and controversial. Only lawyers can give you a good interpretation of the law. Many years ago, the people of Kana village sued the federal government over land ownership, but we did not know the outcome; the case was drawn out as part of government delay tactics to discourage the community people"* (Mr. Benson). I further suggested that he should try to find out about the law because it might assist the local people in the future, if such a law exists. Throughout this study, I could not find evidence of such a law, which makes it difficult to balance the argument on regulations.

On the issue of the Niger Delta development projects, a village man declared that *“The federal government used to remit about 10 per cent of the derivation from the revenue generated from oil for the development of the region through the state governors and senators of each state of the federation”* (Village man, Tai village). He described the money as a token and alleged that the money did not go to the right channel.

I put it to him that he could not blame Shell if the money did not go to the right people. He argued that if Shell was serious, *“Shell should set up a committee to monitor the people because their corporate name is at stake. Instead of Shell doing that, Shell employed the local people to spy and report to them who is not supporting their plans. Shell collaborates with the state and such a person would be arrested. It took us a long time to discover the truth”* (Mr. Benson, Onne town). This bad behaviour of certain natives of Ogoni-land led to prosecution of some innocent people in the village, according to one NGO representative; *“Many of the MOSOP members are on the watch lists of Shell and government. This happened to Saro Wiwa; people went to reveal his plan to lead a protest for people to demand for their right. Before the proposed protest was carried out the man was arrested and in a short while he was tried in a 'kangaroo court' and murdered with eight other men”* (First NGO member, Eleme town).

At this point in our conversation, Mr Benson received a phone call from his wife. He answered a few more questions on the topic, but after the phone call he told me that he wanted to take his leave, I thanked him for his time, and he gave me his phone number in case I needed more information from him in future.

## 5.7. Shell in a Hostile Environment

This was my third visit to the Shell office at Port Harcourt. It was in the morning. I was issued a visitor's tag on arrival, with my name written on it. A young man called me to an empty office. He smiled at me, and offered me a seat. Immediately he opened conversation with me, *"You came all the way from UK to interview Shell staff"* (Shell staff, Port Harcourt). I told him yes. He further said, *"Everything you might want to find out is on our website"* (Shell staff, Port Harcourt). I told him that he was right, but I needed more clarification on certain issues that the website could not resolve.

The debate as to which responsibilities corporations should be involved in and why, is not resolved (Bowen, 1953), especially in an oil producing environment like Nigeria. A further clarification by the Shell representative could shed more light on what exactly was their policy on CSR.

My respondent did not allow me to talk; he took the stage as if he was the researcher. Again, he told me that I was very lucky to have gained access to this interview, because this was a busy period for the company. He lamented that they normally referred people to the Shell website for information. After a few minutes of argument, he gave me about four documents on CSR and community development of Shell. One of the documents was titled "Nigeria and Shell Petroleum Development Company: A shared history of commitment to youth development and education". "Another one was written on the Bonga Business Plan, while the remaining two focused on Nigeria and Shell for a brighter tomorrow". Those documents contained information on many projects and programme done by Shell for the people in Niger Delta. My respondent reiterated that all the necessary information was in those documents. I smiled at him and showed him

my appreciation. I did not know where to start the interview; from the man's behaviour; he preferred I get my data from those documents given to me.

Suddenly I took courage; my first question was for him to describe the connection between Niger Delta communities and Shell. He described the relationship as hostile and dangerous, especially for the staff. Shell has different categories of staff, for example, onshore and offshore and he claimed that the latter are vulnerable to attack by radical groups in the region. Therefore, Shell needed to protect its staff. For that reason, Shell had arranged heavy security for those staff. The presence of security everywhere in the region signalled danger to the people; this made the relationship hostile and the environment dangerous. This frank response offered an avenue to build rapport by sympathising with him, saying that it was unfortunate to hear that some innocent staff of Shell had been kidnapped some time ago for ransom. This shifted the balance of power in the interview. He now showed more interest in my questions. I asked, “*Why did youths kidnap your colleagues?*” He replied,

*“The youths kidnapped the Shell workers because they were ignorant; some of them were sponsored by the militants to get ransom from Shell. The politicians also used those youths for political thugs. If they have grievances to settle, they should use the normal channel. They should comport themselves as leaders of tomorrow. I am disappointed in some of them and feel sorry for them as well because they have destroyed their future” (Shell staff, Port Harcourt).*

I put it to him that the reason for the kidnapping could be in relation to the poor practice of Shell's CSR, which is rooted in profit only. One of the village men during the interview had claimed that Shell employed some of the local children to gain information from them. Perhaps the Shell participant might have been one of them.

Nevertheless, looking at some of his responses shows that he did not support the bad attitude of some of the people in the community.

It was not surprising that he should defend his employer; otherwise, he might lose his job. His body language said it all. All his responses sounded very convincing, that Shell was not wrong in any way. He attributed the hostility of the host communities to Shell's operations in the environment and argued that, *"Shell had tried to clean the environment, in doing so Shell used local manpower this created menial jobs for some people in the affected villages"* (Shell staff, Port Harcourt). However, he realised my point, with his last response. He argued, *"The host communities want Shell to do everything for them and that is not Shell's responsibility"* (Shell staff, Port Harcourt).

However, a contrary argument by the villagers suggested that it was Shell that had damaged the environment in the first place and therefore should take responsibility for cleaning it. Shell should not pretend to be undertaking environmental work as a philanthropic gesture to the people. When asked, what Shell had done for the communities in the past ten years, my interviewee pointed to the pamphlets he had given me, saying, *"If you go through them you will see for yourself many projects, when and where they were done by Shell"* (Shell staff, Port Harcourt). Such projects perhaps represented Shell's views of CSR as philanthropy. However, the community's claim that because Shell had damaged the environment, it was Shell's responsibility to clean it, is different from CSR, as presented in Western literature.

I repeated my assurance that my interviewee would not be identified in my report, so he should feel free to tell me everything, instead of referring me to pamphlets or a website. He later described, *"The communities' demands are above the responsibilities of Shell, the people failed to realise that Shell is not the government of Nigeria. Shell has many*

*other things to do within its budget for example, staff welfare, business expansion and so on*” (Shell staff, Port Harcourt). When asked if the community’s welfare was not part of Shell's commitment, he said, *“Those people are difficult to satisfy; even the federal government cannot satisfy them”* (Shell staff, Port Harcourt). He pointed out that it was important to listen to both sides of the story; the communities were not being reasonable in their demands. Although Shell’s operations had caused much damage to the property and lives of the people, adequate compensation had been paid; it was for the communities to share the benefits among themselves.

Now it was becoming clear that Shell had undertaken some projects for the people, to alleviate their suffering; however, he argued, if the federal government could complement the efforts of Shell the situation would change. He reminded me that a few years ago, *“Shell paid compensations to the Niger Delta communities as ordered by the court from the British government”* (Shell staff, Port Harcourt). He could not give details of the compensation, but narrated that Shell had provided scholarships for many students, built hospitals, schools, and a library as part of its social responsibilities. Having listened to this man's argument, I felt that I had made the right decision to balance my judgement. Without hearing Shell’s side of the story, I would have concluded that Shell had not done anything for the host communities and without my personal observation, I would have accepted the one-sided stories of the local people.

I asked the man if he had heard about ‘reasonable corporate social responsibility’. His response was, *“What can be reasonable to those people, who were not reasonable in their demands? What will be reasonable to those who do not know their priority? What will be reasonable to people who are not transparent to themselves?”* (Shell staff, Port Harcourt). He kept asking these questions. At that point, he was annoyed with my

earlier question. He did not want to hear the word “reasonable”, as I perceived, because he believed that what Shell had done was reasonable enough. The development of the entire Niger Delta should not be left for Shell alone. He described the Nigerian government as not being reasonable, by neglecting part of their responsibilities to an ordinary company like Shell. Ite (2006) suggested if government had supported the efforts of Shell in developing the communities in Niger Delta the situation would have changed. Ite further argued that MNCs should support development in less developed countries through many local programmes, such as creation of employment, contribution to local activities and so on, but in this interviewee’s view, Shell had done just that.

On the issue of international image, the Shell staff member argued, “*Shell has an image to protect, Shell operates in accordance with the international laws, but whatever Shell did in the Niger Delta would not be enough for the people, because they are part of the problem. Let them settle their differences before coming to Shell. Shell has its programmes and ways to execute them, but the people do not allow this to happen*” (Shell staff, Port Harcourt). This is a very different view from that expressed by the radical group, who claimed “*Shell is not being sincere. Shell does not carry the local people along. The federal government have provided amenities for its people, but Shell during its drilling of oil destroyed so many things and pretended nothing had happened. Where people complain or protest, Shell will do one thing or the other for that community and call it CSR. This is unacceptable*” (Firs NGO member, Eleme town).

However, in the SDPC report by Shell, the company stated that, apart from the operations spillages, the people in the villages caused some of the environmental damage in the region. For example, criminal activities including “Sabotage, oil theft,



and illegal refining are causing huge environmental damage in the Niger Delta” (SDPC, 2004: 32). Such incidents, as published by Shell on its website, were reported in Chapter Two. Contrarily, Ite (2004) posited that instead of the corporations in the Niger Delta easing the pains of the local people, they compounded the problems. The picture below is evidence of illegal oil bunkering by youths in Niger Delta, which provides some support for the complaints made by Shell.



**Figure 13:** Illegal Oil Refining/Sabotage at Gokana Village

Figure 13 above serves two purposes; on the one hand, it shows evidence of damage done by youths to oil wells, endangering the lives of the communities. On the other hand, it shows evidence that the local people are not been cared for by either the government or the oil company, as only a desperate and frustrated person would dare to perform such risky acts. The spot location illustrated in the picture is highly inflammable; moving this close to the illegal local oil bunkering shows how hard and

risky it was for me to achieve the aim of this study. However, if I had not taken such steps, but relied on hearsay, the stories in this study would not be complete.

I asked my interviewee about employment; why did Shell not employ people from the host communities? He described employment in Shell as being on merit and not favouritism: *“If their sons and daughters are qualified for the right job, Shell will employ them, Shell has more than 10,000 workers, which include the indigenes”* (Shell staff, Port Harcourt). He sounded frantic. He pointed out to me that he was from Ijaw land but he did not live in the community. Ijaw land is part of the Ogoni. My participant claimed he was employed by Shell on merit. I could remember that when I graduated, many of us wanted to work in the oil company because of the generous salary and many other entitlements. However, when thinking of the rigors of going through the employment process, we were discouraged. The starting point is merit, which alone, has filtered out many candidates. An applicant without a good university degree, i.e. a first class or upper second class degree, will not be called for an aptitude test. Nevertheless, other participants refuted this claim. *“During President Babangida’s era, many of his ‘military boys’ were given a chance; Shell employed their children because they were in power. Although when the civilian government came to power, those people were sacked and a new set were employed by Shell”* (Mr Benson, Onne town).

Mr Benson led me to understand that Shell still followed the practice of employing people connected with important politicians. In such cases, if a person was not qualified for the job Shell would send them for training. He claimed that this was favouritism. Another response from the participants was, *“We cannot boast of 50% of our people working for Shell. We need to address this problem; there should be a certain*

*percentage of employment opportunities for our children by Shell. This is one of our plights, if we have a chance to discuss it” (Village chief, Gokana village).*

The Shell staff interviewee denied the allegation that employment favouritism existed, arguing that it was against the company’s policies. *“The Shell policy on employment is purely on merit and it is in stages from aptitude test to first and second interviews” (Shell staff, Port Harcourt).* It should be noted that my respondent was not the recruitment officer, so he might not have been sure if Shell employed through the back door or not. Mr. Benson’s view was that at times, Shell did favours for politicians and government officials, in return for contracts and other benefits. A member of a radical group claimed that some groups were disadvantaged as far as employment is concerned, *“Shell will not employ you if you are from a certain community because of the record of violence and much property of Shell destroyed by the villagers. This sounds like retaliation by Shell against the bad behaviour of those people” (First NGO member, Eleme town).*

However, the Shell staff member suggested, the local people think that it is their right to be employed by Shell at all cost. They failed to realise that Shell is a multinational company that has policy regulations on employment nation-wide. The power to hire and fire solely depends on Shell’s management team, which makes it difficult for one person to influence it. He implored me to verify this in the booklets he had given me, where the process of employment was set out, from advertisement to the job role and person specification. He described the youths of the Niger Delta as being lazy and claimed that *“They want quick money from kidnapping and scoping of oil” (Shell staff, Port Harcourt).* This claim appears to be supported by the picture in Figure 12 above, which showed illegal oil bunkering by the villagers. This is not done by Shell and the

process is dangerous to the peoples' life. When I asked a village chief about the illegal oil bunkering, his response was, *"When you are pushed to the wall anything can happen. The whole community were against the bunkering and all of them have stopped. Anybody caught doing it will be punished"* (Community chief, Tai village).

I asked the Shell interviewee if he had anything to say about electricity. He replied that he had talked about infrastructure earlier on. He added, *"Those people want everything from Shell, they are not reasonable at all. Providing electricity is not the duty of Shell, although Shell has done it in the past as a voluntary gesture"* (Shell staff, Port Harcourt).

He was glad to talk about the youth again and the atrocities they have perpetrated in the community. I asked why he hated the youths so much. He pointed out that he did not hate them and said, *"I was once a youth from the Ijaw community even though I was not raised in the community, but they are the ones vandalizing the Shell properties, and they are economic saboteurs"* (Shell staff, Port Harcourt). I observed that some youths in the communities are lazy, as claimed by the Shell staff member. However, some were serious and focused on their education; among them was one of the villagers who volunteered to assist me during the research period. If people like that had not assisted me, this project could not have been completed.

Oil spillage is another concern of both the communities and Shell. The argument is that members of the communities believe that Shell is not doing enough to reduce the danger inherent in oil spillage; therefore, they want compensation from Shell. The community had made it clear that if their farmlands had not been destroyed by oil spillage, they would have been contented with their means of livelihood. Many were out of jobs

because of this event, which led to much anti-social behaviour of youths. Even the elderly were affected, as they were unable to raise their children properly.

It will be recalled that during my interview in Onne town, a woman narrated her story of how she lost her inherited farmland to oil spillage. The woman showed evidence of her family land that was destroyed by oil spillage, which rendered her and the entire family jobless and hopeless. She took me and other participants to the land (see the picture in Figure 16). The land is dead for farming; she claimed nothing could grow on it. Oil spillage has caused much havoc to the communities and their means of livelihood. On the other hand, Shell reports that the havoc is not their sole responsibility; the youths in the communities caused destruction by damaging the pipelines in order to scoop the oil for money.

Another participant suggested that Shell was economising with the truth, *“There is no way the youths could have destroyed the whole pipeline that transports oil that passes through many communities to the terminal port for distribution”* (Community chief, Bori town). However, there was a counter argument from the villagers against Shell during my interview with some of them, especially the community chief. They claimed Shell is saving cost by not digging and burying the pipeline too deep for the people to see; in some communities, the pipelines are very visible. In addition, *“Some pipelines were already old and they need to be replaced, such pipelines are prone to damage easily because of their age”* (Community chief, Bori town). I personally observed during the study, an accident scene where a petrol tanker had fallen into a deep pit and caught fire, which engulfed many pipelines across some villages. If the pipelines had been buried deep, as suggested by the local people, the damage resulted from such an

accident might be less severe, or if the roads had been maintained as they should be, many lives and properties could have been saved.

The Shell spokesperson claimed that compensation had been paid to the communities affected by the oil spillage recently. However, he could not comment on whether the compensation was commensurate with the damage or not. The public and activists criticised Shell for the oil spillages whenever such a situations occurred, but it had become common for Shell to ignore the public outcry in the case of oil spillage. The respondents accused Shell of lacking integrity by not carrying out regular inspection of those facilities for rapid response if they spotted any damaged pipelines, until it became harmful to the communities. Apparently, this attitude of Shell could cause crises in the communities because of the effects on the people and their property.

The Shell respondent expressed unwillingness to elaborate on the pipeline issue. He believed that laying the pipelines deep would not prevent youths from vandalising them. I put it to him that he was being biased against the youths. He quickly recalled the incident of pipelines in Onne village,

*“The youths are still vandalizing pipelines even though the company has been driven out of the area for over a decade. Those destroyed pipelines, are they caused by equipment failure when Shell was not doing any operation at the time of destruction in those villages” (Shell staff, Port Harcourt).* I asked how deep those pipelines were buried initially. He frowned and told me, *“I’m not an engineer; how could I know if it was deep or not? All I knew was that the pipelines were vandalised and it was done by youths in the village. They do many things, apart from vandalisation, they kidnapped oil workers, and they killed, and so on. How do you expect development in such an environment? How do you expect something reasonable from those people?” (Shell*

*staff, Port Harcourt*). As at the time of this interview, there were many oil spillages around different communities; the people were not finding it easy to cope with the smell, and the risks associated with such problems.

