

***Corporate Governance, Corporate Social Responsibility And Community Development:
The Case of Niger Delta***

Nkechinyere Edith Dinkpa, Robert Gordon University, UK
Alex Russell, Robert Gordon University, UK

The European Business & Management Conference 2016
Official Conference Proceedings

Abstract

In recent years, multinational companies operating in developing countries, have come under increasing pressure to engage in community development as stakeholders and as a consequence, the activities of these companies have been subjected to greater public scrutiny. The multinational companies have responded by ensuring that global corporate social responsibility strategies are incorporated into their larger global business strategies.

Based on a case study of a multinational oil company operating in Nigeria, this paper examines the role of multinational companies in community development. An assessment of the corporate community initiatives by oil companies, initiated to achieve community development, through corporate governance and corporate social responsibility was carried out. A major argument presented is on the inability of the initiatives to douse the crises in Niger Delta. This is argued to be due to issues such as corruption, which is seen to be largely responsible for most of the crises between multinational companies and communities and has affected the way the local communities perceive the multinational companies and corporate social responsibility.

This paper suggests that the decisions of those charged with governance as well as their corporate social responsibility initiatives, should serve as a means of managing the relationship between the oil and gas companies and the Niger Delta community and encouraged wider participation of community members.

Keywords: Corporate governance, CSR, Multinationals, Communities, Development

iafor

The International Academic Forum
www.iafor.org

Introduction

Globally, increasing emphasis has been placed on the need for good corporate governance and corporate social responsibility, which will enhance community development. Stakeholders have also placed a demand on the oil and gas companies with respect to developing community development projects, which will improve the conditions of the communities in which they operate. This demand is due to the minimal existence of infrastructure and community development projects. Prior research has shown that oil and gas companies can have a positive impact in communities where they operate, through good corporate governance and corporate social responsibility strategies, which prioritises sustainable community development (Chan, Watson and Woodliff 2014). Corporate governance and corporate social responsibility are two different concepts essential to community development. While corporate governance is seen as the way companies are directed and controlled (Cadbury committee 1992), corporate social responsibility is seen as a way to characterise corporate values and behaviour (Thomsen 2006). These two concepts have been argued to be important in ensuring that multinational oil and gas companies are involved in community development (Chan, Watson and Woodliff 2014).

Prior studies have argued about the importance of multinational oil companies' involvement in community development of communities in which they operate (Du and Vieira 2012; Crane Matthew and Spense 2013; Andrew 2015), especially in developing countries where infrastructural developments are lacking (Idemudia 2014; Imomotimi and Collins 2014; Nzeadibe, Ajaero and Noke 2015; Acey 2016). Imomotimi and Collins (2014) suggests that the multinational oil and gas companies should be involved in community development as a way to demonstrate their corporate social responsibility policies. Even though companies have been perceived as entities whose primary interest is to maximize shareholders wealth (Hg 2007), Jamali (2006) suggested the need for companies to manage the interest of other stakeholders.

Accordingly, with the increasing level of social activism, stakeholder demands and expectations, it has indeed become imperative for companies to channel their focus on other aspects of corporate performance. Scholars have argued that companies now include such indicators as environmental performance, social and community development, value added as well as economic performance in evaluating their activities (Hardjono and van Marrewijk, 2001). In addition to including the performance indicators, companies are seen to be reinforcing the issue of corporate governance and corporate social responsibility (Chan, Watson and Woodliff 2014). Corporate governance and corporate social responsibility has been reinforced in the light of how companies produce their products, their community interactions and projects, their charitable activities as well as how they relate with other stakeholder groups. Thus, stakeholders groups have increasingly placed a demand on the oil and gas companies with respect to developing community development projects, which will improve the conditions of the communities in which they operate. The demand is due to the minimal existence of infrastructure and community development projects. For instance, in the Niger Delta region of Nigeria, emphasis have been placed on increasing the level of infrastructural developments by the multinational oil and gas companies operating within the region. Idemudia (2014) argued that the multinational

oil and gas companies operating in Niger Delta should be involved in sustainable community projects as an act of their corporate citizenship.

Hence, both corporate governance and corporate social responsibility have become very essential in conducting the affairs of companies. Based on a study of the multinational oil companies operating in Nigeria, this paper examines the role of multinational companies in community development in the Niger Delta. The paper will conduct review of Niger Delta Region and level of infrastructural development. It will then assess the corporate community involvement by multinational oil and gas companies in Niger Delta. To further emphasise their corporate community effort, the paper will use an example of a multinational oil and gas company to highlight the efforts made towards community development in the Niger delta. Furthermore, the paper will identify some of the reasons why the crises in Niger Delta region still persist despite the community developmental efforts.

