

## INTRODUCTION

The CSR challenges of International Oil Companies (IOCs) in the NDR have become more prominent in recent times. Restive oil-producing communities are demanding greater control of oil resources. For example, the Ogonis (One of the <sup>1</sup>host communities) have constantly agitated for IOCs to do more in terms of social/economic and infrastructure development (Eweje, 2007). These communities are also tasking IOCs to reduce the negative impacts of their oil exploration and production (E&P) activities on the environment and for such IOCs to commit more to social investments. However, IOCs have initiated, funded and implemented community development schemes. Notwithstanding such commitments, host communities believe that some of these CSR initiatives do not adequately address the social and environmental problems that are paramount in the area (Eweje, 2007). Wells et.al. (2001), report that oil, gas and mineral companies spent over \$500 million globally in community development in 2001. Frynas (2009) similarly reports that leading oil companies spent an estimated \$500 million in 2006 alone. The revenue of these oil companies in the referenced periods was not reported and that makes it difficult to gauge the magnitude of their CSR expenditure relative to revenue.

The problems resulting from perceived poor commitments of the IOCs are substantial with many varied consequences such as the reported cases of militia activities, kidnappings, political disputes etc. A recent example was the bomb explosion that occurred in Abuja the political capital of Nigeria on the day it was celebrating its 50 years of independence. The blast reportedly claimed nine lives. A militia group named Movement for the Emancipation of Niger Delta (MEND) claimed responsibility for the act (Ochayi, 2011). Furthermore these activities create a climate of 'unrest' and poor security, which detrimentally affect international oil prices, resulting in fluctuations in global economies. These problems could be attributed to marginalized communities seeking redress. Seeking lasting solutions to the above problems demand active cooperation amongst stakeholders (e.g. International and National Oil Companies, local communities, a newly constituted Ministry for Niger Delta and the Niger Delta Development Commission-NDDC) and a thorough understanding of other contextual factors. The complexity of the problem described implies that a multi-faceted solution would be required as there appears to be no single solution to company-community problems.

Although the extent of IOCs' involvement and environmental obligations are not well defined in the regions covered by this paper, the IOCs are presumed to have the requisite knowledge, expertise and resources for dealing with environmental and associated issues. Therefore society needs the ethical vision and co-operation of all its players, especially corporate citizens, to solve urgent problems. For example, Hoffman (1991) contends that businesses must work with governments to find appropriate solutions to societal problems. It could be argued that the establishment of good governance may potentially help in addressing some of society's problems. In addition, businesses are expected to seek active involvement by playing significant roles that would benefit the wider economy. Presently, most Nigerian

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<sup>1</sup> Host community in the context of this study is defined as those communities that are directly affected by the presence of oil infrastructure in their community.

businesses do not take environmental legislations seriously. This could be attributed to weak enforcement of such regulations.

Nigeria is the most populous African nation with a population of over 150 million. The United States census bureau projects the population to increase to about 264 million by the year 2050. The country is endowed with significant natural resources, with crude oil being its major source of foreign revenue. The expectation is that on an ongoing basis, the country will take a leading role in areas of infrastructure development, peacekeeping and good governance in the African continent. The country has tried to live up to its regional peacekeeping obligation by deploying soldiers in warring African nations. However, the same cannot be said of its internal peace keeping giving the systemic violence being experienced in some parts of the country. The crisis has in recent years attracted the attention of the local and international communities because of its likely consequences on the peace equation in Sub-Saharan Africa and the world oil market.

## **DEFINING CSR**

Organizations are now expected to act responsibly in their activities in order to protect humanity and the environment whilst maximizing shareholder wealth. Swanson and Barbier (1992) observe that within the past two centuries, industrialization has transformed the planet in ways natural processes and previous civilizations would have taken several decades to achieve. Such rapid development has taken its toll on the environment and has resulted in rapid depletion of both renewable and non-renewable natural resources. Subsistence societies (such as the fishing communities in the NDR) may have been the worst affected as a result. Their plight and global concerns for the environment have increased expectations for IOCs' CSR commitment and engagement.