Shell's representative claimed it was the peoples' fault for sending away the Shell contractors who went to examine the pipeline for possible repair. He maintained that the only thing the communities wanted was compensation. Assuming Shell was willing to compensate, however, the question was, *"How would Shell know how much to pay when the situation could not be evaluated? How would Shell negotiate with the people when they refused to allow Shell to come to the village"* (Shell staff, Port Harcourt).

NNPC regulations state that an oil company has the legal obligation to pay reimbursement to the local people for oil spillage if it is caused by equipment failure and not by sabotage from the communities. When asked about the difference between equipment failure and sabotage, again, the Shell staff member argued that as he was not an engineer, he had no idea. I explained that the reason for the question was that the petroleum law stipulated that the local people would not be reimbursed if the oil spills were their fault as sabotage; perhaps that was why Shell did not pay compensation to some communities. However, he showed no interest in that question, so I had to move on.

I asked who determined Shell's CSR policies. He again referred to the booklets, as a source of more accurate answers. He was becoming uncomfortable with me; I sensed a need to quickly ask a few more questions before he told me to leave. He had earlier told me that the company was busy during the period of my visit. He later acknowledged that without my friend's introduction, he would not have agreed to talk to me.

I asked if Shell would be willing to engage in dialogue with the communities for the way forward. He became agitated and argued, *“I am not able to answer that question. I am not the chief executive or managing director of the company; only the board of directors can take such decision”* (Shell staff, Port Harcourt). On being told that some community members were willing to have a dialogue with Shell to discuss the way forward, he smiled mischievously, *“Dialogue on what?”*(Shell staff, Port Harcourt). He described the communities as *“unserious people, why would they want to dialogue? Okay, some of them are broke, and they need money. The past government has stopped their illegal oil bunkering on the sea where they attacked oil vessels with guns and diverted the oil to the black market”* (Shell staff, Port Harcourt). He led me to understand that Shell was not ready to listen to anybody except the federal government. He argued that Shell had recognised the communities in many ways, but it seemed that they were difficult to satisfy.

I asked why Shell’s CSR policy in Nigeria was different from that in other countries, especially in the advanced countries like Germany and the United Kingdom. He described,

*“Shell’s CSR policies are the same all over the world, and Nigerian people did not get their priority right through the people and the federal government of Nigeria”*(Shell staff, Port Harcourt).

I asked, *“How could Shell’s CSR be the same all over the world? What does that mean?”* He described that the same problem of oil spillage happened everywhere and Shell was ready to give immediate remedy to the problem *“But the case of Nigeria is different. The problem in the Niger Delta is not natural, it is man-made and this is costing Shell a lot of money”* (Shell staff, Port Harcourt). During my visit to the DPR



office, the chair told me that CSR is a joint effort by the corporation and the community. When asked what that was supposed to be, he posited that responsibility either by government or corporation is like give and take. He illustrated, *“If for example, government provide amenities for the people, the people are have an obligation to monitor the amenities, especially in the rural areas, they should make sure the people use such amenities properly”* (DPR chair, Lagos).

Comparing the government response and that of the Shell representative showed that CSR means different things, as the DPR chair claimed above, while Shell ascertained that Shell in Nigeria is not doing anything strange or contrary to international standard, as claimed by other parties. In conclusion, the Shell respondent claimed that Shell was not to blame in this situation because, the system in Nigeria has given Shell the chance to behave in such a way, with impunity. He used land ownership as example, arguing that land belongs to the government through the Land Use Act of 1979, while individual families also claim ownership of the same land. This has given the oil company the opportunity to use divide and rule between the two major actors as far as land ownership is concerned. In this respect, if anything happens, for example, oil spillage, the company will only listen to the government and ignore the community. If the company is to pay compensation to the affected community, it only does that for equipment failure, but not for damage due to sabotage.

## **5.8. Roles of Oil Regulatory Bodies**

In this section, in discussing the role of oil regulatory bodies, I will reconstruct my experience as a researcher entering Lagos after years of absence. Although I was born and raised in Lagos, so many things have changed in the past few years. For someone to

describe Lagos to a stranger it is necessary to consider the current government system. Lagos in the past had a military governor, like every other state in Nigeria; Lagos is very difficult to govern because it is densely populated with 17 million people. However, the present governor of Lagos state is democratically elected through free and fair election.

In practice, this makes Lagos state habitable for the citizen, compared to the military era when the security of the state was tight. Things are done in a more orderly manner now that there is civil rule. Lagos is the heart of Nigeria, because it was the commercial and former federal capital of Nigeria. In Lagos, everybody is in a hurry. Lagos was formerly a British Colony. It is more difficult to conduct research in Lagos than any other state for many reasons, including dubious people who are ready to cheat the unwary and hoodlums who will pretend to be friendly but are not. Transportation is expensive; and it is difficult to keep two appointments in a day in Lagos, due to traffic congestion. Lagos is the location of many oil workers' unions, unlike Port Harcourt, where most oil companies are located.

The Department of Petroleum Resources DPR was my first contact in Lagos; I met the chief executive in his office in Lagos on my third attempt to secure approval to proceed to Shell for my interview. He was in his late fifties. He welcomed me as a young researcher, but he did not give me much of his time, as I would have expected, because he was waiting to attend to so many visitors. He told me to see his secretary for my letter. I requested him to spare me a few minutes for an interview. He told his secretary that he would be busy for the next few minutes. I started the interview immediately.

The first question I asked was, what is the role of the DPR in the oil industry in Nigeria? His response was very slow but articulate. He described, “*NNPC and DPR are the*

*regulators and the umpire of the oil sector in Nigeria. Therefore, NNPC is saddled with the responsibility of monitoring the activities of all the oil companies, and reconcile quarrel among the stakeholders during crisis” (Chief executive DPR, Lagos).* I observed that the man was being careful in his responses and the responses were very brief. When asked if he had anything to add on the role of the DPR, he insisted that what he had told me were the responsibilities of the DPR and NNPC.

In response to a question about who the stakeholders of the DPR are, he responded, *“All the oil companies, both MNCs, and indigenous, the host communities, the marketers, oil workers, the government and its agencies are the stakeholders of DPR” (Chief executive, DPR, Lagos).* I asked about the roles of DPR in ensuring good relationships among the stakeholders, reminding him that in his first response he had said the DPR is the oil regulatory body and mediator. He claimed that DPR had been handling the environmental issues between the communities and the oil companies: *“There are different types of environmental problems especially on those damages caused by the equipment failure. The board has monitored Shell during the repair of those damages. The repair of oil flow station at Kigbaraji community is an example of such exercise. The board makes sure the station was reconstructed and put back to use” (Chief executive, DPR, Lagos).* He described the host communities as very angry and demanding too much from the oil companies due to the damage, because it affected their means of livelihood.

However, he went on to explain, the DPR is restricted by the rules of environmental laws, which permit the oil companies to compensate the affected villagers for equipment failure but not when damage is due to sabotage by the communities themselves to get reimbursement from the two institutions. I asked him how much

compensation had been paid by the oil company, even for equipment failure. However, he said he could not put a figure on the amount of compensation. He assured me that compensation had been paid to the genuine affected villagers; he further advised me to contact the villagers who were the beneficiaries of compensation.

I asked what is government position on environmental degradation in Ogoni land. The man replied that, *“The people in Ogoni land are difficult to satisfy, most of the community members are unfaithful, especially the chiefs; they are corrupt. They are the ones to blame and not the oil company”* (Chief executive DPR, Lagos).

I asked him what CSR is and why, in his opinion, corporations should engage in it. The man posited, *“CSR is supposed to be voluntary but once a corporation commits itself to certain things, it becomes morally obligated for the company to honour it”* (Chief executive DPR, Lagos). The DPR chair believed that provision of social amenities is the duty of government; a corporation can only add to it. Meanwhile, other participants claimed CSR should be compulsory and corporations should engage in the process.

All my attempts to probe further on each question proved abortive, as he maintained the habit of not speaking too much, as I had expected him to do. During the first interview, the secretary came in and whispered to him. Immediately after the secretary left, the man told me that he had to go, as he had an important meeting to attend. He reminded me that my letter had been signed and he gave me an appointment for another day, with a specific time.

On arrival for the second time for another interview, the secretary received me warmly and chatted with me before she allowed me to see the chair. She gave me some documents to read and told me to visit the corporation’s website for more information. I

thanked her and her boss for spending their valuable time with me and she showed me the way out after the interview. As soon as we both came out, the secretary gave me the signed copy of the approval letter to Shell. She requested me to sign a copy so that she could file it in the office. The next section continues the interviews and reveals information extracted from the DPR website and the document given to me by the chair of DPR.

## **5.9. Information from Documents**

Part of the information gathered from documents was confirmation that there was a contract signed by the Shell prior to its engagement in oil business. This section accounts for the role of the oil regulatory body.

The Department of Petroleum Regulations (DPR) has the statutory responsibility of ensuring compliance to petroleum laws, regulations, and guidelines set out by the government. The regulatory body is to make sure that the corporations maintain health and safety rules in accordance to the international standard. They are to give a level playground to all parties concern, and to advise the government periodically on public interest. [<http://www.nigeria-law.org>].

The above analysis indicates that there are legal laws and regulations that guide the oil business in Nigeria. This shows that multinational corporations need government approval prior to starting business; however, it is another matter for the government to ensure strict compliance to the rules. In other words, this record shows that Shell Company is under obligations to the government of Nigeria and its citizens.

As mentioned earlier on, in the methodology chapter, documents played an important role to complement other forms of data in this study. Apart from many interviews conducted in Port Harcourt, data was derived from documents given to me by the participants/villagers to support their claims. They did not allow me to photocopy the documents; unlike Shell, which gave me their document to take home, they only allowed me to read them for a few days. In the meantime, I sought many clarifications from the chief on certain issues from the documents. He explained that the file was the community's evidence should Shell wish to call for consultation with the Ogoni people. The following information is derived from the documents.

1. The document shows that Nigeria is the largest producer of oil in Africa. More than 65 per cent of annual revenue is generated from the sale of oil produced in the Niger Delta region. Nigeria refines its crude oil abroad due to non-functional local refineries. When asked about the authenticity of this document, the chief described it as the, *“Life of the entire Ogoni people worldwide, this document is our power to fight the Oil Company and government when the time comes. Most of the reputable chiefs in the entire region have [a copy of] the document in their palace for record purposes, you are lucky that I showed you the copy. Another chief might not talk about it with you if they are not sure of your mission”* (Community chief, Gokana village).

2. The document describes the occupations of the people as farming and fishing, due to their location. Naturally, swamps and rivers surround the region. The advent of oil business has caused many of the villagers to relocate to another area within the region; in the end, this has had negative effects on their occupation.

A respondent retiree amongst the participants gave an account thus:

*“...Upon the fact that the revenue generated by the government is from Ogoni land there is no tangible development to pay for the natural resources; assuming there is no crude oil in the region how would the government run the country? We the people of the Ogoni land planned to secede from Nigeria they called us rebel. During the last crisis, the government deployed armed police to the region to brutalise the people, the police left our women raped, burn our houses, kill the children all because we are demanding our rights” (Village member, Gokana village).*

Meanwhile, the chief explained that apart from the crude oil on their lands, their ancestors' major occupations were fishing and farming. Almost all families in Ogoni communities have farmland, while the river provides seafood for them. The situation of the Niger Delta, due to non-responsiveness of the central government, had allowed Shell to abuse the system, such that its social and environmental responsibility to the people as a corporation has been neglected. Unfortunately, this had caused youths to be violent in demanding their rights by kidnapping the oil workers. At times, they vandalised the oil pipelines in order to scoop oil for money to survive. The local transportation system was poor due to the deplorable condition of the roads. The information provided in the document resonated with my road experiences encountered during my journey to the villages in Port Harcourt. The following sections will focus on evidence-based findings from my personal observation and a series of interviews conducted at different locations.

## **5.10. Environmental Pollution**

During the journey from Lagos to Port Harcourt, as we passed near to Owerri, a neighbouring town to Port Harcourt, heavy smoke was visible from a long distance. I

was curious and asked the driver of the bus about it. His response embarrassed me, “Are you a ‘journey just come’, JJC?” This meant was I a stranger in this area. Apparently, such smoke is a common sight; it shows that one is getting closer to the oil producing area. Gas flaring occurs daily in this environment. Gas extracted from crude oil it must be discharged constantly to process oil and related products. The effect of gas production was felt and visible every day, it shows how close you are to the oil industry. The flares periodically gush forth flame across the local areas. [<http://news.bbc.co.uk/2/>].

My findings corroborated the BBC news report; the picture below shows gas flaring in Onne Local Government, Rivers State. The region is in total disarray; there is pollution everywhere.



**Figure 14:** Air Pollution through Gas Flaring at Onne Town

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<sup>2</sup> [http://news.bbc.co.uk/1/shared/spl/hi/picture\\_gallery/04/africa\\_polluting\\_nigeria/html/8.stm](http://news.bbc.co.uk/1/shared/spl/hi/picture_gallery/04/africa_polluting_nigeria/html/8.stm). accessed 22/12/2015



Ikejiaku (2009) argued that the locals in most of the oil communities were living in primitive conditions. Agbebaku (2003) reported that constant heat within the radius of flare pits, has led to the loss of aquatic life; there has been construction of illegal refinery by oil corporations for oil exploitation without the consent of the environmental impact assessments agency. A huge amount of heat is being discharged daily in the region.

I was lucky during my visit to the Niger Delta to meet the Shell contractor (workers) on one of the sites they had acquired. Figure 15 below shows me and the workers on the villagers' farmland. None of the villagers could get closer to the workers; they were guarded by heavily security men, I lobbied my way and told them that I was a researcher before they allowed me to come closer, and they restricted me to certain areas.



**Figure 15:** Farmland Destroyed by Oil-Spillage

Oil companies choose to burn the gas instead of re-injecting it into the ground or selling it, saying this is the most economical option. The Nigerian government wanted flaring to stop by 2010, as it wastes energy and contributes to global warming. However, Shell proposed to end the flaring by 2008; unfortunately, as of 2015, promise had still not materialised.

*“...This action aligned with the saying of the villagers that Shell had been treating them like animal without respect to their human rights, right to good health, quality living and so on”... (Village member, Onne town).*

Oil operations in other countries have caused havoc. For example, oil spillage caused by British Petroleum in the Gulf of Mexico, which caused much damage, was remedied by the company, unlike Shell in Nigeria, which refused to amend the situation. Could this answer the question; what factors make CSR practice difficult in a developing country context and to what extent do people understand these factors in Nigeria? Lack of stakeholder representation contributed immensely to the poor way of addressing certain issues related to CSR by Shell. Stakeholder thinking is a way to see companies and their activities operate peacefully through constituency concepts and propositions as argued by Donaldson and Preston (1995). The idea is that “holders” who have “stakes” interact with the firm and thus make its operation possible. This idea is not new, but could be traced back to Barnard (1993); Blair (1998) and March and Simon (1958). They all posited that firms are obliged to reach out to their stakeholders.

In conclusion, my personal observation shows that Niger Delta faces environmental problems, as can be seen from the evidence in this report. To further balance the argument, the documents given to me by the villagers showed many evidences that the environment in Niger Delta needs urgent attention.

### **5.11. Problems from Flow Station and Oil Wells**

Due to poor living conditions, I had malaria fever during my fourth week in Onne; it was necessary to revise my schedule, to make the most of my limited time in Nigeria. I preferred to do sightseeing at weekends, because the atmosphere always felt relaxed. One Saturday was spent visiting Umuachem village, another community in the Niger Delta in the company of a friend, Mr Sunny, a member of the Onne community. I had promised to buy him a Nokia phone, because he was very useful to me during my stay in his village.

He advised that we should go out early to cover many places. We spent the whole day visiting flow stations built by Shell many years previously. There were seven massive oil wells around that vicinity, located on a paved field. If one approached very close, the sharp sibilant sound of the ongoing of oil inside the pipelines would distract your attention. This community must have been facing noise pollution for many years due to the flow stations. I was told that,

*“The vast land that belongs to the communities has been taken away by Shell to build the stations through the help of the federal government without any compensation or consultation” (An old man, Onne town).*

The flow stations are under the protection of Nigerian soldiers with sophisticated weapons. There is a long pipe pointing to the sky inside the flow station that releases tremendous inferno causing air pollution in the area. This heavy smoke is part of oil refining process, which has been going on in this region for many years. I saw this smoke during my journey to Port Harcourt from Lagos.