The Niger Delta Region and level of infrastructural development

The Niger delta region of Nigeria contributes most of the oil and gas reserves in Nigeria. Their contribution has placed Nigeria as one of the top 10 countries contributing about 60% of the world oil, while the oil and gas sector accounts most of the foreign exchange of the Nigerian Government (Obi and Rustard 2011; IEA 2013; NNPC 2013). Irrespective of the vast resources available to this region, as well as, the activities of the multinational oil and gas companies in trying explore the enormous natural resources, most people in Niger Delta region of Nigeria are impoverished (Obi and Rustad 2011a) and lack basic amenities such as healthcare, good roads, drinking water and electricity. Currently in Niger Delta, the low level of infrastructural development is caused partly due to, policies that appear to be unfavourable to the region and the oil exploration of the oil and gas companies operating within the region. One of the by-products of oil exploration within the region is the truncated sustainability of Niger Delta environment. The environmental issues, which arise as a result of the oil exploration, have greatly undermined the existence of the people of Niger Delta (Amnesty international 2009). Oil and gas exploration in Niger Delta region has contributed greatly to the environmental degradation in the region. More so, environmental degradation is argued to be the result of oil spillage, oil pipeline leakage and gas flaring. For instance, gas flaring is argued to have an undesirable effect on the safety and health of the indigenes of Niger Delta (Nwaichi and Uzazobana 2011) and have an adverse environmental impact (Homssi 2012; Ismail and Umukoro 2014).

Nevertheless, increase in the level of exploration in the region, has encouraged the inflow of the multinational oil and gas companies within Niger Delta region thereby increasing the contribution of the region to Nigerian foreign reserve and total revenue. Additionally, the presence of multinational oil and gas companies has also increased the level of association between the people of Niger Delta region and oil companies. Despite the contribution of the region to the revenue of the Nigeria, the level of poverty in Niger Delta region is pervasive. Therefore, a contrast exist between the level of contribution of the Niger Delta region to the total revenue of Nigeria and the pervasive level of poverty in Niger Delta region. Furthermore, the indigenes of Niger Delta feel alienated and deprived. This has resulted in conflicts, which sometimes involved kidnapping and violence between the people of Niger Delta and the

multinational oil and gas companies. Even though Nwankwo (2015) argued that in Niger Delta, the prevailing perspective of people is when and where will the next conflict be, Frynas (2000) suggested that conflict has not always been the nature of the relationship between the Niger Delta indigenes and the oil and gas companies. It is argued that the relationship between Niger Delta indigenes and the multinational companies were very cordial in the 1960s and there was corporation between them (Frynas 2001) but became a conflictual one due to the endemic level of poverty, feeling of alienation and deprivation as well as the undesirable impact of oil and gas activities in Niger Delta region (Okolo 2014). The expectation of the people in Niger Delta region is to see as much infrastructural development within the region as is currently seen in other parts of the country such as Abuja and Lagos. However, their expectation appears to be an illusion as very little has been done, to meet the expectations of the people of Niger Delta. This has resulted in the emergence of pressure groups.

Organizing as pressure groups, the indigenes of Niger Delta tries to put across their plight to the government of the Federal Republic of Nigeria as well as the oil and gas companies operating within the region. Irrespective of the indigenes organizing as pressure groups, they appear to be ineffective in their agitations before the multinational oil and gas companies as well as the government. This may be due to their inability to use their social positions as pressure groups, to ensure that the economic and political factors, which determine their wellbeing are influenced in their favour. In addition, the arbitrariness of the government, as well as, persistent corruption has been argued to be another reason why Niger Delta region is yet have some of their points of agitations met (Okolo 2014). This implies that the indigenes of Niger Delta region feel powerless, insecure and vulnerable in a society in which they ought to feel protected and secured. These have contributed in no small measure to the level of poverty as well as the underdevelopment of the Niger Delta region. For this reason, Nigeria has witnessed several conflicts in Niger Delta. The emergence of the Niger Delta Avengers is a prime example of a conflict propelled by economic inequality, underdevelopment, corruption, marginalization, inadequate governance and lack of basic amenities. The recent activities of the Niger Delta avengers, suggests that there is an increasing need for more corporate community relations in Niger Delta.

Thus, the situation in Niger Delta has placed a huge demand on those charged with governance of oil companies, pertaining to their corporate social responsibility, which is expected to impact on community development. This is argued to have become a strong area of focus for the oil and gas companies, especially with the level of destruction of oil and gas facilities such as oil pipelines by the indigenes, damage to company reputation as well as the cost of repairing the vandalized or destroyed facilities. The oil and gas companies, in trying to address the conflicts are argued to incorporate corporate social responsibility initiatives, such as stakeholder engagement, partnership with the Niger Delta communities through infrastructural development as well as other philanthropic activities. Despite these efforts, the relationship between the oil and gas companies and Niger Delta community has been argued to be a relationship filled with animosity (Frynas 2001; Idemudia 2014). This implies that the efforts have not been successful in putting a stop to the agitations of the indigenes of Niger Delta, which suggests a gap between community expectations

and corporate social responsibility efforts expressed through the community involvement projects or initiatives of the oil and gas companies.