In the last several years, many academics as well as social groups have generated and facilitated debates on CSR. These debates are aimed at redefining business-society relationship. While the roles of businesses in the society are dynamic and now undoubtedly include CSR, there is no agreement among observers on what CSR entails or where the boundaries lie (Frynas, 2009). As such there would appear to be no universally adopted definition for CSR. Nevertheless, Carroll (1999) usefully defines it as a generalized concept of what is referred to as good or desirable business behaviour as it relates to the society. It incorporates what can be judged morally or ethically good. CSR is therefore a standard of corporate behaviour that is generally contributory to society, community and the environment without being purely business oriented. Similarly, Moir (2001) defines CSR as the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of the workforce and their families as well as the local community and society. Barthope (2010) views CSR as a term that incorporates the tenets of environmental sustainability, business ethics, governance, public relations, stakeholder analysis and relationship marketing. Corporations increasingly view the development of effective policies and strategies to manage community expectations as critical to continued operational and commercial success. This move by corporations towards 'doing the right thing' is collectively referred to as CSR (Business in the Community, 2007).

It could be said that the responsibilities implied in the above definitions may not be the norm in some developing nations. In Nigeria, corporations are seen to be taking advantage of local political differences, loose regulatory policies and the ignorance of the society. Amaewhule (1997) notes the increasing demands in developing countries for IOCs to provide community

development programs and assistance to their host communities. IOCs have enormous ability to influence politics, economics and society in host nations. They are expected to demonstrate social responsibility through initiatives that reduce the adverse effects of their activities (Warhurst and Mitchell, 2000). Irrespective of the terminology, it is a reasonable expectation for businesses to accept their role in the environment, economy and social progress of the society. This approach has been consequently referred to as triple bottom line (TBL) in many business strategies. TBL has arguably established itself with an overwhelming adoption by business, NGOs, public agencies as well as the general public (Berger et al., 2004; Henriques and Richardson, 2004; Painter-Morland, 2006). Wexler (2008) notes that TBL is a relatively new concept that was coined by John Eckington (a business consultant) in 1995. He further states that Eckington's aim was to bring together a coalition of people that think beyond profit making in business. The idea behind this is to give attention to the social, economic and environmental aspects of contemporary business. Therefore, the purpose of today's business transcends the generation of huge dividends, bonuses and executive packages.

Critics of this new business involvement in the society such as Friedman (1970) notes that a business' only social responsibility is to use its resources and engage in activities to increase profits as long as it stays within the law. However, Burchell and Cook (2006) note that firms have started embracing social and environmental issues by seeking to gain credibility as responsible and respectable corporate citizens. At the very least, businesses are part of the larger society and therefore have responsibilities other than simply maximizing profits. The main goal of CSR is to enlighten business on its role to the society, be it social, political or environmental. Most businesses now get involved with everything in the society because they are assumed to be a part of it. Whatever affects the society is likely to impact business.

Oketch (2004) explains that businesses have embraced CSR not only as means of fulfilling their new role in contributing to societal goals, but also as a strategy for improving their profits. It is uncertain, whether corporate identity can be separated from CSR performance. However, CSR should not be seen only in terms of external corporate activities which may be overriding the primary goal of profit making. Taking a balanced approach will ensure organizations do not sacrifice profit on the table of CSR. Freeman (1984) proposes that effective management requires the balanced consideration of and attention to the legitimate interests of stakeholders. Wood (1994) notes that firms exist as a result of the interplay of complex social relationships based on dependency and expectation. Welcomer et al. (2003) summarizes that where firms and stakeholders actively work together for potential mutual gain, the firm tends to benefit significantly. A direct relationship has not been established between undertaking ethical business and increased productivity; however, it could be argued that this can lead to an overall wellbeing of the firm. In recent years, many firms have started to embrace changes in the way they relate to the society given the impact of their operational activities. Some of these changes have been necessitated by extraordinary occurrences. Frynas (2009) notes a change in Shell's relationship with the Ogoni people in NDR after a presumed political execution of its frontline crusader Mr. Ken Saro-Wiwa in 1995. There is now an acceptance of wider view of social responsibility as businesses have begun to consider the impact of their daily activities on the society.