The place was simmering with scorching heat and smoke. The security men at the flow station would not allow me to snap or interview them; they only allowed us to go round. At one point, they told us to stop and go back. However, unlike the flow stations, the oil wells were under the security of the villagers. My host spoke with the boys, telling them that I was a student on research from abroad, whereupon they allowed me to go near the oil well. This resonates with the claims of both Shell and the local people that Shell employed the villagers to monitor the oil wells. On the other hand, a chief at Onne town claimed his people were doing the job as community service to secure the oil wells from Shell, not to extract oil in those areas. Some of them took photographs with me.



**Figure 16:** Crude-Oil Leakage at Omu Village

Figure 16 above shows an oil well with crude oil leakage. It is very dangerous to stay too long in the place, because the fumes from the crude oil are not good for one's health, and the place is highly inflammable. Figure 17 below is evidence of the oil leakage in the village. This reflects the problem of equipment failure. The villagers have

no equipment to repair leaks or maintain this pipes; this gave a chance for them to scope oil for illegal business. With crude oil gushing out freely, it is easy for the villagers, especially youth, to use local material to tap the crude oil and refine it locally.



**Figure 17:** Villagers and the Researcher near Oil Spillage, Omu Village

One of the villagers in the picture above told me he had engaged in such illegal business before, but he later realised the danger inherent in the business. He lost a close friend in the business when a government security agent launched an attack on the villagers. He said that since then, he had repented and joined the local radical groups fighting for the community.

## **5.12. Lack of Social Amenities**

No doubt, social amenities promote development and ease the stress of the people by making life much better. Evidence of some local projects was observed during my visit;

however, the community want Shell to maintain such projects. It was on record that Shell had provided some amenities in some communities but did not maintain them; in the end, such amenities were useless to the people. The people believed that if Shell cannot maintain such projects, then it is tantamount to saying they have no amenities. The lack of proper maintenance of some projects provided by Shell in some communities is, on its own, poor practice of CSR. The focus of Shell's CSR should encompass maintenance of the amenities. They expected Shell to employ the local people to maintain those facilities for example, by providing cleaning services, road maintenance officers, and many other works related to maintenance. The NGO's representative submitted that,

*“Shell is very strict on business policy rather than the host communities’ welfare, Shell likes money more than the people that work for the money.... At times, they owe the workers some months’ salaries. No one could fight for them because they are casual workers” (Second NGO member, Eleme town).* The man changed the topic to the casual workers’ scenario. The man went on to describe how Shell treats its junior staff and contract workers,

*“Shell categorised its casual workers the same way they categorise the host community in that they believe they pay for their services, therefore they can use them as tools and not human beings” (Village man, Bori town).*

However, Shell staff's response on casual workers was that *“Shell has contractors who employed those workers as supporting staff. Shell has no business with those workers; Shell will contact its contractors if there is any problem. The people do not understand the logic behind this issue, they only talk ignorantly” (Shell staff, Port Harcourt).*

Returning to the infrastructure issue, the NOG representative commented that the few

projects carried out by Shell were a response to much agitation by the community. He argued further, *“Shell did those projects for a philanthropic purpose not as CSR, so that is why they could not maintain some of the projects”* (First NGO member, Eleme town).

One of the village men said, *“Over five years ago, now, Shell brought electric poles to my community in anticipation that it would be installed, but up till now, nothing has happened. Those poles were still there, some of them had been used by the villagers for their private purposes”* (Village man, Bori town).

He wanted me to confirm his claim and asked me if I had been to his village, via the Tai/Gokana road:

*“Tai village, the road that leads to Tai from Onne is in total blackout, no street light. It is dangerous to travel on the road at night; there are many road accidents along that route. Shell has promised to install streetlight in the village, but failed to honour its promise”* (Village man, Tai village).

The frustration and empty promises could be the reasons why youths are so radical. The youths cannot compete with their counterparts in other states or local government in Nigeria. The fieldwork revealed that youths formed militant groups to agitate for their rights, and to protect their environment, since the constitution of the federal government of Nigeria allows freedom of association. Although it was gathered that some of the youths misused the militant groups, as time went on, the groups were reformed to pursue their main goal, which was to protect the communities’ human rights from external aggression.

### 5.12.1. Dilapidated Infrastructure/ Abandoned Projects

One of the duties of the government is to provide social amenities for the people. The government generates revenue from many sources, of which oil is one. Oil is a natural resource and a scarce commodity, not evenly distributed. However, the whole country benefits from oil. Without oil, Shell Company would have no business in Nigeria. The local people have claimed dilapidated infrastructure due to neglect by the government; however, they turned to Shell for help. A close look at abandoned Shell and federal government projects supports this claim by the community people. Figures 18 and 19 show a dilapidated and abandoned school and community health centre in different villages in Niger Delta.



**Figure 18:** Abandoned Community Project by Shell/Community, Kigbaraji Village

It was difficult to reach the site of the health centre depicted above. It was overgrown by bush because it has been abandoned. This project was built only five years ago, according to the participants; however, lack of maintenance had made it useless to the community. This supports the claims of the villagers that they have nothing to show for



the benefit of oil in their various communities, except for those that are favoured by Shell.



**Figure 19:** Abandoned School Project, Eleme Village

The Niger Delta has become an ecological wasteland. Several major rivers are seriously polluted; farmlands are under acid rain and oil spills, and carbon dioxide emissions in the area are among the highest in the world (Ikejiaku, 2009). Figure 20 below shows an area of farmland neglected for many years due to oil spillage, which had made the land unsuitable for farming and rendered the owners jobless. These are evidence based findings.



**Figure 20:** Farmland Destroyed By Fire and Oil Spillage, Bori Village

Due to multiple problems in the region there is crisis even within the communities themselves. There is no clear direction of what to do and when to take a decision on how to resolve the crisis; however, one major action taken by the people is to take violent action against the authorities to press home their demands. Consistently, the authorities capitalised on these problems by neglecting the region, leaving it without major capital and economic development, as could be seen in those pictures taken during the research process in some communities in the Niger Delta. As argued earlier, the federal government have a developmental project specifically for the Niger Delta in the federal capital budget. The revenue allocation for this project is channelled through the state government to the local government. I found that the funds were shared by the state and local governments and they diverted them to other purposes. This caused some people in the region not to complain, because they knew what was at stake. This attitude led to corruption in the region, some areas were left out, and the resources were not

shared equitably. The neglected parties are those fighting and agitating for better conditions.

One of the participants claimed, *“The local government chairman will received federal government allocation funds for project development and salaries of the local government staff, instead of the chairman to spend the money on the projects, the money would be diverted to something else”* (Village participant).

### **5.13. Disappointment and Unfulfilled Expectations**

It appeared from the respondents’ empirical and pragmatic claims that both the major actors, the oil company and the government, had disappointed the common people in the Ogoni land, due to unfulfilled expectations. What were these expectations? Responses from all the stakeholders contacted revealed a perception that the oil company was running away from its responsibilities, although the Shell representative claimed that the communities were demanding too much, beyond CSR initiatives. The peoples’ expectation of benefitting from the oil ended up in disappointment; not only did they not benefit from what they claimed as their property, but their conditions even deteriorated.

The people claimed that other countries of the world that have oil have many benefits to show for it; for example, they cited Saudi Arabia, the United Arab Emirates, Iran, Iraq, and so on. They told me to look around the villages and towns, and see if I could see any evidence of benefit from oil, compared to the countries mentioned. When I asked the Shell representative to define the company’s CSR, he told me to go through the booklets given to me, saying, *“Everything about Shell’s CSR is there. You can get more information on the website”* (Shell staff, Port Harcourt). This reply did not answer my

question, as I would have expected. Although the booklets discussed some aspects of CSR policies, it seemed Shell was doing different things in the real situation. For example, a BBC report of March 2012 argued that Shell should reimburse the affected villagers in Ogoni land due to oil spills. However, Shell's report claimed they had already paid the compensation before the BBC report. Shell's representative made it clear that Shell is an international and corporate organisation that has an image to protect; in other words, Shell will not engage in illegality. This was apparent when, at another point the Shell representative was willing to answer my question, when I asked about the licence for Shell to operate. He said, *"Do you think Shell would operate in Nigeria without a licence? It sounds stupid for anyone to stand on such a point. Shell knew the consequences of such action not obtaining an operation licence to lift oil in the country"* (Shell staff, Port Harcourt). However, the community people want Shell to seek their consent too. A member of the Eleme group pointed out:

*"We are the owners of the oil. Crude oil was discovered in Ogoni-land. If there is no oil here, Shell will not come to this village. The people in the village were of the opinion to benefit from oil when Shell came to Ogoni. Shell should seek our consent before extracting oil in our land, Shell needs to respect the people, even though they might have contacted the federal government"* (Community member, Eleme town).

More factual statements were elicited from the elderly people than the youth, who seemed to be radical in their approach and response. Youth in the village were observed to be impatient and to over-react to issues, due to frustration. However, a reasoned argument came from a retired teacher, who recounted resource ownership in the early 60s. He told me,

*“Those days are gone when the resource control was vested in the hands of the regional rulers. The native rulers have power to talk with the local people seek their opinions and give them feedback from the central government” (Retired teacher, Eleme town).*

He claimed that one of his ancestors had been a member of the committee in charge of the resource control in the 1960s, when Nigeria was regionalised. My respondent was in possession of some archival documents, which convinced me that his story was accurate. The resources were under the control of each region when the Nigeria government was operating the regional system of government. This situation contrasts with the more recent situation whereby the federal government is in control of the resources and all necessary contracts related to Shell's activity have been signed with the federal government, without involvement of regional representatives.

This suggests that Shell itself could not be held responsible for resource control, because Shell did not have power over this matter. In this respect, much of the people's disappointment is attributable to the government. My informant told me, *“The local people suffered between the two evils; Shell and the Nigerian government. The facts are there, government is only playing politics with the local people” (Retired teacher, Eleme town).* Factual statements from the elders could calm the situation down and pave the way to a meaningful dialogue, but the youths have adopted a strategy of radicalism, violence, and kidnapping the oil workers for ransom. They are proactive because they have suffered most of the problems caused by the effects of oil extraction; for example, they lack employment, social amenities and so on.

One source of disillusion was the federal government revenue allocation to each state of the Federal Republic of Nigeria. When asked, ‘How did the region get federal government allocation and what was the allocation used for in your community?’ the

retired teacher told me that, *“The federal allocation is given to the state governor, as the chief executive of the state. It is the governor and his executive council that will reallocate the funds on different projects. However, because many of the governors are so corrupt, they mismanaged the funds. Ibori as ex-governor is in jail in England on allegation of corruption, as a governor he embezzled the money for the development of the community”* (Retired teacher, Eleme town). The issue of corruption and the role played by the Nigerian government in the past was frequently raised during the research. Shell's representative talked of corruption as well, alleging that much of the blame for the current crisis should be directed to the government instead of Shell. The situation remains largely unresolved, as no one is ready to lead the way to the resolution. Hence, recommendations from this study may serve as a wakeup call to such resolution. The first step is for the parties concerned to call for consultation and dialogue, as discussed later in this thesis.

#### **5.13.1. Misinformation and Mistrust**

Shell and the local community provided numerous perspectives on similar issues through different methods and channels of communication. Nearly all the participants had different versions of the story because of using different prisms to illustrate their thoughts, emotion, and expectations. All the participants brought new meaning on the type of the relationships that had existed between them for many years.

What the stakeholders had in common was a perception of misrepresentation or mistrust of the other's ideas of what responsibility entails. Equally, the oil company expects certain behaviour from the host communities and the government on how to relate with them, based on business logic and social interaction. In the end, lack of a

communication channel or engagement of the stakeholders was the contributing factor that led to the prolonged crisis. Until now, there seem to be no assurance on how to close the gap.

Each participant has their own unique understanding of their roles, rights, responsibilities, and power of agency in different ways; fundamentally, each community differs in vision, mission, and expectation. Representation has allowed each of the numerous participants and stakeholders such as Shell, host communities, the government representative, human rights activists, environmentalists, ethnic leaders, journalists etc. seek to represent their individual interest and institution's goal in different ways, using one another as characters (subjects and objects) in their accounts (e.g. Sandberg & Tsoukas, 2011; Cunliffe & Coupland, 2012).

At different stages of the data collection, there were certain realities in the respondents' stories, and at other points, they described the situation pragmatically. In other words, sometimes they placed reality above practicability and vice versa. For example, in this study, the Ogoni communities and other actors in the Niger Delta are the subjects, while the contracts and memorandum of understanding are the objects. The approaches of the participants resulted in concealing the contested nature of their representations through treating any failure as a technical matter, thereby preserving the assumption that there is, behind that failure, a reliable entity that can be reliably known.

#### **5.14. Cross Examination of the Peoples' Claim**

To find out how true are the claims of the people on both sides, let us examine this according to Sandberg and Tsoukas (2011), a description will only be effective if it enables the viewer to see what it represents without impediment or any deformity.

Some of the stories narrated by the respondents were rationalistic; for example, one of the village chiefs told me that,

*“Government is not only interested in reconciling its feuding citizens but also wants oil operations to continue, although, the government set up a reconciliation committee to look into some issues relating to how Shell will commence operation as soon as possible but not on the welfare of us in the village” (Village chief, Bori town).*

This statement resonates with what I observed during my visit at the Niger Delta. A serious and responsible government should have proffered a solution to some problems in the region. Shell Company also could have resolved the problems in the region by using management strategy. What Shell did, according to the villagers, was divide and rule, or ‘use Peter to pay Paul’.

A chief claimed *“The Nigeria government and oil company are not responsible to the communities; both are doing illegal business that only involved a few people amongst the villagers” (Community chief, Gokana village).*

This is another example by a respondent from the Shell company; *“Shell has a strict policy of not speaking to people like you” (Shell staff, Lagos office).* Often, it has been said that it is difficult to conduct research with Shell due to the attitude of its staff. They are hostile and they will use tactics to delay or frustrate a researcher’s effort. My attempt to probe why Shell would not want to speak to someone like me failed, as the Shell staff told me indirectly that many people had come for similar purposes, but their applications never proceeded beyond this office. After much effort, many applicants would give up or use other methods, such as networking or even bribery, he claimed.



#### 5.14.1. A Claim of Double Standards

Shell emerged as a ‘complex and controversial’ corporate organisation, due to the way it operates in Nigeria. My first experience with Shell as a multinational corporation was not impressive; if I could encounter such difficulties, what would be the experience of the people whose land Shell has dominated? The people in Ogoni land accused Shell of using multiple styles of organisation strategy, in the sense that they have smooth operation in some countries while in another country the relationship is sour, as in the case of Shell’s relations with the host communities in the Niger Delta.

There are up to a hundred communities in the Niger Delta, with different languages, cultures, and religions. My conversation with some youths revealed that, *“Shell is using divide and rule among the ethnic groups, conspiracy theory, and favouring one party against another. For example, Shell provided scholarship, speedboats and so on for the people in Nembe village, because one of the retired Shell executive is from the village”* (Village youth, Tai village).

Another undergraduate young person claimed, *“My friend from Kana village got a scholarship from Shell to study Chemical Engineering, but we at Eleme did not get anything. We were not aware when the scholarship forms came out. The information was not circulated to all; we only heard about the result, it was painful”* (Village youth, Tai village).

Shell’s website contains evidence of provision of scholarships and bursaries for the people; however, some people might not meet the basic requirements for eligibility. The villagers thought all of them should be given scholarships, whereas the system does not work like that, as it was claimed by a Shell staff member that such award was given on merit.

Another graduate youth claimed, “*Shell is giving employment to people from Kana Local Government whereas I am from Eleme town...I have graduated three years ago, with no job*”(Village youth). On the contrary, the Shell spokesperson insisted, “*Employment in Shell is based on merit*” (Shell staff, Port Harcourt).

A comment from a market woman during the interview revealed that her daughter had passed her GCE ordinary levels, but she had no money to fund her education. The woman claimed, “*My daughter has joined me in selling food at Oyigbo Motor Park, she is working hard to save money to further her higher education*” (Market woman, Gokana village).