Corporate community involvement in the Niger Delta

Corporate community involvement is a very broad area in corporate strategies and is impacted by both corporate governance and corporate social responsibility. Liu et al. (2013) suggests that it is a strategy, which manages the goodwill of a company, towards the community in which they operate, in order to gain social influence, community solidarity as well as access to information. This implies that corporate community involvement may include company/community partnerships, philanthropic activities and other business practices, which, may impact positively on the goodwill of the company. While Liu et al. (2013) argued that corporate community involvement provides the company with the opportunity to demonstrate their goodwill within communities, in which they operate, critics such as Idemudia (2014) suggests that corporate community involvement has such limitations as being defensive and reactive. Similarly, Acey (2016) argued that companies perform their acts of goodwill in response to certain stimulus. This implies that it may take a destructive act such as kidnapping of key company officials by Niger Delta militants or the recent bombings by Niger Delta avengers to prompt the company to perform their acts of goodwill.

According to Okafor (2003), western practices and values are the underpinnings of corporate community involvement, as a result, unsuitable for developing nations such as Nigeria. Despite this, oil and gas companies uses corporate community involvement activities or projects to drive their social responsibility agenda, in order to create goodwill, within communities in which they operate. Thus, corporate governance and corporate social responsibility have a role to play. Kemp (2010) argued that the model of governance adopted to manage the corporate community involvement practices, would impact on the outcome of such practices and may rely on such decisions as to whether to manage the practices internally, externally or in collaboration with other stakeholders.

Over the years, different corporate community involvement models have emerged. Idemudia (2014) suggests three governance models for corporate community involvement namely, traditional in house model, corporate community foundation and the global memorandum of understanding which have developed in Niger Delta region. Each of the model approaches corporate community involvement differently, and oil and gas companies in the Niger delta select their model based on organisational attributes, motives as well as contextual factors. This implies that different oil and gas companies adopt different models or a combination of models. For instance, while chevron and shell adopted the global memorandum of understanding model, Exxon Mobil uses the traditional in house model.

Ameashi and Amoa (2010) suggested that different perspectives of capitalism might determine the choice of model. The models are also determined by circumstantial factors, which influence the manner in which companies may choose to engage with local community. For instance, Idemudia (2010) argued that the change to community development approach from community assistance approach by Shell was influenced by the 1990s crises in Ogoni land. Likewise, Hoben et al. (2012) suggested that the

change from the traditional in house model to the global memorandum of understanding model by Chevron was influenced by the Warri crises in the early 2000. Idemudia (2014) argued that another reason why companies may adopt different models is inter-organizational learning. For instance, Statoil developed the corporate community foundation model to ensure that there is no repeat of the of the Royal Dutch Shell experience. Likewise, in 2005, shell adopted the global memorandum of understanding model, which was considered to be a more effective model, when they perceived the limitations of their community and sustainability development model.

Based on the arguments above, it can be deduced that the multinational companies operating in Nigeria to ensure community development in Niger Delta have used several corporate community involvement models. Also, as the multinational oil companies identify a limitation, they seek to explore an alternative model, which they believe will be more effective. For the purpose of this paper, the attempts made by Shell Petroleum Development Company hereafter referred to as Shell, to ensure community development in the Niger delta will be examined as an example.

Efforts made towards community development in the Niger delta and the challenges faced

Shell is the largest oil and gas company in Nigeria with over 1000 producing wells, eight gas plants 6000 kilometres of pipelines and flow lines, 87 flow stations. Shell has engaged in organised corporate community involvement in the Niger Delta since 1960 ranging from the implementation of various corporate community involvement models to employing the indigenes of the Niger Delta region. For example shell Nigeria records that 95% of their full time staff are Nigerians. This implies that in their bid to ensure community development, the citizens of Nigeria are employed. With strong focus on good corporate governance and corporate social responsibility Shell continues to embark upon sustainable social development. Some of the corporate community involvement efforts made by shell are shown in the table below and thereafter explained.

Period	Model	Approach
1960-1997	Community Assistance Model	Philanthropic in nature with shell providing what they perceive to be lacking in communities.
1998-2003	Community development model	Philanthropic in nature but empowered communities to fully participate in developing development plans and prioritizing their developmental needs.
2004-2006	Sustainable community development model	Appointment of area teams to communicate regularly with communities who are in charge of their development using projects which improves

		their ability to their own socio-economic development
2006-date	Global memorandum of understanding	Makes use of community clusters and brings together, communities, state representatives, non-profit organizations, local government and Shell, in a decision making committee referred to as cluster development board

Source: Author using information from SPDC website

Community assistance model

Shell adopted the community assistance model of corporate community involvement between the periods 1960 to 1997. The community assistance model is essentially about providing such amenities as healthcare, drinking water, and good roads as well as other amenities to Niger Delta communities. The philanthropic nature of this model implies that Shell will focus on what they perceive to be lacking in the communities and provide them to the communities. The non-involvement of indigenes gives the community a feeling of helplessness. Over time, the communities who would rather see themselves as partners on the wheel of progress, no longer received the amenities provided as an act of philanthropy but saw it as payment for exploring and polluting the environment. As a result, the communities expect and demand further amenities from shell as well as other multinational oil and gas companies within the region. This model seen as a top-down approach to community development and was ineffective in Niger Delta. This implies that the approach could not alleviate poverty through one off provisions of certain basic amenities for the communities and could have been sustainable, if sustainable long-term projects, which will ensure sustainable development, are embarked upon.