## **INTERNATIONAL OIL COMPANIES AND THE NIGERIAN SYSTEM**

The discovery of oil in 1956 changed the political and social landscape of Nigeria. Shell BP came to Nigeria in 1956 and carried out its initial exploration at Oloibiri and the first output was 5134 barrels. Nigeria commenced commercial production of crude oil in 1957 and a year later made its first oil export (Abe and Ayodele, 1986). Shell monopolized oil exploration in Nigeria until after independence in 1960. It controlled more than 50% of Nigeria's crude oil reserves and was producing about 39% of Nigeria's daily crude oil output (SPDC, 2001:6). Shell was the first major IOC to maintain operation in the NDR. Therefore it is not an unreasonable expectation that it should have a better understanding of the region's underlying requirements. This dominant position of Shell has brought it into direct conflict with host communities. These communities demand more compensation for environmental devastation. Since the 1990s, young locals have threatened to and carried out a number of destructive actions on IOC facilities. There have also been threats to expel Shell and other IOCs from the host communities if their requests were not granted.

Kashi and Watt (2008) quote a Polish journalist Ryszard Kapuscinski, that "oil creates the illusion of completely changed life without work, life for free. It expresses perfectly the eternal human dream of wealth achieved through likely accident, a fairy tale and, like every fairy tale, a bit of a lie". The crisis in the NDR is reflective of this. It is reasonable to presume that dependence on corporate largesse from oil exploration and production is largely negative. Quite simply why should a local work hard when they can get the material needs of life for free?

The post-independence, Nigerian oil industry witnessed an increased interest of IOCs in the country's new found wealth. In 1961, large US companies started acquiring oil exploration concessions in Nigerian oil fields (Evuleocha, 2005). Chevron shipped Nigeria's first offshore consignment to the international market in April 1965 (Haastrup, 1996). It was not long before the NDR became a beehive of exploration activities following the influx of oil companies. The exploration sector is now dominated by Shell, ExxonMobil, Chevron, Agip, Total and ConocoPhillips. However, the Nigerian Investment Promotions Commission confirmed the existence of 18 IOCs in the country (Evuleocha, 2005).

The Nigerian government's central<sup>2</sup> ownership and control of petroleum resources has long been a subject of acrimony between the central government and the oil-producing regions. The oil producing regions, especially the NDR feel the government has abused its power and deprived them of their environmental resources. The government's power is seated in the constitution, and particularly in legislation related to the petroleum industry i.e. the 1969 Petroleum Act (Akpan, 2006). In principle the legality of this control is simple since it is enshrined in the nation's constitution. The Petroleum Act also set out some obligations for these companies towards their host communities. It requires operators to ensure all practicable precautions are taken to prevent pollution. Should precautions fail, companies are required to make good the pollution in accordance with best practice procedures of oil exploration and production (Gao, 2003).

There is an ongoing argument regarding the potential role of CSR activities of the IOCs in addressing international developmental challenges and environmental concerns. Carrol (1999) notes that oil exploration and production pose significant hazards to the environment.

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<sup>2</sup> Nigeria operates a federal system of government where most of the nation's resources are centrally controlled or managed, with federating states receiving subventions from a consolidated account.

It would appear that adverse effects cannot be ruled out in the process of producing oil. Therefore strategies are likely to be focused on risk management and damage attenuation since environmental contamination cannot be avoided outright. Frynas (2009) reports that the effect of oil and gas production is localized given that different host communities are going to experience it differently. In some cases, the impact may not be threatening, whereas it might leave long term damage on others. A clear example of the later is the NDR. The impact of oil production on host communities may be overwhelming. Nevertheless, Frynas (2009) also reports that the oil and gas industry is very prominent in championing CSR initiatives. This can be attributed to some highly visible negative effects of their operations e.g. oil spills, pollutions and the involvement of oil firms in human rights abuses. IOCs have initiated and funded community development projects such as schools, hospitals and other basic infrastructure. IOCs have also launched credit schemes to empower host communities economically (Frynas, 2009). Shell and BP have been recognized for their pioneering CSR efforts in this sector. However, some host communities still believe that the impact of CSR efforts is not being felt by locals.

Available statistics tend to support Krishna's (2007) view that the level of poverty in the NDR of South-Eastern Nigeria belies the oil wealth. In 2007 over 87% of Nigerian government revenues, 90% of foreign exchange earnings, 96% of export revenues, and almost half of GDP was attributable to oil (Kashi and Watt, 2008). The PFC Energy (a strategic advisor in global energy) projects that between 2007 and 2020, Nigeria may be in a position to generate over half a trillion dollars in oil revenues (Kashi and Watt, 2008). The realization of this could be dependent on the outcome of the ongoing amnesty program by the government and the political climate of the nation.