If Shell gives scholarships, I think that is a philanthropic gesture, it is not mandatory. This shows the level of poor understanding of the local people. It is necessary to differentiate between obligatory and moral responsibility of a corporation. The fact that someone is from the Niger Delta does not confer automatic entitlement to employment or scholarship, it is necessary to meet the requirements, because Shell is an international organisation that claimed to apply international standards. However, Shell invokes international standards when it comes to employment, but has ignored such international standards for environmental management and humanity. At Umuachem village, a tanker driver said he had travelled to Libya to meet his relative and saw how beautiful the place was, especially the oil industry area. He contrasted the good roads there compared to the Niger Delta roads, which have claimed many lives.

Another interesting aspect of Shell’s double standard is public relations; Shell is using propaganda. For example, on the website of Shell there are many CSR policies and claims of corporate projects carried out for the people, whereas not all the projects exist, according to the villagers. A respondent stated, “*Shell is deceiving the world about the*

*situation in Ogoni land, Niger Delta, they gave the wrong impression and information. If you move closer to the people you will appreciate their concerns” (Village man, Tai village).* He referred to a BBC report that covered the region during crisis, by helicopter. Respondent contrasted the local situation with that in advanced countries saying, *“Shell must obey the laws because they knew the consequences, but the reverse is the case in our own country” (Elderly woman, Onne town).* These responses reflect a perception that some multinational corporations may flout rules in developing countries, whereas they obey the same rules in Europe. Such claims made by the participants appeared to be supported by the evidence of environmental degradation I observed throughout the region.

### **5.15. Summary and Conclusion**

In conclusion, the findings reported in this chapter centred on the voices of the participants from different spheres of life and communities affected by oil exploration in Nigeria for many years. They revealed that no mutual agreement exists between the host communities and Shell and this problem seems to be compounded by lack of government interest in the community welfare. It is difficult to ascertain where the government interest is; whether the government supported its people or Shell. However, the local people assumed the Shell could have used its wisdom and corporate image to show a little concern to the communities by considering them in its CSR policies. Shell’s CSR notion did not include economic empowerment of the affected community members.

At one time, the communities believed that if the government had neglected to fulfil its constitutional duties to the people in the region, Shell could fill the gap. However, they

perceived that the attitude of the Shell was even worse than that of the federal government; they thought both conspired to ignore the voices of the people. Contrary to the claims of the host communities, Shell on the other hand, presented itself as a responsible corporation, claiming that most of the oil spillage in the communities was caused by the youths in order to get money. Generally, the people anticipated that Shell, through its CSR would rescue them from what they saw as the mess caused by the government. Unfortunately, Shell added to the problem, according to the findings in this study. An entrenched process causing communities to feel agitated underpinned their action and inaction over many years.

Consequently, the host communities felt the oil company had trampled upon their human rights in many ways, for example, by destroying their farmland, polluting the environment, lack of adequate infrastructure, unemployment of youth and so forth. Some segments of the communities had resorted to force, in the absence of dialogue, to usurp resource ownership to their benefit.

This chapter has revealed the experiences and expectations of the people affected by Shell policies and process of CSR under different themes. It further unearthed the causes of many crises in the region. A meaningful dialogue might change the current situations for the better, if the aggrieved parties were willing to come together. One of the objectives of this research was to create an avenue for dialogue. In the light of the entrenched positions of the actors involved; however, there seems to be no immediate possibility of dialogue. The community was ready for dialogue, while the company and the government were not ready to engage in dialogue, especially during the study. The next chapter continues with the findings.

## CHAPTER 6

### Research Findings (Part Two)

#### 6.1. Introduction

The previous chapter provided an extensive account of the first part of the findings from field research in the Niger Delta, drawing on information from semi-structured interviews, documentary evidence and my own observations in the field. The findings revealed conflicting perceptions on the part of Shell Company and local communities, as to what CSR is, what Shell has done, and what are the respective responsibilities of the government, the company and the community. A stalemate had resulted, each party defending its own position and claiming the untruthfulness, duplicity and unreasonableness of the other. The purpose of this chapter is to continue with the findings and explore in more depth, other key themes that emerged from the data gathering, in order to obtain a meaningful interpretation contributing to better understanding of the issues raised at the outset of the research, and evaluation of the framework emerging from the (predominantly Western) literature on CSR and stakeholder engagement.

Six main themes are presented in this chapter, beginning with the complexity of the responsibility issue and the dilemma of who determines responsibility. Then, the potential role of dialogue and engagement is addressed. This is followed by the humanitarian argument put forward by stakeholders to justify their expectations from Shell. Following exposition of these themes, the issues of natural resource control and differing perspectives on the losses sustained as a result of oil exploitation are explored,

illustrating the distinctiveness of the issues arising in the Niger Delta, which render the conventional prescription of CSR and stakeholder theory apparently unworkable in such a context.

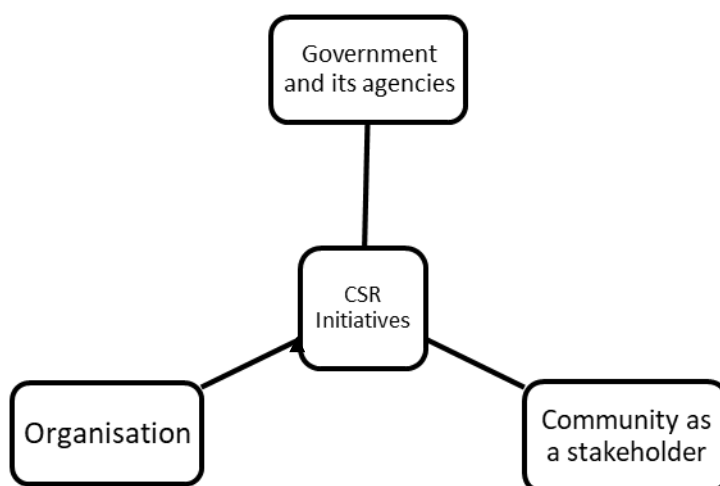
## **6.2. Corporations' Responsibility is a Complex Issue**

The dilemma as to which responsibilities corporations should be involved in and why they should be involved is not resolved (Bowen, 1953), especially in an oil producing environment like Nigeria (see also, Idemudia, 2007; Ite, 2006). Participants argued on different meanings of responsibility and who should determine such responsibility and why. In the participants' views 'responsibility' is a complex issue. Without a common definition of what responsibility is and who is responsible for what, then CSR becomes meaningless and all the participants involved in this study would continue to be in crisis.

This study, therefore, argues that, as shown by the participants, CSR is complex to understand especially in a developing country context like Nigeria and within a multi-ethnic setting like Niger Delta. Each stakeholder claims supremacy over the others, in terms of the right to determine CSR policies and what criteria should determine such policies. Findings in this study showed that the local community claims to be entitled to control the decision on who is to decide responsibilities, since they are purportedly the beneficiaries of the enactment of such responsibilities, and the people most affected by any dereliction.

Concisely, some participants argued that CSR in the oil industry should be based on three principles. First, it should be a relationship between two or more actors that requires actions and reactions. In other words, CSR in a multi-ethnic context requires

dynamic engagement among mutually responsive groups of people. Secondly, there should be no isolation between the actors, as engagement is needed to facilitate feedback on policies and procedures that could lead to decisions on CSR. Third, understanding on CSR should evolve through consultation and engagement, rather than such dictated or based on assumptions, which may have been imported from other contexts. If this were the case, it would be much easier and better for the oil company to practise in a volatile environment like Niger Delta. All stakeholders should be represented, for dialogue to take place. Figure 21 depicts what such a communication process would entail for social responsibility in Nigeria.



**Figure 21:** Communication Process for Social Responsibility in a Developing Country

Figure 21 above reflect the view that CSR initiatives are an agenda that should be discussed jointly in order for necessary and appropriate actions to be taken. The feedback would serve as a measure for improvement, where all parties would review their opinions and consider all the alternative options available; doing this would close the gap between the parties. The situation now is far from this ideal, as there is a lack of meaningful communication and engagement of parties; therefore, there is no way

forward, unless the people consider this option, as argued by a number of the participants.

The dilemma is illustrated by recalling this response from a village respondent in interview: *“At times we don’t know what is the role of our government in our community, as no one is there to inform us whose responsibility it is to cater for the environment in particular” (Village man).*

My trip around some villages revealed the level of decay in the region and in some of the remote areas one would hardly believe this was an oil producing community, by contrast with the benefits from oil apparent in other countries, such as Saudi Arabia, where oil revenue have financed extensive development projects and improved standard of living for many people. One of the problems this study was able to find out is the communication gap between the local people and Shell.

### **6.3. Who Determines Responsibility?**

Who should determine social responsibility? This question remained contentious among the participants. Some respondents wanted the government to determine responsibility, while others preferred to determine for themselves what they wanted. In CSR and stakeholder literature, it is part of the organisation’s duty to recognise and fulfil its social responsibility to various stakeholders. It is the responsibility of the government, as the representative of the people to make sure that all actors play by the rules, for the sake of social well-being and stability, as well as economic benefit. This ambiguity had put some stakeholders into confusion. For example, this is a response from a chief on what he believed to be responsibility: He described responsibility as what was forced on the people by the two major actors, Shell and the government. In his view, Shell forced



itself on the community, and expected them to accept the results without question, especially as the government has been complicit in this incursion on their land:

*“Shell came to Ogoni land and started to dig ground. Initially we thought they wanted to build houses, hospitals and so on for our people, from which we were going to benefit. It was later that we discovered that the projects are for Shell’s oil business. We were told they had got approval from the government, so there was nothing we could do but leave them to go on” (Community chief, Bori town).*

The chief elaborated on his perception of having been excluded:

*“Our people ran to us to find out what was going on. We had no answer to the question because we did not know what Shell was doing, because no one told us. It got to the stage where some of the villagers had to run away from their villages to save their lives” (Community chief, Bori town).*

On another occasion, the chief of another village claimed, contrasted the situation with what the people had been led to expect from the government *“The federal government of Nigeria came to the village through the peoples’ representatives, saying that they wanted to construct roads, build schools and so on; they showed us the master plan. It was on the plan to develop Niger Delta, but we don’t know why they changed their minds” (Community chief, Umuachem village).* It seems that, since the government had reneged on its earlier promises, the people perceived that the responsibility for local development had been (or should be) passed to Shell. To some extent, the chief did not know who should determine what, and in what ‘quantity’. Another chief gave me another impression when he described CSR,

*“Corporate social responsibility is the duties that business organisations owe their host communities, like Shell to us the Ogoni people, and we are in better position to let them know what responsibility we expect from them. There is no responsibility without the input of the people that will benefit from such responsibility” (Community chief, Bori town).*

Thus, the man submitted that responsibility is a duty owed by the organisation to the people. The issue is beginning to become clear. The complexity here is that each village in the region has its own peculiar problems, which demand different solutions. Indeed, there are multiple views as to what is needed, even within the same setting. Following up the Bori chief’s comment, I posed the question, What does Shell owe you people at Bori local government? The question elicited many responses from different groups. For example, some participants talked about employment, others argued for infrastructure, means of livelihood, or safety of life. Even among the same group of people, there were multiple perspectives, as was illustrated in Chapter Five.

The people claimed to be entitled to decide on the responsibilities that would suit them, even though both the two major stakeholders had taken away their power to control the resources on their land. The group leaders confirmed that in some communities, some projects had been undertaken by Shell, but the people claimed that such projects were not useful or relevant to their needs, and they wanted to have a voice in deciding what forms SR should take, to bring the expected benefits to the local communities, while preserving the local culture. The chief claimed, *“We owe our ancestors loyalty: therefore you should obey the culture by observing the festival yearly but activity of Shell had made the people to forget the tradition” (Community chief, Umuachem village).*

Another response from a second chief was, *“If Shell Company were to recognise us, as a community, we would be happy to guide them on what to do in the community that would lead to peace between us and them, but they dealt with us in a rude way and so the people show Shell our own way by destroying some of their equipment and activities in the land”*(Chief, Bori village). In the end, the people were insistent that Shell’s social and environmental responsibilities to them should be jointly decided by both parties. In their perception, even though it seemed they wanted roads, hospitals and so on, as previously promised by the government, any project decided without their input were innately illegitimate. At the same time, the multiplicity of needs raises difficult questions as to who should represent the people and whether it is even possible to represent adequately the full range of their expectations.

#### **6.4. Engagement With The Local People Through Their Local Representatives**

To arrive at meaningful CSR in Niger Delta, participants suggested the oil company should engage in ‘indirect engagement’ through the local chiefs and heads of communities. The idea of dialogue with the host communities as a means to maintain peaceful co-existence; is consistent with authors such as, Friedman (1970) and Habisch and Jonker (2004). According to Kaptein and van Tulder (2003), stakeholder dialogue suggests two-way interaction between two or more actors. According to stakeholder theory, if Shell or the government of Nigeria had engaged in such dialogue, the situation at hand could have changed for the better. Unfortunately, the local communities do not have the capacity unilaterally to call for dialogue; only the two major stakeholders, Shell and government of Nigeria, are powerful enough to do that successfully. Shell stands to gain e.g. cessation of hostile activities, access to local knowledge, goodwill,

reputation, and reduction of the costs incurred in dealing with the current acts of violence and sabotage. Such an alliance would lead to strategic dialogue where long-term relationships could be established between firm and the host community.

However, at the time of this study, Shell as one of the major players in the Niger Delta was not willing to enter dialogue or any form of engagement with the host communities. In effect, this goes against stakeholder theory as proposed by Freeman (1984). Contrary to Shell's stance, Payne and Calton (2002) suggest that if stakeholder theory is engaged through dialogue, it could lead to positive outcome.

Moreover, Burchell and Cook (2012), Selsky and Parker (2010), Austin and Seitanidi (2012a) and Porter and Kramer (2011) argued that through dialogue, all actors could engage in mutual value-creation beyond the capacity of any individual, for the benefit of the community and resolution of organisations' problems. Organisations would benefit from dialogue and win the trust of other stakeholders (Burchell & Cook, 2008). If organisations utilise dialogue, there is a possibility that issues that are uncertain to stakeholders could be clarified. However, the evidence from this study suggests that such a stance can be undermined in contexts such as Niger Delta, where in the absence of agreement on who the relevant stakeholders are, the official dialogue has failed to yield positive solutions, and no mechanism currently exists for engaging a large but marginalized and consequently mistrustful group, who have their own reasons for believing they deserve priority. To a great extent, they relied on humanitarian argument, as indicated below.

## 6.5. Humanitarian Argument

A theme commonly raised during the interviews is the humanitarian issue as a reason why action is needed to improve the current conditions in Niger Delta. All participants contacted rejected the definition of CSR given by the other party. Both actors (Shell and the community people) agreed that there were conflicts due to oil spills and many other environmental issues.

Oil extraction is a process that endangers the lives of both the workers and people living in the environment. This gave rise to an assumption among the local people that Shell should examine the long-term effects of oil production and make necessary provisions to assist the people, and minimise the effect on the environment. In this regard, the host communities assumed that Shell could have used its discretion to take positive action at an earlier stage instead of neglecting the situation until the local environment was seriously degraded. No human being will be comfortable to see his environment polluted, or property damaged and or to be rendered homeless, while a company makes profits. Environmental law should at least assist to protect the people from dying a slow death on their land. In a traditional economy dependent on agriculture, pollution made life unbearable to the local people in Niger Delta, as claimed by the participants, since they could not obtain the necessities of life, as illustrated by this response from a participant:

*“We cannot dig wells to get clean water to drink in our community due to oil spills all over the place; our farmers cannot plant any crops as they will not grow, our fishermen cannot catch fish because the waters are polluted, the fish are being poisoned” (Village man, Gokana village).*

Another respondent claimed, *“Water is gold in Niger Delta; we have to buy water every day for our daily activities. We cannot make a borehole by ourselves due to oil spillage... In some areas, the local government that supplies [the local people with] water in a large water reservoir; people have to queue to fetch water, unlike when you are at home and turn on your tap”*(A man from Kigbaraji village). Another respondent claimed that he had failed an exam during his school days, in the 1980s, because it took him so long to walk from his house to get water that he was late getting to school.

It will be recalled that Chapter 5 contained an account of my experience in Port Harcourt as part of the data analysis, in which reference was made to the difficulty of getting drinkable water, transport and so on. The problems differ in each community, as argued earlier on; therefore, each problem requires a different solution. Some of the respondents’ arguments were in line with humanitarian thinking, as reflected in the response of one of the traditional chiefs: *“Calamity caused by the spillage many years back killed many people; many lost their means of livelihood”* (Community chief, Bori town). Despite the fact that Shell as an oil company knew the implication of oil spillage. Shell failed to prevent the situation or to alleviate the situation. Instead, *“Shell claimed that the oil spill was not their fault, it was the peoples’ fault due to sabotage”* (Chief from Onne). Considerable loss of life was reported, as a result of failure to contain damage from oil spills.