Community development model

Given the ineffectiveness of the community assistance model, Shell saw the need to change their approach and between the periods 1998 to 2003 adopted the community development model of corporate community involvement. The community development model was also philanthropic in nature. However, in addition to its philanthropic nature, the community development model involved the communities in the development of their collective needs, in terms of infrastructural developments in order of priority, to enable Shell assist in solving their most pressing economic needs. According to SPDC (1999), communities were empowered to fully participate in the development of a corporate development plans, with the support of Shell's partners; hence, a lot of projects were embarked on. SPDC (1999) suggests that the community development model was more effective than the community assistance approach because it emphasized a bottom up approach to community development. Ite (2004) argued that shell attracted foreign direct investments under this model, which exemplified a multi-stakeholder approach to community development. Despite the success recorded by the community development model, SPDC (2004) suggested that

shell was limited in the attainment of all the objectives of their community development policy, due to the incorporation of the community assistance model while applying the community development model. The limitations caused increased expectations from the communities and when expectations were not met, crises ensued (WAC Global Services 2003). According to SPDC (2004) Shell, identifying with the limitation saw a need to approach community development using a sustainable community development approach, which would emphasize sustainability rather than the volume of projects embarked on.

Sustainable community development model

With the challenges face by shell in in approaching corporate community involvement using the community development model, Shell adopted the sustainable community development model in 2004. The sustainable community development approach emphasized important areas of economic empowerment, healthy living, human capital development as well as partnership with progressive stakeholder groups such as international organisations. Area teams were appointed, to interact with the communities on a daily basis, which ensured that due consideration is given to community issues. SPDC (2004) suggests that the sustainable community development put the communities in charge of their development, using projects, which improves their ability to contribute to their own socio-economic development. As a strategy, shell draws resources from government agencies, local partners as well as international partners in order to complement the efforts made to ensure corporate community involvement in Niger Delta. This is achieved through project partnership and strategic alliances. For instance, Shell launched a strategic partnerships with the World Bank's International Finance Corporation to ensure seamless community development projects. According to Finlayson (2003), the project partnerships and strategic alliances provide the opportunity for joint funding of community development projects and inter-agency collaboration. These collaborations and partnerships stems from the understanding that Shell may not have all that is required, to resolve all the developmental issues in the Niger Delta.

Global memorandum of understanding

In 2006, shell in their bid to further improve the sustainable community development approach, adopted the global memorandum of understanding model. The global memorandum of understanding was considered to be a more effective model, when Shell perceived the limitations of their community and sustainability development models. The global memorandum of understanding is an agreement between community clusters based on local governments and shell, which brings together, communities, state representatives, non-profit organizations, local government and Shell, in a decision making committee referred to as cluster development board (SPDC 2013). The agreement allows shell and its joint venture partners to make available a secure funding for a period of five years, which will fund the communities preferred developmental needs. The global memorandum of understanding emphasized such issues as prevention of conflicts, transparency, and regular communication with the communities, sustainability and accountability. The progress achieved by the global memorandum of understanding, is such that other oil and gas companies, operating in the Niger Delta, have applied it successfully.

Since the global memorandum of understanding came into effect, Shell has signed agreements with over 33 clusters covering over 349 communities and has successfully completed over 723 projects with over \$117 million expended on the projects. According to Amadi and Abdullah (2011), the global memorandum of understanding now forms part of Shell's wider sustainable community development strategy (Amadi and Abdullah, 2011). It aims to empower, improve quality of life, stimulate employment, reduce poverty, and fulfil Shell's social performance goals (Odeleye, 2011). Shell has provided 27 health care facilities, which serves the communities in the Niger Delta (Obore 2010). Additionally, Shell has been awarding postgraduate degree scholarships to indigenes of Rivers, Delta and Bayelsa since 2010, to study courses relevant in oil and gas industry. Some other successes recorded due to the implementation of the global memorandum of understanding are shown in the table below:

Number of clusters	Region	State	Details
4	Niger Delta	Rivers State	Etche 1, Akuku Toru IA and Degema 3 which are four clusters in Rivers state have had scholarships awarded to their indigenes to study both in Nigeria and abroad.
1	Niger Delta	Bayelsa State	In Bayelsa state, the Takiri cluster has implemented a four-month adult literacy program in partnership with the National Youth service Corp (NYSC). The cluster has also assisted indigenes to obtain the first school-leaving certificate.
1	Niger Delta	Rivers State	RA cluster in Rivers State provided 90 market stalls in Rumibekwe market in Portharcourt providing self-employment opportunities for about 300 women.

1	Niger Delta	Rivers State	The Rivers State Degema 3 cluster development foundation, in partnership with Skye bank launched a 'transport to wealth scheme. Shell contributed to this project with over \$1.5 million. The project made 100 unemployed men and women taxi drivers, who now own their own taxis the cost of which is to be paid out of the profit of their business.
1	Niger Delta	Bayelsa State	A \$90000 counterpart funding was received by the Nembe City Development foundation in Bayelsa state. The fund was used for capacity building and over 61 indigenes benefited.
1	Niger Delta	Rivers State	Through the Oyigbo Cluster in Rivers state, 15 engineering graduates are being trained, to understand the operations and maintenance of power plants and its auxiliary facilities and aims to train 30 youths over a period of four years.
1	Niger Delta	Bayelsa State	Through Nembe Bassambiri

			Development Foundation in Bayelsa State, boreholes with water quality of the world health organisation standard were provided for the Okipriri community providing 10,000 litres of water per day.
--	--	--	--

Source: Author using information from SPDC website

Suggestively, the shell initiatives and projects under the global memorandum of understanding may be seen as a reflection of good decision making by those in charge of governance as well as an effective application of Shell's corporate social responsibility policies. In spite of the initiatives and projects, Idemudia (2014) suggested that the projects have only been able to take care of a comparatively small fraction of the Niger Delta population. For example, even though financial assistance is provided for 6,670 students were assisted financially in the postgraduate, undergraduate and secondary scholarship programs in the Niger Delta, the Nigerian federal ministry of education (2015) suggests that the number of people enrolled in the region was over 20million. This implies that the number of people who benefit from the initiatives, when compared to the wider population is not very significant and the impact their education may make on the wider populace may be minimal. Based on this, there seem to be a major issue with the impact of these initiatives, which by a stretch of logic may imply a significant issue with both governance decisions regarding the initiatives, as well as the application of Shell's corporate social responsibility policies. In addition, it is argued that the total coverage, in terms of the number of people who benefitted from the projects, can be significant at micro level but may not be significant at the macro level (Christian Aid 2004; Quake 2008). Therefore, the initiatives and projects are argued to be insufficient in dealing with the environmental, social and ethical challenge (Visser 2010) and suggested a form of incremental corporate social responsibility (Visser 2012) in Niger Delta. Seemingly, Shell has had significant corporate social responsibility expenditure yet; the impact made in the Niger Delta still remains at the micro level. Although, it may be assumed that an increasing corporate responsibility expenditure should produce a macro level development and wider societal impact, such an assumption may fail to consider other issues which affects the implementation of corporate social responsibility strategies in Niger Delta which is well out of the scope of corporate social responsibility.

Why the crises despite the community developmental efforts

Based on the corporate community developmental efforts highlighted above, the Niger delta seems to be besieged with crises, as a way of protesting the minimal impact of the projects. Scholars have suggested several factors contributing to the crises in Niger Delta region. Akpan (2006) argued that the divide and rule¹ approach by oil and gas companies is a possible reason for the ineffectiveness of the community developmental efforts. Similarly, community fragmentation, greediness among community leaders (also known as local chiefs and in some instances High chiefs) as well as ethnic competition for the ownership of natural resources, are strong indicators of how corporate social responsibility projects may influence the ongoing militant insurgency in the Niger Delta (Idemudia and Ite 2006; Watts 2008; Asuni 2009; Nwoke 2015). In addition, Omotola, (2009) suggested that the multinational oil and gas company projects may add minimal additional benefit to the indigenes of Niger Delta because they are motivated by capitalist expansionism. Furthermore, Idemudia and Ige (2006) argued that gas flaring and other oil and gas related environmental pollutions has an adverse implication for the health of the Niger Delta indigenes and the community expects to be well compensated. In line with Idemudia and Ige (2006), Nwoke (2015) argued that gas flaring and other oil and gas related environmental pollution are not sufficiently compensated for by the corporate social responsibility project in the region.

Nevertheless, with communities perceiving the corporate social responsibility projects, as rental for the use and abuse of their environment during oil exploration and the top down approach used by Shell and other multinational oil and gas companies, concerns have been raised as to what the multinational oil and gas companies perceive to be the need of the communities (Frynas 2005; Amadi and Abdullah 2011; Nwoke 2015). Therefore, it may be inferred that the corporate social responsibility projects and initiatives may cause divisions in the communities, as the communities strive for a greater level of development.

Another issue which influences the minimal impact made by the corporate social responsibility projects in the Niger Delta is corruption. Idemudia (2010) and Nwoke (2015) suggested that there is a high level of misappropriation of funds meant to alleviate poverty, provide infrastructural amenities and attain an improved level of socio-economic development. The level of corruption is argued to be a reflection of the inability of development agencies and Nigerian government, to judiciously utilise funds to foster development in the Niger Delta (Amadi and Abdullah, 2011). This implies that the potential of corporate social responsibility projects to succeed in Niger Delta, may be hindered by the level of corruption in Nigeria. Ogula (2012) recognised issues which impacts on the ability of the corporate social responsibility projects to address the developmental issues in Niger Delta, and suggests that it would be unfair to expect the projects and initiatives alone to solve the developmental issues.