*“Many of our people, especially the old people, have fallen victim to fires from oil spills. A friend of mine lost his life, along with his family. We cannot count how many people died in 2011”* (Village man).

Loss of human lives caused by fellow-humans is a crime against humanity, it was claimed by the people. The community people suggested that Shell can have a will and

committee designated to monitor its operations, in order to prevent sabotage. The fact is that oil spillage may occur due to equipment failure or sabotage, as claimed by Shell. Nevertheless, the people insisted that Shell had a duty to try as much as possible to reduce damage done to the land and the people that live in it. In the light of such events, Shell's current approach to its oil activities were perceived by the local people as immoral both from a deontological perspective (the actions were inherently wrong) and a consequentialist perspective (they led to unacceptable outcomes). The latter perspective, in particular, was reflected in comparisons between the outcomes actually experienced, and a higher standard of living, that could in theory have resulted from the exploitation of oil, as reflected by the following response, a villager, who recounted:

*“In 2011, there was a clash between Shell staff and the people from Tai village, the clash led to the death of seven people. This is unfair, on our land. How can we be living in fear in our land because of oil, which should be a blessing to us?” (Village man).*

It is for such reasons that members of the local community perceived CSR, in the sense of care for the environment, as a mandatory responsibility, because it touched upon basic human rights, such as the right to life and livelihood. In contrast, Shell appeared to be taking a voluntarist approach. Its notion of CSR (building hospitals and schools) could be seen as, at best, a philanthropic gesture in the Western tradition of ‘doing good’, based upon a paternalistic stance, that failed to consider what ‘good’ meant to local people. In other words, Shell and the local community have fundamentally different perceptions of what constitutes a ‘good’, or at least the ‘good’ done by Shell in its CSR projects, is seen by the local people as of lower priority and value than the ‘good’ of environmental sustainability. The difference are reflected in the conflicts over issues such as resource control. For this reason, the next theme addressed is natural

resource control, which explores perceptions on how the oil and the benefit from are shared.

## **6.6. Natural Resource Control**

Sharman and Vredenburg (1998) and Carroll (1983) draw attention to the potentially disastrous effects of ineffective CSR management. The information gathered from the participants revealed that mistrust, misrepresentation, unfulfilled expectations, corruption, negligence, and deprivation of human rights, among others, were the causes of the prolonged crisis in the Niger Delta. Until those problems are solved, there would be no meaningful CSR process by Shell in Nigeria, as expected by the participants.

The villagers of Ogoni-land believed that naturally they own the oil because it was deposited on their land; therefore, they should control it and benefit from it immensely. This argument is contrary to the legacy of colonial thinking, whereby the power of organizing and directing the activities of the aborigine was based on colonial power (Anderson 1994); thus, the colonial power controlled both the resources and the owner, as argued by Ngugi (1986). Such a stance led to separation of the aborigines' identity and their culture for easy access to control the people by the slave masters (see Rowse, 1990). Currently, the Niger Delta is a region, an integral part of Nigeria, which is controlled by the central government (the Nigerian system of government was discussed in Chapter Two), which has allowed the perpetuation of a post-colonial or quasi-colonial relationship with local communities.

The Land Reform Act of 1966 gave the government power over natural resources in Nigeria. This gives the government sole control over crude oil. In this sense, the agitations of the Niger Delta people should be directed to the federal government, not



the oil company. Some group members from the region were aware of the fact that their problems are with the government; these people only wanted Shell to display humanitarian goodwill by assisting the people, considering the hardship, they are going through in the community, due to the environmental problems caused by exploration of oil.

Others, however, believed that Shell should accept and perform social responsibilities beyond business and profit making. They believed that, even if the government failed to protect them as fellow citizens of Nigeria, Shell could set a good example for the government to follow. Voices from different groups show the lack of clarity on Shell's responsibility to the people, as one of the major sources of crisis in the region. With time, this dispute has been exacerbated and led to many harmful actions on both sides, as discussed earlier. The entrenched conflict of perspectives related to these actions are highlighted below.

### **6.7. Equipment Failure and Loss Of Property**

My respondents offered many opinions and suggestions to describe their relationships with the other numerous stakeholders on the effect of oil exploration in their lives and business. This section provides fresh insight into the issues described. The case of an elderly woman involved in the interview could be a good example. The woman narrated her experiences of how her family lost their farmland to environmental disaster. The woman gave evidence of how much income the family generated from the land annually, which was the family's main source of income. One could understand her frustration; had compensation been given to alleviate the suffering after the loss of their

land, the family may not have been at a total loss. The woman found it difficult to recall the situation as she became so distressed.

*“We lost our inherited farmland to oil spillage without adequate compensation...The only thing we heard from Shell was that it was our children that caused the disaster, it was not Shell’s fault. The family has been living from hand to mouth; we have nothing to retire to” (Elderly woman, Onne town).*

The woman, being the eldest in the family, represented the rest of the family. In a counter argument, a Shell representative argued,

*“Shell is not responsible for sabotage because most of the oil spillage in the communities is caused by the youths...They deliberately damaged some pipeline in order to scoop crude oil; they used to sell the crude oil illegally at the sea; this is known as bunkering” (Shell staff, Port Harcourt).*

Some of the pictures in Chapter Five (on pages 218, 221, 222, and 225) showed that on occasion, the villagers had taken advantage of equipment failure to scoop crude oil, while another scene showed how the local people had sabotaged the extraction system by dangerous oil bunkering. What is the difference between equipment failure and sabotage? Shell’s representative gave his account that,

*“Equipment failure is the situation whereby some pipelines burst due to old age but this can only happen in the rural area with the pipes that transport oil from the flow stations to the terminal port. This is the kind of spill that the federal government expects Shell to repair as soon as it is possible” (Shell staff, Port Harcourt).*

On the other hand, the villagers have claimed that, *“Shell has not protected the environment and the people and therefore has no confidence to come nearer to the people to repair damaged equipment”* (Onne village man). At times, it was difficult to believe that some of the spills were caused by youth in the community, but the Shell representative insisted that the youths are the cause of the spillages. He further stated that Nigerian Law only holds Shell responsible for spillage caused by equipment failure; this point was explained by the DRP chair. Both parties knew that there was oil spillage, but no one was ready to accept the blame. However, the community people claimed that,

*“Shell deliberately buried some of the pipelines not too deep because it would cost them money to do so, and when such pipes are damaged it will cost a lot of money to repair...Therefore they buried the pipes not too far from the surface. We cannot allow our children to go near the pipes, because it is dangerous”* (Village chief, Umuachem village).

According to the chief’s comment above, Shell might indeed be attempting to save cost by not burying its pipelines deep, in case of the need for repair when the pipes get old and from a business perspective this may seem justifiable. Nevertheless, it could be argued that the government should bear the major responsibility because it is the responsibility of the government to set the rules and standards in the first instance. The rules should highlight the accountabilities applicable and the procedures to be followed in any eventuality, so that each actor will know its boundary.

The respondents expressed their respective “truth” in one way or the other. Although it appeared that there were exaggerations from both parties at certain points in order to win sympathy from their audience, nevertheless, the arguments were feasible, and at

times supported with evidence. For example, I saw oil spillages, burnt pipelines, burnt farmland, and gas flaring for myself during my visit to the Niger Delta (see pictures in the previous chapter). The real issue seems to be that each side seems to hold to its own “truth” to the exclusion of other views. This leaves no room for compromise, or even dialogue, which demonstrates the difficulty in the Niger Delta context, of achieving the engagement and reconciliation that stakeholder literature seems to assume is possible. It’s easy to suggest dialogue is desirable, but it’s not so easy to see how fundamentally different “truth” can be reconciled, when pragmatic, cultural and ideological differences between the parties are so deep, and mistrust so entrenched.

The extent of the complexity was illustrated by a respondent who had dual roles or identities. In the first instance, the man represented Shell as a staff member; at the same time, he is from Ogoni land. However, during the interview he chose to prioritise his affinity with Shell. This was illustrated by his reply when asked a question about employment:

*“Employment in Shell is on merit. Shell has a process of employment that starts from advertising the jobs and person specifications...All the conditions attached to the role will be published, but what the people want is for Shell to employ them, whether qualified or not” (Shell staff, Port Harcourt).*

It is interesting to note the use of the phrase, ‘their people’, as if he was not part of the Ogoni people. At another point, he said that he was from this community but he did not grow up there. The point here is that at times, he was happy to associate himself with the community, but at other points, he preferred to distance himself from the people, to avoid association with behaviour that was incompatible with his interest, as a Shell employee.

Respondents raised many contentious issues that they claimed needed changing because they affected their livelihood, culture, education, and religion. Although few community members believed that a smooth relationship existed between them and Shell, the majority believed such a relationship was not cordial at all or that in reality no relationship existed. Indeed, various participants, from different standpoint expressed their understandings of the unsatisfactory relationship between themselves and Shell (and by extension the government, seen as complicit with Shell at the expense of the people) perpetuating mistrust:

Another response from a village member was, *“The relationship between the government and the oil company is mutual because both are into business that yields profits. How could they [the government] deny Shell; they benefited from Shell through illegal ways”* (Village man, Kigbaraji village)? However, on the contrary in some communities, the relationship is not “business as usual”, especially in Ken Saro Wiwa’s community, because of the cruel killing of the man. The MOSOP representative shared a revelation that:

*“Some of us have renounced the membership of MOSOP because they collected bribes from both government and Shell. Only a few of us that are loyal to the people remain in the group. At a certain time, many people did not respect the group anymore because some members have failed the community”* (Second NGO member, Eleme town). Indeed, there was evidence of mistrust, even within the local community itself, because of some members’ alleged collusion with the dual “enemies”, the government and Shell.

Nearly all the respondents believed that a lasting solution is necessary through representative from the local people, stakeholders’ engagement, and recognition. However, the environment was not conducive to dialogue, as it emerged during the

interview. The Shell representative refused to accept the notion of dialogue. His response to the question of dialogue was that he was not able to accept or reject such a notion. Stakeholder theory argues that dialogue, information sharing, and consultation are paramount to sustain a peaceful coexistence between two or more group of people. This would give room to the stakeholders to explain their challenges and expectations. However, the research revealed deep divisions that cause doubt on the possibility of such a solution. There was evidence of a deep communication gap that impeded the relationship between the actors. Another factor perceived was lack of sincerity between the actors. Moreover, actors were claimed to be running away from their responsibility; therefore, making the situation worse. Lastly, there was no clear definition of CSR from any of the actors concerned, let alone any prospect of a shared understanding.

All participants interviewed raised conflicting arguments. For example, some of the respondents claimed that no projects had been done by Shell in their community, while others agreed that there had been projects, but that they were not what they wanted. They all denied that oil spillage was their responsibility, as this situation is so difficult to handle. No one was ready to accept the blame. As a researcher, I found it difficult to know who to believe, after what I saw and heard from each group.

At times, my observational evidence supports the claims of the people, whereas on other occasions the claims could be difficult to believe. For example, how feasible is it that people would burn their own farmland, kill their family members, and destroy their social amenities, because they wanted to claim money from Shell or the government? Whereas one might accept that the youths are kidnapping for ransom, it seems unlikely that they would kill their own family members or destroy their own property.

Some of the groups made suggestions on how to improve the situation. However, not all of them agreed on the action needed. It will be recalled that each community has its own peculiar problems; for example, at Eleme and Onne, the problem is gas flaring. Other communities have pipeline problems and oil spillage. This suggests the need to engage those with the power to effect and enforce change. The villagers believed in 'reasonable corporate social responsibility' through indirect engagement of the local people, through their representatives.

The question is whether Shell can afford to satisfy all the demands of the community as a stakeholder; since the government has refused to provide comforts to the people, it could be argued that it would be wrong to blame Shell for not doing the same thing. Nevertheless, the Niger Delta people demand that Shell engage in social activities, which affect their lives. This call resonates with Moon and Chapple (2005) who argued that CSR is perceived to be social involvement of a firm with society. One could question if Shell fulfils such a view of its social involvement in Niger Delta, apart from the outcry by the people of the region, and if not, is it perhaps the notion of CSR that is limited when applied to a developing country such as Nigeria.

Meanwhile, the Shell representative argued, *"Shell cannot be responsible to every problem in Niger Delta because we pay royalties to the federal government. It is the duty of the government to address certain issues. The people failed to realise that Shell is into business that must yield profit to its shareholders"* (Shell staff, Port Harcourt).

This argument is in line with Palazzo and Richter (2005), who perceived CSR as a business case philosophy. Shell's approach as demonstrated in this study reflected business case logic rather than any other benefit, although Carroll (1991) has argued that MNCs should pursue responsibility through multiple means, including legal and

social responsibility (see also, Banerjee, 2007), Shell's representative believed that as long as its legal responsibility to the government was fulfilled, there was nothing else to worry about. This implies that, if the government of Nigeria had spelled out in the beginning, what responsibilities it expected from Shell, much conflict could have been avoided always assuming those terms reflected the public interest. For example, government could set conditions for holding a licence to operate, impose fines and taxes. The absence of an agreed definition of responsibility by the stakeholders will continue to encourage conflict in the region.

## **6.8. Summary and Conclusion**

There were divided opinions on CSR among stakeholders in the Niger Delta, for many reasons, such as mistrust and misrepresentation. The setbacks identified by the participants were lack of engagement and dialogue between the oil company and the community, unfulfilled expectations from the government and oil company, and lack of adequate laws to protect the people. The consequences were a poor standard of living, lack of infrastructural development, and environmental mismanagement, including oil spillage and gas flaring that endangered the lives of the people in the affected communities. This situation resulted in a negative image of Shell in Nigeria and prevented peaceful business operations.

The respondents demonstrated their dissatisfaction with the way Shell had been treating them for a long time. For example, *"Shell has been terrorising us since the discovery of oil in Ogoni land, by killing our people and leaders including Ken Saro Wiwa... We shall continue to demand our rights from Shell and the government of Nigeria until they listen to our cry"* (Village man, Gokana village).



The findings mirrored different voices and often incompatible interpretations, portrayed a situation between the parties, in which deep divisions and intractable mistrust undermined the potential for dialogue, resulting in a stalemate. According to the Shell representative, “*CSR of an oil community is difficult to arrive at due to the multiplicity of stakeholders with different interests*”. In general, a definition of CSR that would be generally acceptable is essential for fruitful engagement, but such a definition seems elusive in the Niger Delta context. He went on to position his argument in favour of his employer, in an attempt to win the sympathy of the audience, by reporting persuasive facts within his reach, which countered other participants’ arguments. Meanwhile, the local community too, offered much convincing evidence to draw attention on their side.

In conclusion, the causes of the crisis in the Niger Delta have been explored by interpreting the fundamental differences of the meaning attached to CSR by the respondents. Specific issues raised by the respondents were discussed with reference to respondents’ notions of responsibility. By highlighting such divisions, the chapter has exposed some of the theoretical and practical difficulties associated with the notions of CSR and stakeholder engagement in such a complex environment.

Finally, the next chapter will be devoted to my reflections on the research and the conclusion of the thesis. It will contain an account of my interpretation extracted from my respondents’ claims and my personal observation, based on my level of understanding, as I perceived the scenario, and supported by empirical evidence.