It is argued that the multinational oil and gas companies politically influence government policies to favour their activities (Omeje 2005; Okontan 2008; Obi,

¹ Divide and rule is a strategy used to gain and maintain power by breaking up larger concentrations of power into pieces such that individually, they have less power than the one implementing the strategy.

2009), which may have adverse implications for the communities in which they operate. For instance, Ako and Oluduro (2010) suggested that such political influence is a reason why the Nigerian government is yet to amend the laws relating to gas flaring in order to ensure that it is stopped. This implies that they are yielded to the political lobbying of the multinational oil and gas companies regarding the issue of gas flaring. Ako et al. (2007) argued that the multinational oil and gas companies are criticised for their mode of operation, which is a reflection of poor corporate social responsibility practices. Their mode of operation is argued to be below the standard of operation in developed nations (Ajayi and Ovharhe 2016).

From the above, it is obvious that the multinational oil companies have in their attempt to ensure community development, adopted different models of corporate community involvement. However, given the current crises in the Niger Delta involving the Niger Delta avengers, it appears that these models have not effectively addressed the developmental needs of the Niger Delta community.

Conclusion

Undoubtedly, the Niger Delta generates a significant amount of the resources used for economic development in Nigeria but paradoxically; the region is among the least developed part of the country. In order to address the issue of infrastructural development, the oil and gas companies operating within the region, came up with corporate community projects, which ought to address the lack of infrastructural development within the region. However, this paper has shown that the corporate community projects on one hand, has great potential to promote development in the Niger Delta region and on the other hand, can be a source of corruption and mismanagement which results in further conflict. Additionally, the various corporate community initiatives and projects were argued to have benefited the indigenes of the Niger Delta at a very micro level, with an insignificant level of impact at the macro level.

There is evidence in literature that both corporate governance and corporate social responsibility has a role to play in community development, which may reduce the level of conflicts. The argument in this paper supported by literature suggests that lack of development in the region is one of the root causes of the conflict within the Niger Delta region. Therefore, this paper suggests that the decisions of those charged with governance as well as their corporate social responsibility initiatives, should serve as a means of managing the relationship between the oil and gas companies and the Niger Delta community. This paper also suggests a wider participation of members of communities in order to ensure that the funds made available are used for specified projects. While the expectation is that the prevalent corporate community initiatives ought to deliver maximum benefits to the communities in terms of development, they can be argued to be ineffective in addressing the undesirable impact of oil production in the Niger Delta communities. Therefore, the people in charge of governance as well as those charged with task of designing the corporate social responsibility strategy, should address the core issues causing social conflict and integrate community perceptions in designing the company's corporate social responsibility policies.

References

- Acey, C., 2016. Managing wickedness in the Niger Delta: Can a new approach to multi-stakeholder governance increase voice and sustainability?. *Landscape and Urban Planning*.
- Ako, R. and Oluduro, O., 2010. Bureaucratic rhetoric of climate change in Nigeria: international aspiration versus local realities. *Paper presented at the 8th IUCN Academy of Environmental Law Colloquium, Ghent, Belgium, 14-16 September*.
- Akpan, W., 2006. Between Responsibility and Rhetoric: Some consequences of CSR practice in Nigeria's oil province. *Development Southern Africa* 23(2): 223–40.
- Amadi, B.E. and Abdullah, H., 2011. Evaluating Multi-Sector Partnerships for Sustainable Community Development in Nigeria. *Canadian Social Science* 7(6): 272–9.
- AMNESTY INTERNATIONAL 2009, Nigeria. Petroleum, Pollution and Poverty in the Niger Delta. *Amnesty International*, London, AFR 44/017/2009.
- Andrews, O.T., 2015. The Nigerian State, oil multinationals and the environment: A case study of Shell Petroleum Development Company (SPDC). *Journal of Public Administration and Policy Research*, 7(2), p.24.
- Asuni, J. B., 2009. Understanding the Armed Groups of the Niger Delta. Council on Foreign Relations Working Paper. *New York: Council on Foreign Relations*.
- Cadbury report 1992.
<http://www.icaew.com/en/library/subject-gateways/corporate-governance/codes-and-reports/cadbury-report> (Assessed on 12 May, 2016)
- Chan, M.C., Watson, J. and Woodliff, D., 2014. Corporate governance quality and CSR disclosures. *Journal of Business Ethics*, 125(1), pp.59-73.
- Christain Aid 2004. Behind the Mask: The real face of corporate social responsibility. London: *Christian Aid*.
- Crane, A., Matten, D. and Spence, L.J., 2013. Corporate social responsibility in a global context. Chapter in: Crane, A., Matten, D., and Spence, LJ, 'Corporate Social Responsibility: Readings and Cases in a Global Context, 2, pp.3-26.
- Du, S. and Vieira Jr, E.T., 2012. Striving for legitimacy through corporate social responsibility: Insights from oil companies. *Journal of Business Ethics*, 110(4), pp.413-427.
- Federal Ministry of Education 2015. Education for all 2015 National Review Report: Nigeria. Nigeria EFA Review Report 2000-2014. Abuja: *Federal Ministry of Education*.