## CHAPTER 7

### Discussion and Reflections

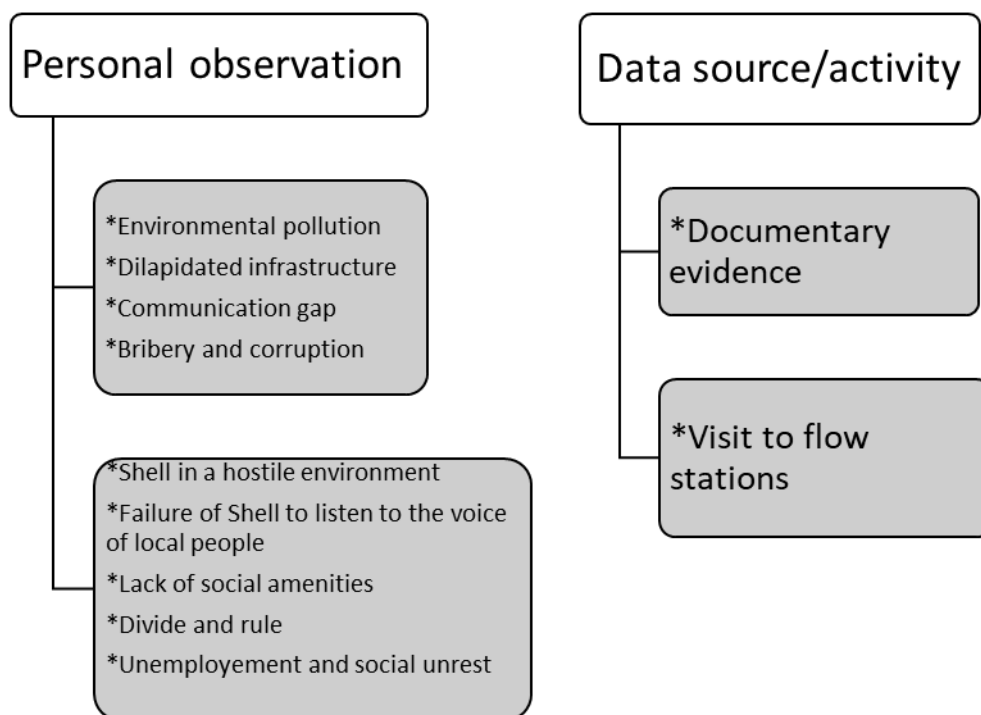
#### 7.1. Introduction

Chapters 5 and 6 of this thesis have presented the findings from an ethnographic study, from a stakeholder perspective of the conflict between Shell and the local community in Niger Delta, over the former's CSR, and several key themes have been identified.

This chapter concludes the thesis with reflections on my personal perspective on the views and key issues highlighted by the participants in the previous chapters, and an attempt to justify how they arrived at such a perspective. In the findings chapters five and six, the participants' claims as to the reasons why CSR had failed were reported; lack of engagement by the oil company, failure to consider the local communities in their plans, ineffective government policies on foreign oil companies in relation to environmental issues, amongst others. Therefore, it is important here to draw conclusions by identifying specific issues in an effort to draw lessons from the disputatious issues raised by all respondents. It is difficult to claim to be neutral throughout the study; I cannot claim to distance myself from the respondents. On this note, I will give an analytical report of the issues as argued by the respondents, through an interpretive lens.

My main consideration in adopting mixed methods such as ethnographic, interview, and personal observation approaches in this study was to give voice to the research participants. I wanted the concerned stakeholders involved in the study to contribute to global debate by relating their experiences and exposing their expectations.

Nevertheless, it would be unjust if I did not say how I interpret the issues raised, and articulate my own understanding of the situation. I adopted a sympathetic stance toward my respondents, to show their feelings and emotion; this method allowed them to focus their thoughts and share them with wider concerned readers. Figure 22 below depicts the overall findings and source of data of this study, as a summary before the more detailed account in subsequent sections.



**Figure 22:** Overall Findings of the Study

This chapter presents a concise outline of the main findings, representing the major issues raised by respondents in a way that will address the objectives that the thesis was intended to achieve.

- A summary of the whole work is provided, showing the way the study addressed the research objectives and answered its questions.
- An account is given of the contributions to knowledge and policy implications of the research.
- The limitations of the study are discussed, areas for further research identified, and then the study is concluded.

## **7.2. The Research Objectives**

The major aim of this thesis was to investigate Shell's behaviour with respect to its CSR policies, and how it influences its stakeholders in Nigeria. Shell's presence in Nigeria seems to be a nightmare to the people and this needed investigation to show why the people were hostile to the company. Researchers have shown that Shell has operations in more than fifty countries around the world, so why are the operations of Shell so difficult in Nigeria? Did Shell recognise the Niger Delta communities as part of its stakeholders? Based on these circumstances, this research explored CSR and stakeholder theory to examine how the Shell Company operates and relates with the people of the Niger Delta in Nigeria.

Mitchell et al. (1997) argued that much research indicates that the duties of a firm to its stakeholders largely remain disputable. Stakeholder theory suggests a wide range of people should benefit from the firm's business and its duties should not be restricted to shareholders. Therefore, what preference does Shell give to its host community toward its CSR in Nigeria? Multinational corporations should accord respect to the community

(host) as a stakeholder in their operations because they are the property owners of the resources (Maximiano, 2007; Sarkars, 2008; Holton et al., 2008). Stakeholders believe that corporations should place value on their interest as beneficiaries, so benefit should reach everybody, as argued by Phillips et al. (2003). This raises several questions, for example, should different stakeholder groups, for example, the local community be treated differently? Did managers at Shell Company recognize the community as a beneficiary of their CSR policies? The stakeholder theory also posits that, as part of its normative dimension, how a corporation addresses its stakeholders' interests is a measure of its corporate social performance, where the practising of stakeholder approach principles is claimed to help a corporation fulfil many of its social responsibilities (Agle et al., 1999; Banerjee, 2000; Clarkson, 1995).

Meanwhile, Steurer (2006) noted that whilst part of the stakeholder theory has drawn attention to how firms engage with stakeholders; such research has neglected the issue of stakeholders' influence on firms' behaviour. There is little or no research to demonstrate how Shell has been relating to or engaging with its stakeholders in Nigeria. Hence, Blowfield and Frynas (2005) highlighted a need for more studies on stakeholder theory in the less developed countries. Such research could be a valuable contribution to stakeholder theory, to increase its latent benefits. With such concerns in mind, this study sought through pursuit of five objectives, to explore the level of understanding of the people of the Niger Delta on what is CSR, and why the relationship between them and the Shell Company was not cordial. Therefore, the following research objectives were addressed, based on the literature reviewed and the interviews from fieldwork.

***First Objective:*** To evaluate and gain better knowledge of CSR by tracing the history of CSR in order to evaluate the suitability of existing frameworks to the African setting

and specifically the Nigerian context, with particular reference to the problem of managing community expectations and experience.

The purpose of the first objective was to compare the differences between the Western view of CSR and that of the Nigerian context. In other words, it was to examine how corporations practise CSR in the Western world compared to a developing nation like Nigeria, in order to demonstrate that in practice the Western ideology of CSR does not suit the African setting, particularly in Nigeria and the oil industry. Why are the practices and processes of CSR different in a developing country context? To achieve this objective, a comprehensive literature review was conducted. The outcome indicated that people in the developing countries have different perceptions on CSR, based on many factors, such as culture, language, and religious belief. This view is consistent with the position of Idemudia (2007) who questioned whether there is a brand of Nigerian CSR or whether what exists there is an imitation of the Western practice. Lack of adequate government policies on oil management contribute to the problems of Shell in developing and implementing its CSR agenda in Nigeria.

Results in this study show that Shell applies double standards in dealing with the local people in Nigeria, compared to the way it operates in the advanced countries. This is consistent with Tuodolo's (2009) study, which found that Shell in developing countries, like Nigeria used double standards in dealing with corporate issues. Based on the situation in the Niger Delta, during his fieldwork, Tuodolo discovered how Shell developed certain communities and ignored the rest in the same local government region in Bayelsa state.

The submission of this study is that CSR may be built on universal commitments, but should be applied in a localized way in the developing nations. Global and local issues

should be observed, for example, ethics and morality, traditional beliefs, religion, socio-cultural institutions, and language, should be heeded, otherwise CSR practice may not achieve its promises locally. The practitioners of CSR should learn to identify the difference between local and universal principles in order to be fair in their practices; local communities may have different norms and values, which Shell should consider.

Researchers have identified some issues that are recognised across national boundaries and on which considerable agreement is crystallizing, such as certain human rights and environmental protection (Husted, 2006; Blowfield & Frynas, 2005; Amaeshi et al., 2006; Frederick, 1991; Gnyawali, 1996; Habisch & Jonker, 2004). Consequently, it could be argued as Vogel (2005) supports, that CSR can and should reflect universal principles and involve standard practice, irrespective of culture, country, and business type. However, given its Western origins, CSR could also be seen as a foreign policy that sometimes might not properly conform to the local demand in a developing nation; requiring practitioners of CSR to learn to understand local needs.

Husted and Allen (2006) made a distinction between global and local CSR. They built on Donaldson and Dunfee (1994) by suggesting that the former deals with corporate responsibilities based on universally applicable principles, whereas local CSR deals with those responsibilities derived from the standards of the local community. Thus, Shell in the Niger Delta, according to the principles argued by Husted and Allen, should adopt CSR policies that reflect the standards of the local community. Husted and Allen (2006), Donaldson and Dunfee (1994) have suggested a combination of an institutional logic and a strategic management approach. From an institutional perspective, multinational firms will, for instance, simply replicate existing product market strategies (e.g. multi-domestic or global) in their management of CSR. A strategic approach to

CSR requires that firms select a CSR strategy contingent upon the demands of local and global stakeholders, just as firms select an organisational strategy contingent upon global and local product/market demands, although the pressures need not parallel one another.

The distinction made above between universal principles and local norms is supported empirically (Spicer et al., 2004; Gnyawali, 1996). This means that, while universal CSR should take care of all the stakeholders, special attention should focus on the local community, especially in a resource-rich community like the Niger Delta. What distinguish global and local CSR are the communities' demands (Allen & Husted, 2006). For example, different communities with different norms will face different policies. Other perspectives, such as critical theory, similarly lead to the conclusion that there is a distinction to be made between the universal and the particular responsibilities of corporations (Reed, 2002). These approaches not only suggest the possibility of distinguishing between global and local CSR but also insist that it is desirable (McWilliams & Siegel, 2000). Therefore, Shell in Nigeria may build its CSR principles around global ethics but localizing practice according to the local norms and moral values of the host community is desirable.

This is achievable through an interactive form of CSR in which the key actors will deliberate on these issues round a table and come up with useful suggestions. This is because the local people are in a better position to decide the type of responsibility they want or that will suit them, rather than accepting assumptions that focus only on foreign policies. This may lead to "Reasonable Corporate Social Responsibility" (RCSR) through stakeholders' active involvement in some of the policies, especially those with life impact, as suggested by the participants during interviews. The type of CSR



advocated by Carroll (1979); Matten et al. (2003); Maignan and Ralston (2002); and Lindgreen and Swaen (2004) seems 'different' from how the local people perceived it in developing nations. For example, there are few reports of environmental pollution in the United Kingdom compared to the current situation in Nigeria. This claim resonates with the findings in this study, where participants claimed Shell used double standards in Nigeria, due to the way Shell relates with some communities in the region. This calls into question the behaviours of MNCs, especially Shell in Nigeria, compared to the advanced countries. The different perceptions revealed so far then lead to the next objective, which is:

***Second Objective:*** To explore whether community expectations can be met through the actions of Shell oil company concerning its CSR process in Nigerian. This entails identifying from key actors what they understand by CSR and what are their expectations.

The rationale of the second objective was to find out whether community expectations can be met by the actions of Shell, in Niger Delta concerning its decision-making processes on CSR agenda. Based on the contributions of the key contacted stakeholders, especially the local people, the study introduces the idea of 'Reasonable Corporate Social Responsibility' (RCSR), in accordance to the views of the participants, especially the local people. This is a new contribution to CSR understanding in relation to the demands and hope of the people, who claimed that for Shell to meet their expectations, its CSR should be 'reasonable'.

The difference between RCSR and the conventional concept of CSR is that the former is a process of social responsibility that allows the concerned stakeholders to negotiate and engage in the decision making (local CSR), while the latter is a dictated form of

CSR, which gives no room for consultation by the stakeholders (foreign CSR or Western-Centric). In Nigeria, the type of CSR being practised by Shell has been of the latter type. No research on record indicates any form of stakeholders' engagement by Shell while practising its CSR; Shell does not take account of the effects of its business in the lives of the local people. Perhaps, the local community are perceived as of little value to Shell, in which case, they would not be prioritized (this is a problem with the stakeholder approach, noted earlier in the stakeholder perspective section). This view is contrary to the view of Blair (1998), who posited that corporations should focus beyond the traditional confines of shareholders and pay attention to modern management strategies in identifying the stakeholders that will contribute to the goals of the firm. However, Ulrich and Fluri (1995) have a contrary opinion, that a company should be viewed as a multifunctional organisation and therefore pluralistic, legitimized, value added unit, which fulfils socio-economic functions for various target groups.

The result has in practice been to make life more difficult for the people in the Niger Delta. Shell has provided social comforts for some communities as a form of responsibility practice, but without the input of such communities. In effect, the community has retaliated against its exclusion from decisions that affect it by denying their legitimacy and making the situation unbearable for the Shell Company, as demonstrated in the interviews with the local people.

The proposed reasonable corporate social responsibility as proposed by some of the participants suggests not only that corporations do some good, minimizing the harm to both the environment and the people that live in it, but that this is achieved by engaging the (key actors) stakeholders in discussion. Moreover, natural resources should be subject to the regulations set by the government and its people, especially in the oil

sector and these, too, should be informed by engaging with the community and designated to protect their interest.

Carroll (1979) posited that corporations should 'do some good', and minimize the harm to the environment (see also, Bhattacharya & Sen, 2004; Greenfield, 2004; Lindgreen et al., 2008). However, existing models of CSR lack the engagement of the stakeholders, resulting in CSR that does not minimize the harm in developing context such as Nigeria. CSR could have minimized the harm in the Niger Delta if it engaged part of the end users, the commons. This study highlights the significance of this gap by engaging the necessary stakeholders in discussion to hear their views. This has given some marginalized players to voice out and define various responsibilities, as they perceive them to be.

Moon and Chapple (2005) argued that CSR is social involvement of organisations beyond profit making. The question is what is the responsibility beyond profit? The participants have provided answers to this question. The evidence showed that in its present form, Shell's CSR does not meet community expectations. The people, through their representatives, posited that a truly acceptable CSR should involve them in the process through dialogue and engagement. The people should contribute their input as to what will be the responsibilities of the corporations to them, rather than being passive recipients of CSR assumed to be suitable by the corporation. Although the government of Nigeria, it could be argued, by not acting on their behalf to control corporations' activities, has failed the citizens, according to Ite (2007), nevertheless, the people have spoken for themselves.

The form of CSR currently practised is associated with Anglo-American business systems (Matten & Moon, 2004). These forms were contrary to the expectations of the

local people, in the Niger Delta, because they did not consider their needs and wishes. The lack of comprehensive study on this issue has been a contributing factor in the poor and unacceptable practice of CSR by Shell in Nigeria, as argued by Amaeshi et al. (2006). The participants showed that Shell lacked sufficient understanding of the value that the host communities attach to their personal beliefs and heritage, apart from the fact that Shell's existence and operations pose a threat to the environment. An acceptable form of corporate social responsibility, which meets community needs and expectations would be achievable in Nigeria if the Nigerian government were to establish regulations, informed by community needs by which corporations would be required to abide, and if CSR practitioners were to engage other stakeholders like the communities in their CSR; thereby fulfilling the call for a local way of practising CSR, raised by many authors (Blowfield & Frynas, 2005; Amaeshi et al., 2006; Reed, 2002; Habisch & Jonker, 2004; Idemudia, 2007; Boele et al., 2001).

***Third Objective:*** To explore the impact of CSR processes by Shell in Niger Delta and to demonstrate how these affect the lives of the local community and the sustainability of the environment in which they live in Nigeria. This objective sought to investigate the major influences of corporate social responsibility processes on the lives of the community, for example, the impact on the environment, economy, and peoples' ways of life generally. Oil exploration is dangerous and risky to lives, especially when the community dwellers live very close to the exploration and refinery, as in the Niger Delta.

This objective was addressed by observation of local conditions and through the outcome of the interviews conducted. The results showed clearly that the people were living in abject poverty amidst wealth. Despite the fact that the local people used

exaggeration in reporting their claims, observation confirmed the people's miserable living conditions, and degradation of their environment, as proved by many pictures taken during the research process (see Chapter Six). This evidence attests to the failure of CSR in the area.

***Fourth Objective:*** To examine the extent to which the engagement of the local community as stakeholder may influence the shaping of CSR processes by Shell in the Nigerian context, by investigating who determine CSR, and why. This objective was intended to investigate if local engagement may influence Shell to shape its practice in a way that will allow smooth business operations and benefit the community. That is, to investigate whether the organisation's encouragement of the local people be involved in the process would reshape the practice of CSR in a way that will allow smooth business operation by Shell and promote peace in the Niger Delta.

An attempt to achieve this objective was made through interviews and extensive literature review. The results suggest that if Shell Company were to engage the local communities in discussion, there could be progress towards a peaceful atmosphere for them to operate in the region. Furthermore, the results support the view that the key stakeholders should deliberate on part of the CSR initiatives in an oil rich region like the Niger Delta. In view of Carroll's (1999) argument, the society has to formulate ground rules for CSR, but who make up societies? The society is many people with common goals and they share things together.

Doh and Guay (2006) referred to society as part of the institutional framework that affects corporations' decisions. It was observed in the field, however, that there was a gap between the communities and the oil company; members of the community saw violence as their only recourse, because they felt ignored and were frustrated by this

gap. The resulting hostility and lack of cooperation prevented smooth business operations in the region. This is the reason why Shell, local community and the government need to decide on policies that will favour all parties. This study, through interaction with Shell and the local community enabled each to give their opinion on what they believed should be the responsibility of the corporation and the need to engage the community and government representatives in such decisions. The question as to why Shell refused to engage in dialogue during this research; however, needs further study.

Kumar et al. (2002) argue that corporate social responsibility should focus on public well-being but on a voluntary basis. This study supports concern for public welfare by corporations, but criticises the notion that this can be a purely voluntary commitment, given the consequences for society if a corporation does not choose to accept such a commitment. This study has argued that corporations in an oil rich environment should not view CSR as a voluntary responsibility, due to the risks inherent in the exploration of the oil. This again, is an indication that the Western view of CSR as voluntary activity is not applicable to the oil industry. The evidence uncovered in this study showed that neglect of CSR, or enactment of CSR in inappropriate ways led to infringement of basic human rights to life and means of livelihood. The construction of a school or health centre, for example, means little to people whose health and lives are compromised by pollution and loss of the land that formerly sustained them. Basic survival and safety needs surely cannot be left dependent on organisation goodwill. The public welfare is very important when designing corporate social responsibility, and necessitates involving the stakeholders. Much CSR literature has suggested stakeholder involvement in CSR. However, there has been little empirical study to support this

claim in Nigeria. This study has addressed this gap by involving the affected parties in CSR to come together to decide on CSR policy.

*Fifth objective:* To evaluate the appropriateness of CSR in a developing country context and explore the challenges this may pose to existing interpretations of CSR. This objective was addressed through the critiques of literature review on CSR in Chapter Three.

### **7.3. Contribution to Knowledge**

This section highlights several ways in which this study has contributed to develop theory, as well as its methodological contribution, which played a significant role in the uncovering of new voices and perspectives. In identifying the theoretical contribution of the study, it is useful to begin by recalling gaps and shortcomings in extant theory, which this study has exposed. This study has a strong background that shows the non-suitability of the Western notion of CSR ideology in African context.

A first contribution pertains to the conceptualization of CSR. This study has challenged Western-derived conceptualizations of CSR, its content and motivations by testing their validity in a developing world context. The Western conceptualization has followed Carroll (1999) in identifying economic, legal, ethical and philanthropic dimensions of CSR, but has lacked clarity as to what socially responsible corporations should actually do, and has failed to consider local contexts.

The tendency to prioritize the economic dimension of Carroll's pyramid has led to institutional and strategic management focuses on CSR at the expense of environmental sustainability and social involvement. However, evidence uncovered in this study shows

that such a perspective is unsuited to the case of the Niger Delta region in Nigeria. Not only does it not meet the needs of the local communities but, by generating frustration and hostility, it also fails to meet the strategic intentions of Shell itself.

The legal dimension of existing CSR frameworks is likewise challenged in the Nigerian context, where it was shown that, notwithstanding the existence of licensing procedures, the lack of regulations, or impunity to flout them, in a region with weak or corrupt legal institutions, render this dimension meaningless. As for the ethical dimension, which is said to be concerned with what is right, just and fair, this is underdeveloped in existing CSR discussion, which fails to agree on a set of behaviours that would meet these standards, globally or in each context. In Niger Delta, this has meant that basic right to life and means of livelihood, which one could assume should be ethical issues, are provided or (more often) withheld at the discretion of Shell.

Finally, the “philanthropic” dimension, rooted in Western notions of good will and moral obligation, has tended to locate CSR as a voluntary activity, but this study has challenged such a view, suggesting that, as demonstrated in the Niger Delta context, voluntary CSR determined at the discretion of Shell Company, can result in, at best, misdirected efforts, and at worst, neglect or even abuse of rights. Thus, the study has challenged the validity of Western conceptualizations of CSR, demonstrating comprehensively their limitations when applied in the developing country context of Nigeria.

A second area where this study contributes is in the debate on who should determine CSR policies, where the research challenges and calls for a reorientation of stakeholder theory. Although literature acknowledges that stakeholders’ interests should be considered by MNCs, it is less helpful in identifying who should be considered as



stakeholders, and what are their interests. In the CSR context, discussion of who determines CSR has focused predominantly on the interests of owners and government. There is a noticeable lack of a participatory approach. Weber (2008) does not include the welfare of the local community in his view of the considerations that shape CSR, as noted in Chapter Three. Nevertheless, in the West, the rise of CSR has to some extent brought about a reconfiguration of the balance among institutions (loosely defined) in society, but this is shown not to have occurred in Nigeria. The Nigerian government has viewed CSR as the corporation's role, and the latter pursues its own interest, or its own assumptions as to what would constitute CSR, while those most affected by both government rules (or neglect) and corporate practice on CSR have been side-lined. Poor environmental management, unfulfilled expectations, and failure to recognise the communities as stakeholders in the oil business, have led to community disappointment, which consequently degenerated into conflict.

This study therefore challenges stakeholder theory by calling for a refocusing on the relatively neglected local communities, to redress the imbalance of stakeholder engagement in less privileged communities. Mitchell et al's. (1997) framework of stakeholder salience is challenged in this study, which calls for a greater focus on relationships (including with those seen as less powerful) and view stakeholder theory from a stakeholder rather than a managerial perspective. Given critical stakeholder theories as argued by Andriof and Waddock (2002), Friedman and Miles (2002), and Steurer (2006) focused on external stakeholders; however, they do not directly address affected communities. The study argues the communities should be recognised and be engaged in the policy-making process.

Linked to the above point is a third contribution of the study in developing understanding of the contextualized nature of CSR, thereby advancing the debate on global versus local CSR. Whilst previous authors have made such a distinction for example, Husted and Allen (2006), it is not clear what lies in each domain, or how much is universal; moreover, Shell lacks knowledge of local values and expectations. As this study, has shown, Shell's practices differ, even within Nigeria, as do local community responses to their initiatives. By giving voice to local people, this study demonstrates that what constitutes feasible, acceptable and appreciated CSR practice is contextually contingent. Shell has supported schools, and given scholarships in Niger Delta, for example, but these may not be the priority for people whose basic means of livelihood, such as agriculture and livestock have been disrupted by environmental damage.

Another significant contribution of this study is the methodology used in conducting the study. Few studies have used this methodology in the Nigerian context. As a Nigerian, and someone who believes in human rights activism, I put myself in the shoes of the Niger Delta people; although I did not disclose this background to the respondents, to avoid influencing their perspective on the situation and let them better tell their own stories. Nevertheless, certain commonalities of culture and experience between the local community participants and myself encouraged their disclosure.

As argued by Brock-Utne (2002), research on Africa, conducted by Africans, paints a better picture of the continent because these researchers are better able to tell their own stories. The fact that I was able to mix freely with my respondents during the interviews, speak the local language, eat, and play with them, sharing their own way of life, enabled me to get closer to them. The approach dispelled any fears from

respondents and facilitated a free flow of relevant information, which would have been concealed had the research been conducted by a foreigner. This perception also can create confusion to outsiders who do not understand what is going on in the region. If the public should go by the social media or even government news alone without an independent opinion such as this study, the possibility of getting the true picture of the story will be uncertain. This is because government news will tell only the story that they want the public to know.

This study prevents subjective reporting, even though I could empathise more with the disadvantaged communities as they suffer to make ends meet, and they live in poor conditions, despite the abundance within their reach. To some extent, I am part of the people, as a Nigerian, which gave me the opportunity to understand the people and their problems, but I gathered more experience through moving closer to the people during the interviews. The use of interview and ethnographic methods enabled robust information to be drawn from the respondents as argued by Brock-Utne (2005) and Alger (1996). Learning from and listening to African scholars, helps provide diversity; Africa also has something meaningful to contribute or teach the world, to provide theoretical insight (Umar, 2008). The evidence of this study shows that Shell should not be held solely responsible for problems in the Niger Delta absence of state policy and regulations in the oil industry by the government contributes immensely to these problems.

#### **7.4. Policy Implications of the Study**

Due to many disputatious issues identified by different stakeholders associated to this study, several implications are derived. First, Shell should be willing to adopt a culture

that encourages the recognition of the host community as one of their stakeholders. For Shell to operate peacefully in the Niger Delta, they need a pragmatic approach that will embed local standards.

Second, Shell should include public welfare in its responsibility policy. The idea of profit only should be reviewed. Third, efforts are needed by the concerned parties to build trust. I argue that my findings revealed the weakness of the Western “dictated” style and models of CSR in Nigeria. As an alternative, the study recommends an alternative local model to improve the current situation in Nigeria. Shell’s CSR needs an initiative that aims at improving and empowering the economic condition of the host communities; the corporate image of Shell will also be improved in Nigeria by doing so. Leisinger (2003) suggested business logic to accommodate social and environmental sustainability. The people are entitled to a good life and clean environment, irrespective of any company operating on their land. On the other hand, the Nigerian government should wake up to its responsibilities by closing the loopholes that gave Shell Company the opportunities to abuse the law at the expense of the defenceless local communities.

## **7.5. My Personal Representational Claims**

This ethnographic research has given the respondents a voice and opportunity to express their opinions throughout the interview process. However, it is important to say what sense I make of their voices, as I became embedded in the respondents’ world. I would become a passive researcher if I failed to add my comment, which goes against the ethics of ethnographic study. All participants put forward persuasive arguments to drive home their points and convince other people of the truth of their claims. However, my sympathy with the communities’ deplorable conditions and frustration led me to give

them more chance to voice their concerns than other stakeholders. However, this does not imply complete acceptance of all their claims, because countervailing evidence suggests some were exaggerated. For example, my claims as a researcher are based on my personal experience and documentary evidence.

This study serves as revelation to my audience. It is wrong to blame only Shell for the problems in the Niger Delta, although Shell could have done more for the purpose of its corporate image, as a multinational corporation. Being a Nigerian does not prevent my recognition that the community have been at fault, too, for example, the violent behaviours of youth, as demonstrated by my encounter during the interview process, when we were stopped during the journey by a roadblock, and only the company of the village people enabled me to go ahead with my research. However, the major blame for the lawlessness in the region goes to the government of Nigeria. Nevertheless, it must be acknowledged that Shell does not portray a good image of itself in Nigeria, as reflected in the insulting and inconsiderate behaviour of security officers met at both Shell's Lagos and Port Harcourt offices in Nigeria. A security officer/secretary of Shell in the United Kingdom would not have behaved in such an unprofessional manner. If a researcher like me could face such humiliation, it can be inferred that the host communities will fare worse. The opportunity to exploit my acquaintance with an insider in the company was fortunate, as it appeared that without it, my letter of invitation would not have been accepted and my request for an interview would have been denied.

My personal opinion is that given the present circumstances in Nigeria, a Westernised CSR approach is not practicable in Nigeria. Multiple ethnicities have made Nigeria a complex nation with different traditions and about 50 different dialects; this diversity

makes the region complex to deal with. Therefore, the problems in the region deserve a conceptualization that will suit the situation. Shell should assume social and environmental responsibilities in Nigeria, which would ease the present suffering of the villagers. Such responsibilities should be compulsory to address many challenges that affect even Shell's business in Nigeria.

## **7.6. Limitations of the Study**

As with any research, there are also constraints and limitations to this study as well as associated methodological issues. Some of these limitations are not, and cannot be, influenced by the researcher, but are the result of the progress of this study, especially regarding some of the practical data collection procedures, the location and the period of this study. It is important to discuss those limitations.

Certain limitations are inherent in the ethnographic approach employed. Justification was given in Chapter Four for using an ethnographic method in this study. However, during the fieldwork many obstacles arose which inhibited progress. For example, the small sample size in this study, and its limited composition, prevent the generalisability of the findings to other contexts. However, generalisation was not the main aim of this study. Rather, to gain a better understanding of CSR and stakeholder theory in the Nigerian context was more important. Although the sample was relatively small, in case studies, literature clearly confirms that a large sample is not necessarily required to gain a rich understanding of the phenomenon of stakeholder power and engagement with policy development in a particular location.

A second limitation was that some of the people intended to be interviewed were not available at the time of the interviews. Moreover, since the research period coincided

with the Nigerian general election; the situation was tense, because people envisaged there might be violence. For this reason, many people were not willing to participate in the process. Furthermore, financial and time constraints also played a crucial role in limiting what could be achieved. It was not possible to travel to some local communities for interview.

This study was conducted in Nigeria in the oil rich community Niger Delta. Therefore, caution about generalising the findings to other domains or industries should be exercised. The Niger Delta Region consists of nine states in Nigeria. Due to the time constraint in this study, it was not possible to cover completely the nine states; however, this could be recommended for further study in future. Moreover, my research focus was not applicable to all the states of the Niger Delta.

I employed caution in presenting a balanced report of how the communities experienced CSR and how Shell representative presented their argument on the environmental and other issues. However, spending more time than this would have enabled me to have a clearer picture. In other words, my experience demonstrates the value of ethnographic study, but it should ideally be conducted over a longer period in order to be able to capture more information. The limited time at my disposal, and resource constraints influenced the time spent in the field. Nevertheless, the data generated was enough for this analysis, because at a certain level the respondents keep repeating same point, as no new input was recorded except that the proposed dialogue did not take place. The thesis focused on the factors that make CSR difficult for Shell to practice and it elaborated on the effect of oil extraction in the region. CSR expectations by the local communities are so high because of the lack of development, weak rule of law, poverty, culture and the absence of policy guidelines by the Nigerian government to regulate the oil industry.

## **7.7. Suggestions for Further Study**

Whilst the research has to a large extent addressed its objectives, as demonstrated in section 7.2, limitations on what could be achieved were imposed by resource constraints and the difficult conditions encountered in the field. These limitations, as shown in section 7.6 together with the need to follow up some interesting outcomes of the study, open up avenues for further research.

During the interview, Shell Company refused to participate in the dialogue process. This raises questions as to whether this is a standard response and why Shell refused to take part in this process. It was noticed that despite having a well articulated CSR programme in its annual reports and on its website, Shell did not implement those initiatives equally. For example, Shell did not treat the communities in the Niger Delta equally, Shell provided scholarships and many other social infrastructure benefits to the Nembe community but not to other communities like Ogoni. If provision of scholarships, judges' quarters, and so on is Shell's CSR, such provision is not evenly distributed. This again, raises questions about the consistency of Shell's CSR policies.

Further research to compare Shell's CSR policies within and between national contexts would be useful, to clarify to what extent the company's model of CSR is standardized, whether it is responsive to local needs, and what factors affect the company's CSR approach and relations with local communities in Nigeria. Such research, which could be conducted by interview and ethnographic methods, would contribute further to debate on how locally-responsive CSR can be embedded and implemented in practice. Further developments might be to conduct similar examinations of CSR policies and practices in other MNCs, whether other oil companies, or companies in other industries: such an extension of the research would help in understanding to what extent CSR



policies are, can be or should be standardized, clarifying the distinction between 'global' and 'local' CSR and informing debate on what might fall within the boundaries of each of these dimensions.

Secondly, this study did not cover all the nine states of the Niger Delta Region. Each state has its own peculiar problems. There are different types of dialogue recommended by Burchell and Cook (2006), for example, one-to-one dialogues, working groups, roundtables and conferences, and multi-stakeholder conferences. The original intention in this study had been to explore working groups' dialogue. Unfortunately, the method could not be utilised fully because Shell as a group refused to participate in the proposed dialogue. Therefore, it is recommended that a further study make use of the multi-stakeholder conference, which would combine many stakeholders. Such a conference should engage a larger number of participants and should involve not only the local communities and Shell, but also NGOs and government representatives. Such a project would be beyond the resources of a single researcher, especially a student and would need an instigator not only with more resources, but also in a stronger position to attract cooperation; an international organisation or task force for example. Even in such a case, there is the problem that Shell might still refuse to cooperate. However, a multi-party conference may appear less confrontational than a two-party dialogue, which may make it easier for parties to participate. By involving a wider range of stakeholders, a more rounded picture might be attained of all the issues and interests involved.

This discussion of methods and types of dialogue leads to an important step for further research, which is to put the recommendations suggested in this study into practice. Clearly, although this research has taken an important step, it is just a beginning. Much remains to be done. Nevertheless, the suggestions proposed here have the potential to

contribute significantly to stakeholder theory and to the understanding of CSR, which ultimately may be to the benefit of CSR stakeholders generally, and local communities in particular.