- Finlayson C., 2003. The business case for sustainable development: the Shell experience. *A Keynote Address Presented at the 2003 Commonwealth Business Forum, Abuja, Nigeria, 2003.*
- Frynas, J.G., 2000. Oil in Nigeria: Conflict and litigation between oil companies and village communities (Vol. 1). *LIT Verlag Münster.*
- Frynas, J.G., 2001. Corporate and state responses to anti-oil protests in the Niger Delta. *African Affairs*, 100(398), pp.27-54.
- Frynas, J.G., 2005. The False Developmental Promise of Corporate Social Responsibility: Evidence from multinational oil companies. *International Affairs* 81(3): 581–98.
- Hardjono, T. W. and van Marrewijk, M., 2001. The social dimensions of business excellence. *Corporate Environmental Strategy*,8:223–33.
- Hg, M., 2007. An essay on social responsibility and the limits of the corporate form: A perspective on environmental protection. *Journal of Environmental Law and Practice*, 17: 115–39.
- Homssi, A.M., 2012. Flaring Reduction and Emission Minimization at Q-Chem. In: A.AROUSSI and F. BENYAHIA, eds. Proceedings of the 3rd Gas Processing Symposium. *Oxford: Elsevier.* pp. 58-63
- Idemudia, U. and Ite, U.E., 2006a. Demystifying the Niger Delta Conflict: Towards an integrated explanation. *Review of African Political Economy* 33(109): 391–406.
- Idemudia, U. and Ite, U.E., 2006b. Corporate–community relations in Nigeria’s oil industry: Challenges and imperatives. *Corporate Social Responsibility and Environmental Management* 13(4): 194–206.
- Idemudia, U., 2014. Oil companies and sustainable community development in the Niger Delta, Nigeria: the issue of reciprocal responsibility and its implications for corporate citizenship theory and practice. *Sustainable Development*, 22(3), pp.177-187.
- Idemudia, U., 2014. Oil companies and sustainable community development in the Niger Delta, Nigeria: the issue of reciprocal responsibility and its implications for corporate citizenship theory and practice. *Sustainable Development*, 22(3), pp.177-187.
- IEA 2013. IEA [International Energy Agency] Oil market report. *OECD/International Energy Agency*, Paris (2013) Retrieved from: <http://www.iea.org/oilmarketreport/>
- Imomotimi, E.K. and Collins, A.E., 2014. Corporate Social Responsibility and Community Development in the Niger Delta. *Africanology*, 1(1).

ISMAIL, O.S. and UMUKORO, G.E., Modelling combustion reactions for gas flaring and its resulting emissions. *Journal of King Saud University H- Engineering Sciences*, (0),

Ite U. E., 2004. Multinationals and corporate social responsibility in developing countries: a case study of Shell in Nigeria. *Corporate Social Responsibility and Environmental Management* 11: 1–11.

Jamali, D., 2006. Insights into triple bottom line integration from a learning organization perspective. *Business Process Management Journal*, 12: 809–21

Liu, G., Eng, T.Y. and Ko, W.W., 2013. Strategic direction of corporate community involvement. *Journal of business ethics*, 115(3), pp.469-487.

Marsiglia, E. and Falautano, I., 2005. Corporate social responsibility and sustainability challenges for a Bancassurance Company. *The Geneva Papers*, 30: 485–97.

NNPC 2013. History of the Nigerian petroleum industry. *Nigerian National Petroleum Corporation*, Abuja (2013) Retrieved from: <http://www.nnpcgroup.com/NNPCBusiness/BusinessInformation/OilGasInNigeria/industryHistory.aspx>

Nwaichi, E and Uzazobona M., 2011. Estimation of the CO₂ Level due to Gas flaring in the Niger Delta. *Research Journal of Environmental Sciences*, 5(6), pp. 565-572

Nwankwo, B.O., 2015. The Politics of Conflict over Oil in the Niger Delta Region of Nigeria: A Review of the Corporate Social Responsibility Strategies of the Oil Companies. *American Journal of Educational Research*, 3(4), pp.383-392.

Nwoke, U., 2015. Neoliberal Corporate Governance, Oil MNCs and the Niger Delta Region: The barriers to effective CSR. *Thesis submitted for Kent Law School: Faculty of Social Sciences*, University of Kent.

Nzeadibe, T.C., Ajaero, C.K. and Nwoke, M.B., 2015. Rethinking corporate-community engagement in the petro-economy of the Niger Delta. *Singapore Journal of Tropical Geography*, 36(3), pp.376-393.

Obi, C., 2009. Nigeria's Oil in Global Energy Security: Critical Issues and Challenges, in Ruchita Beri and Uttam Sinha, eds., *Africa and Energy Security: Global Issues, Local Responses*, New Delhi: *Academic Foundation*.

Obi C., Rustad S. A., 2011a. Introduction: Petro-violence in Niger Delta—the complex politics of an insurgency. In Obi C, Rustad SA (eds) *Oil and Insurgency in the Niger Delta: Managing the Complex Politics of Petro-Violence*, 1–14. Zed Books, London and New York.

Oboreh, J. S., 2010. The Origins and the Causes of Crisis in the Niger Delta: The way forward in V. Ojajorotu (ed), *Anatomy of the Niger Delta Crisis: Causes, consequences and opportunities for peace*. Berlin: *LIT Verlag*.

Odeleye, I., 2011. Corporate Social Responsibility and the In-House Counsel, in R. Mullerat (ed.) *Corporate Social Responsibility: The corporate governance of the 21st century*. Frederick, MD: United States of America: *Aspen Publishers*.

Ogula, D., 2012. Corporate Social Responsibility: Case study of community expectations and the administrative systems, Niger Delta. *The Qualitative Report* 17(73): 1–27.

Okafor, L., 2003. Enhancing Business-Community Relations: The Role of Volunteers in Promoting Global Corporate Citizenship: National Research Report, New Academy of Business and United Nations Volunteers. Retrieved online at <http://www.newacademy.ac.uk/research/businesscommunity/invpages> (accessed 17 June 2016).

Okolo, P.O., 2014. NDDC, Conflict, Peace-Building and Community Development in the Niger Delta Region. *Global Journal of Political Science and Administration*, 2(1), pp.36-51.

Okonta, I., 2008. When Citizens Revolt: Nigerian Elites, Big Oil and the Ogoni Struggle for Self-Determination, Trenton, NJ and Asmara: *Africa World Press*.

Olatubosun, D., 1975. Nigerian neglected rural majority. Ibadan, Nigeria: *Oxford University Press*.

Omeje, K., 2005. Oil Conflict in Nigeria: Contending Issues and Perspectives of the Local Niger Delta People. *New Political Economy*, Vol. 10, No. 3.

Omotola, J. S., 2009. Liberation movements and rising violence in the Niger Delta: The new contentious site of oil and environmental politics. *Studies in Conflict and Terrorism* 33: 36–54.

Quak, E. J., 2008. A Delicate Business. Corporate social responsibility and development. *The Broker*, 16 June. (thebrokeronline.eu/Articles/A-delicate-business).

Thomsen, S., 2006. Corporate governance and corporate social responsibility. *Corporate Social Responsibility* (pp. 40-54). *Palgrave Macmillan UK*.

Shell Petroleum Development Company (SPDC), 1998. People and the Environment: 1997 Annual Report. SPDC: Lagos, Nigeria.

Shell Petroleum Development Company (SPDC), 1999. People and the Environment: 1998 Annual Report. SPDC: Lagos, Nigeria.

Shell Petroleum Development Company (SPDC), 2000. People and the Environment: 1999 Annual Report. SPDC: Lagos, Nigeria.

Shell International, 2002. People, Planet and Profits: the Shell Report 2001. Shell Centre: London.

Shell Petroleum Development Company (SPDC), 2004a. People and the

Environment: 2003 *Annual Report*. SPDC: Lagos, Nigeria.

Shell Petroleum Development Company (SPDC), 2004b. The New Approach: Sustainable Community Development. SPDC: Lagos, Nigeria.

Shell Petroleum Development Company (SPDC), 2004c. Documentation for 2004 Stakeholders' Workshop: 2003 Performance, 2004 Plans and Thrusts for 2005. SPDC: Lagos, Nigeria.

Shell Petroleum Development Company (SPDC), 2004d. Proceedings of the SPDC Integrated Environment and Community Development Stakeholders' Workshop held at the *Petroleum Training Institute, Effurun*, 2004. SPDC: Lagos, Nigeria.

Shell Petroleum Development Company (SPDC), 2005. People and the Environment: 2004 *Annual Report*. SPDC: Port Harcourt, Nigeria.

Shell Petroleum Development Company (SPDC), 2013. Global Memorandum of Understanding. <http://s08.static-shell.com/content/dam/shell-new/local/country/nga/downloads/pdf/2013bnotes/gmou.pdf> - [Accessed on 12 June, 2016]

Shell <http://www.shell.com.ng/environment-society.html>

Visser, W., 2010. 'CSR 2.0: From the age of greed to the age of responsibility, in W. Sun, J. Stewart and D. Pollard (eds) *Reframing Corporate Social Responsibility: Lessons from the global financial crisis*. Bingley: *Emerald Group Publishing Limited*.

Visser, W., 2012. The Future of CSR: Towards transformative CSR, or CSR 2.0. *Kaleidoscope Future Paper Series 1*: 1–17.

WAC Global Services, 2003. Peace and Security in the Niger Delta; Conflict Expert Group Baseline Report. *Working Paper for SPDC*, Port Harcourt, Nigeria.

Watts, M., 2008. Anatomy of an Oil Insurgency: Violence and militants in the Niger Delta, Nigeria in K. Omeje (ed), *Extractive Economies and Conflicts in the Global South: Multi-regional perspectives on rentier politics*. Abingdon: *Ashgate Publishing Limited*.