## **7.8. Conclusion**

One of the achievements of this research was that it succeeded in its openness by giving room to the targeted stakeholders involved to tell their stories. In doing so, this allowed the key players to reveal many contentious issues that were not in the public domain. Another difference that this work made can be seen in its mode of data collection and analysis, which answered the call for empirical study, which was scanty in the CSR literature in the Nigerian context. The study revealed how complex it is to practise CSR in a developing country like Nigeria. The arguments of the participants were aimed at persuading the audience to accept their part of the story, rather than refuting their claims. Watson (2001) argued that a good empirical work should appeal to both academic and non-academic readers. It will be meaningful and interesting to policy makers who want to have knowledge of the issues concerning the Niger Delta people in Nigeria. The thesis will satisfy the requirements of an academic piece, a naturalistic story, and empirical findings that both the general reader and the policy makers would find useful and serve as a point of reference.

The study revealed that the issues of environmental mismanagement, poor natural resources control, and lack of engagement of the local people as a stakeholder by Shell in their CSR process led to the hostility of the communities to the oil company. Moreover, it emerged that lack of equitable distribution of revenue generated from oil

on the part of government dominates the conflict agenda; lack of understanding and respect for the local culture was another factor.

Consequently, the findings demonstrated the need for stakeholder theorists to factor a vivid understanding of the host community culture and contextual dynamics into dialogic engagements with all the stakeholders in the oil industry. By focusing and addressing the identified imperfections in this study into CSR and stakeholder theory, the theory will be able to realise its target in Nigeria, as a developing context. In the end, this will produce a conducive atmosphere and Shell will function perfectly and at the long run, the people will enjoy the dividend of oil in their land, in the end all parties will be happy.

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## **Appendices**

### **Appendix I**

#### **Letter of invitation to participate in research interview**

Dear Respondent,

I am a doctoral student of Hull University Business School, centre for organisational behavior and HRM, United Kingdom. The research topic is on CSR of multinational corporations; I am using Shell Company in the Niger Delta as the case study. Your community/organisation/institution has been chosen as one of the areas where data is to be collected.

This research is designed to elicit information that will be used for evaluation of the impact of CSR in Nigeria. Therefore, I need your consent and level of understanding for you to participate in the interview and this will be appreciated. You are rest assured that I will treat your responses with utmost confidence while your identities are guaranteed to be anonymous. Information gathered from this interview will be analyzed as basis for determining CSR in future in the region.

Lastly, you are free to interrupt the interview at anytime or refuse to answer a question if need be without any fear.

Thank you for your time and co-operation.

Yours faithfully,

Faizu Edu (Researcher)

## **Semi-Structured Interview Schedule**

**1) What are the factors that make CSR practice difficult (different) in Nigeria do you think people understand these factors in Nigeria? (Shell Executive director)**

### **Theme One: Policies and Practice of CSR**

- What are the factors that have been making CSR practice difficult in Niger Delta, are those factors based on global or local issues?
- Do you think that local way of practicing CSR could bring peace to the stakeholders in the community?
- Is there any global or local way of practicing CSR did the company have a centralized or different ways of practicing CSR?
- What do you understand should be the responsibility of the organisation to the society, and how do managers perceived business responsibility to the society?

### **Theme Two: Who Determine CSR**

- What do you think is wrong, and why did the community people use to disturb your business operations by vandalizing your properties like pipelines, oil tankers, and oil depots?
- Why youths in Niger Delta are kidnapping oil workers?
- Is there any time on record that your organisation has paid ransom to release the kidnapped workers and how often are this act have been perpetrated?
- Why did you think the media are writing negative reports about your organisation?
- Is there any law that protect your workers from attack, and who are those groups attacking your employees what are their agitations?
- Do you have any security measures to protect your workers apart from the national security by the government?
- Do you think that operations like oil exploration, transportation of oil through pipeline could affect the life of the community, if yes, in what ways, and if no can you give reason?
- How did Shell determine/define her CSR policies, are the decisions come from the corporate head office or did the local branch has her own rules?

- Do you think it is appropriate for the government to determine your CSR policies and why?
- Do you think that the local people should be involved in determining your CSR policies?
- Which of the community groups do you recognise and why?

### **Theme Three: Local Norms, Socio-Cultural, and Institutional Factors**

- Is your organisation aware of the local community's general way of life e.g. culture, religion, language, what aspect of the culture can you mention?
- What are those factors you think can be considered when determining CSR, and who do you think should be involved?
- How can you describe the rapport between Shell and the community?
- What are the organisation's economic, legal, social, and philanthropic responsibilities to the community and other stakeholders?
- In what way is your organisation acting 'fair, just and 'do no harm' to the community?
- If you are to define CSR, how will you define it?
- How would your organisation behave in a reasonable way to its stakeholders and who are your stakeholders?
- What are the reasonable social responsibilities of a corporation?
- What aspect of reasonable responsibility does your organisation engage in for the past ten years?
- How much of the organisation's budget are allocated to the environmental issues?
- What are the impact of oil exploration to the society and environment?
- Do you consider the environment conducive for your business, and for living?
- Do you consider your CSR as being dictated, negotiated, and or evolved?
- Who should be involve in your CSR policy design and implementations, and why?
- Are you aware of dialogue, has your organisation engaged in dialogue before, if yes, with who, and why?



**Theme: Natural Resources Control**

- Why did your corporation engage in CSR?
- What system determines access of the community members to the use of the natural resources?
- What access does the local community have to the benefit of oil?
- Which local system determines the access of the multinational company to the exploration and exploitation of oil?
- How does power influence from the community leaders affects the rights and use of resources by the minority or underprivileged people?

**2) What is corporate social responsibility can we achieve reasonable corporate social responsibility through stakeholders' participation?**

**Theme One: Reasonable Responsibility**

- Are you aware of the term reasonable corporate social responsibility?
- In your opinion, if you are to define reasonable corporate social responsibility how will you define it?
- How do you think your organisation can achieve reasonable corporate social responsibility?
- How can you make your CSR to be 'reasonable' to the community people, and other stakeholders?
- Will you allow community to participate in decision making about your CSR, and did you think that community participation could be of any benefit to the organisation?
- If you were to accommodate the community in the decision-making about CSR in what way would you do this?
- Does your organisation recognize NGOs, human right groups, and the youths in the region?
- What value did you attach to your stakeholders for example the community, your employees, and NGOs?
- What programs (projects) has your organisation done to the community, are the projects part of your CSR policies or they are only on philanthropic gesture?
- Is your organisation having trouble with the community on the practice of CSR in the region, and how can you address them?

### **3) What are the roles of stakeholder especially the community in practice and design of CSR in Nigeria?**

#### **Theme One: Stakeholder Engagement/Dialogue, and Participatory CSR**

- Are you aware of any problem in the community, can you name them, who are part of the problem and why did they involved?
- What are the steps taken by the company to inquire what the problem of the community are, do you think that dialogue could solve part of the problems?
- How can your firm accommodate local community to engage in discussion that may influence them as stakeholder?
- Which of the community members did your organisation recognizes e.g. the village chief, the youths, the farmers, NGOs, and or the human right groups?
- How is your organisation been communicating with the community?
- Who are the community representatives, have they negotiated on their behalf before?
- What are the roles of NNPC?
- What are the government regulations on CSR is there any partnership with the government?

**4) What are the significance impact of CSR in the life of the community and the environment they live in? (The local community)**

**Theme one: Livelihood/Local Perception of CSR (The Village Chiefs and**

**Traditional Rulers)**

- Are you aware of what is CSR, how can you describe CSR?
- If you are to comment on Shell operations in the Niger Delta what will be your comment?
- What is the most common occupation in this region, how do community people earn their living in the past and now?
- What livelihood alternatives are there for the community people to make a living?
- Which socio-economic facilities exist in your community that are provided by the oil corporation?
- What form of attention has your community received from the formal institutions in strengthening the access of your community people to good health, education, and employment opportunities?
- What forms of poverty alleviation programmes put in place by the corporate organisations to enhance the conditions of the local people in your community?
- Who are the beneficiaries of the livelihood support programmes provided by the government and the corporate organisations in your community?

**Theme Two: Environmental Sustainability/Impact and Problems (NGOs and Environmental Groups)**

- Are you aware of environmental problems in your area, can you name them, how often do these problems occur what do you think is the cause of these problems?

- In what ways is the environmental problems may affect your job, health and or economic value and anybody that you know?
- How has the environmental problems affecting the social infrastructures in your area?
- Do you think the community should jointly determine environmental policy with the oil company?
- How do government and oil company work together to address environmental problems in your community?
- What role do the NGOs play in working together with other institutions of governance to manage environmental problems in your community?
- Has any private organisation come to the aid of the community during environmental crises?
- Did you think Shell Company has centralized policies on environmental issues, and how long have you been experiencing environmental problem?

### **Theme Three: Sabotage (The Youths)**

- Why are the community people including the youths disturbing Shell's operations by vandalizing Shell properties and kidnapping the oil workers?
- Why did media write negative reports about the community?
- Why is the community hostile to Oil Company in Niger Delta?
- Is there any law that protect the community from attack by Oil Company?
- Did the community have any security measures to protect themselves apart from the national security by the government
- In what ways, do you think the company's operations can affect the life of the community?
- What factors do you think can determine CSR?
- Who do you think should be involve in determining CSR?

## Appendix II

### Letter of invitation to participate in research interview (Shell)



Hull University Business School

Center for Organisational Behavior and  
HRM

22 January 2015

The Executive Director Corporate Affairs

Shell Petroleum Development Company of Nigeria Ltd  
Freeman House  
21/22 Marina  
PMB 2418  
Lagos  
Nigeria

Dear Sir,

#### **Letter of Invitation to Participate in Research Interview on CSR in Niger Delta**

I am a doctoral student of Hull University Business School, center for organisational behavior and HRM, United Kingdom. I am an international researcher and I wish to investigate the views of senior executive managers of Shell on CSR in the Niger Delta region. This research examines the effect of CSR on the life of the communities living in Niger Delta. I am using Shell Company as the case study because Shell has been the pioneer oil company in the country. Therefore, Shell stands to benefit from this research particularly in the area of image and public perception about Shell operations in the Niger Delta region.

Further to my recent telephone call to your office, it was agreed that my letter of invitation should be forwarded to the corporate affairs department and that you are the most appropriate person to help with this interview.

**As part of this exercise, the study seeks to explore the following:**

- *To investigate the factors that make corporate social responsibility difficult in Nigeria to explore if people understand these factors in the Niger Delta Nigeria*
- *To consider what is ‘reasonable corporate social responsibility’ and how can this be achieved?*
- *To explore the roles of stakeholders especially the community in the practice of CSR*
- *To Study the impact of corporate social responsibility in the life of the community in Niger Delta*

I will be grateful if you could allow some few minutes of your valuable time to attend this interview. All our discussions will be confidential. This project forms a vital requirement that will determine the award of my PhD degree. In addition, the outcome of this study will only be for research purpose all right will be reserved. Lastly, this research will serve as a link between Shell Company and the local community of the Niger Delta therefore; the project can only go ahead with your cooperation.

Kind regards

Faizu Edu (Researcher)

**Supervisor:**

Dr. David Harness

Hull University Business School

## Appendix III



Hull University Business School

Center for Organisational Behavior and  
HRM

22 January 2015

The Head University Liaison

Shell Petroleum Development Company of Nigeria Ltd

P.O. Box 263

Shell Industrial Area

Rumuobiakani

Port Harcourt

Nigeria

Dear Sir

### **Letter of Invitation to Participate in Research Interview on CSR in Niger Delta**

It is my pleasure to introduce myself to you as a doctoral student of Hull University Business School, center for organisational behavior and HRM, United Kingdom. I am an international researcher and I wish to investigate the views of senior executive managers of Shell on CSR in the Niger Delta region. This research examines the effect of CSR on the life of the communities living in Niger Delta. I am using Shell Company as the case study because Shell has been the pioneer oil company in the country. Therefore, Shell stands to benefit from this research particularly in the area of image and public perception about Shell operations in the Niger Delta region.

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Kind regards

Faizu Edu (Researcher)

**Supervisor:**

Dr. David Harness

Hull University Business School

## **Appendix IV**

Letter to the NNPC/DPR for approval to grant interview for Shell

Block 13 Flat 1  
Desalu Estate Apapa Road  
Ebute Meta  
Lagos

24 February 2015

**To:**

The Managing Director  
Shell Nigeria Petroleum Development Company  
22 Freeman House  
Marina, Lagos.

**Through:**

The Chief Executive  
Department of Petroleum Resources  
7 Kofo Abayomi Street  
Victoria Island  
Lagos.

Dear Sirs,

**Request Permission to Allow Shell Staff to take part in My PhD Research Interview on CSR.**

Subject to the approval of my request letter dated 17 February 2015 seeking the consent of the Director of the Department of Petroleum Resources to allow the Shell staff members in charge of corporate affairs to participate in my research interview to assist my research.

I am glad to inform you that the director has given me the go ahead with my research with the Shell staff; I therefore want to implore the Managing Director of Shell to give me his/her convenient date and time for the interview. Sir, I will appreciate it if the time of the interview is fixed very soon as I have a limited time to spend outside the United

Kingdom and with the fact that the Nigeria general election is fast approaching. We are not certain of what might happen before and immediately after the election.

I will be very glad if you can approve my request; I will abide by all the rules you may have concerning my project. I hereby attached the introduction letter from my university and my supervisor for the authenticity of my project.

As I am now in Lagos, you may contact me on my mobile phone, 08186292137, email, ezuayo4u@yahoo.com, or F.A.Edu@2005.hull.ac.uk. Thanking you in advance for your kind approval.

Kind regards

Faizu A. Edu

## Appendix V

**Table 8: Respondents' biography**

S/N	Name	Gender/Age	Occupation	Village/ Years Lived in The Village
1	Dakuku Abel	M/42	Businessman	Eleme/since birth
2	Faka Francis	M/51	Council worker	Bori/since birth
3	Akpoborie Benson	M/46	Insurance broker	Onne/7yrs
4	Kennedy	M/62	Retired banker	Onne/ since birth
5	Wiwa	M/38	Activist	Bori/since birth
6	Lawrence	M/31	Graduate	Tai/ 2yrs
7	Mukoro	M/62	Chief	Tai/ since birth
8	Nyesom	M/53	Secretary to the chief	Onne/ since birth
9	Taiwo	F/45	Shell staff	Rumukurushi7yrs
10	Johnson	M/41	Activist/NGO	Eleme/ 20yrs
11	Duru	M/45	Shell Staff	Rumukurushi/4yrs
12	Amaka	F/50	House wife	Onne/since birth
13	Mabel	F/58	Retired farmer	Bori/since birth
15	Peterside	M/52	Politician	Bori
16	Odili Charlotte	F/21	Student undergraduate	Eleme/since birth
17	David	M/47	Pastor	Onne/since birth
18	Juliet	F/44	Pastor's wife	Onne/ since birth
19	Duke	M/51	Oil dealer	Rumukurushi/ birth

20	Boro	M/32	Village youth	Bori/ since birth
21	jack	M/39	Village youth	Eleme/ since birth
22	Arthur	M/35	Village youth	Onne
23	James	M/42	MOSOP member	Tai
24	Tuku	M refused age	MOSOP member	Bori/ since birth
25	Sunny	M/61	Retired primary school teacher	Rumukurushi/birth
26	Oshoike	M/ Refused his age	Village chief	
27	Emmanuel	M/53	Professor [research, University liaisons dept Shell]	Port Harcourt
28	Idiku	M/29	Unemployed graduate of political science	Onne/since birth
29	Ogbimi	M/65	Village chief	Onne/ since birth
30	Idemudia	M/41	MOSOP/NGO	Eleme/ since birth
31	Tralagba	M/36	Shell staff, University liaisons dept	Onne/ 5yrs
32	anonymous	M/42	Farmer	Eleme/ since birth
33	anonymous	M/38	Port staff	Onne/ 4yrs
34	Agbor	M/67	Village chief	Bori/ since birth
35	anonymous	F/25	Student	Tai/ since birth
36	anonymous	M/41	DPR/NNPC	Lagos/12yrs
37	anonymous	M/37	DPR/NNPC	Lagos/6yrs

38	anonymous	F/Refused	Shell staff	Lagos/21yrs
39	anonymous	M/30	Postgraduate student	Bori/since birth
40	anonymous	F/34	Business woman	Bori/since birth
41	anonymous	M/46	Tanker driver	Tai/since birth
42	anonymous	M42	Civil servant	Eleme/since birth