## **SUSTAINABILITY IN NDR**

Increasing populations puts tremendous pressure on the world's finite resources. This pressure has led to increased attention on environmental sustainability by corporations and government. By the beginning of the new millennium, sustainable development had become a widely invoked discourse by policy makers at all levels of governance. Yet the meaning of sustainable development is contested and contestable (Pezzoli, 1997). The Brundtland (1987) Commission defines sustainable development as behaviour that meets present needs without compromising the ability of future generations to meet their needs. Notwithstanding the controversy surrounding the definition of sustainable development, the environment, economy and society remain central to its tenets. There is a growing general appreciation of the holistic imperative of the concept, and the associated need to recognize the complex interrelationships between environmental, social and economic concerns (Blowers, 1993). There would appear to be an unwritten understanding that today's business be carried out in ways that are mutually beneficial to stakeholders and the society. This has given rise to an unprecedented appreciation of the need for corporations to incorporate sustainability as a key point in their corporate policies. Indeed 60% of companies claim to have increased investment in sustainability (MIT Sloan Mgt Review, 2011)

There are two schools of thought in sustainability 'embracers' and 'cautious adopters' (MIT Sloan Mgt Review, 2010). This categorization is related to the amount of money an organization can commit to the initiative. A good number of embracers are large and global in nature. Cautious adopters are usually smaller organizations. Sustainability practices are now associated with employee engagement, innovation and most importantly stakeholder

appeal (MIT Sloan Mgt Review, 2005). It can be argued that organizations need good sustainability strategies in order to remain competitive. Therefore it is now brand-enhancing for organizations to develop a reputation for sustainability strategies and the associated advantages are numerous. Arguably, this tends to be a case of “doing the right thing for the wrong reasons”. Some advantages have been identified with sustainable investments by organizations. They include increased margin and market share, increased potentials of business innovation and access to new markets (MIT Sloan Mgt Review, 2010). Embracers have been known to be very concerned about sustainability analysis. Their major concerns include revenue stream, innovation, investors’ concerns and regulatory environment. However, cautious adopters are focusing more on risk mitigation, regulatory compliance and efficiency. It is not yet clear how to categorize IOCs’ adoption of CSR. As sustainability continues to gain prominence in CSR, some organizations have started viewing it beyond responsibility to a business enhancing opportunity. It has been suggested that for a more effective sustainability, for-profit and nonprofit organizations need to cooperate by setting aside some ideological difference. This approach may be less costly in the future for both parties (MIT Sloan Review, 2005). However this alliance may not be healthy for the society as the oversight functions of NGOs could be undermined. Figure 1 overleaf summarizes sustainability focuses of both embracers and cautious adopters based on MIT Sloan Mgt Review (2005)

In the NDR, the situation would require that IOCs evaluate their existing strategies in terms of sustainability investments. This could lead to an improved quality of life for the various host communities. Achieving success in this regard may be influenced by the orientation of members of some of these host communities. Sustainability investments are usually embedded in firm’s policies but host communities feel the impact in the form of sustainable development. Dale and Newman (2005) stress the relevance of a sustainable development literacy built upon an understanding of environmental and ecological factors. Militia activities in the NDR tend to undermine the principles of sustainable development. These actions are destructive as the youth seek to achieve redress through extreme violence. The relationship between sustainable development literacy program and the militia activities in the NDR is yet to be established especially in terms of seeking redress. However it could be argued that such awareness can reduce attacks on oil infrastructure and establishments. To take advantage of the benefits of such initiatives, IOCs, the Nigerian National Petroleum Company (NNPC)<sup>3</sup>, Non Governmental Organizations (NGOs) and other stakeholders need to be collectively involved.

The introduction/application of sustainability approach involving all stakeholders would appear to be a viable alternative since all the stakeholders could be huge losers otherwise. A report prepared for the NNPC (2003) highlighted the losses incurred by tampering with oil infrastructure in some host communities. The NNPC estimated that between 1998 and 2003 there were an average of 400 vandalization incidents on company facilities each year. The annual loss resulting from this was estimated at over \$1 billion. It appears inconceivable that a government whose greater population is living below the poverty line will not be alarmed

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<sup>3</sup> The NNPC was established in 1977 by the government of Nigeria. This corporation regulates and controls the Nigerian petroleum industry. It also manages joint ventures between the Nigerian government and a number of foreign multinational companies

over the loss of such significant revenue. Future occurrences can be avoided by proper stakeholder-orientation that details the implications of such sabotage.

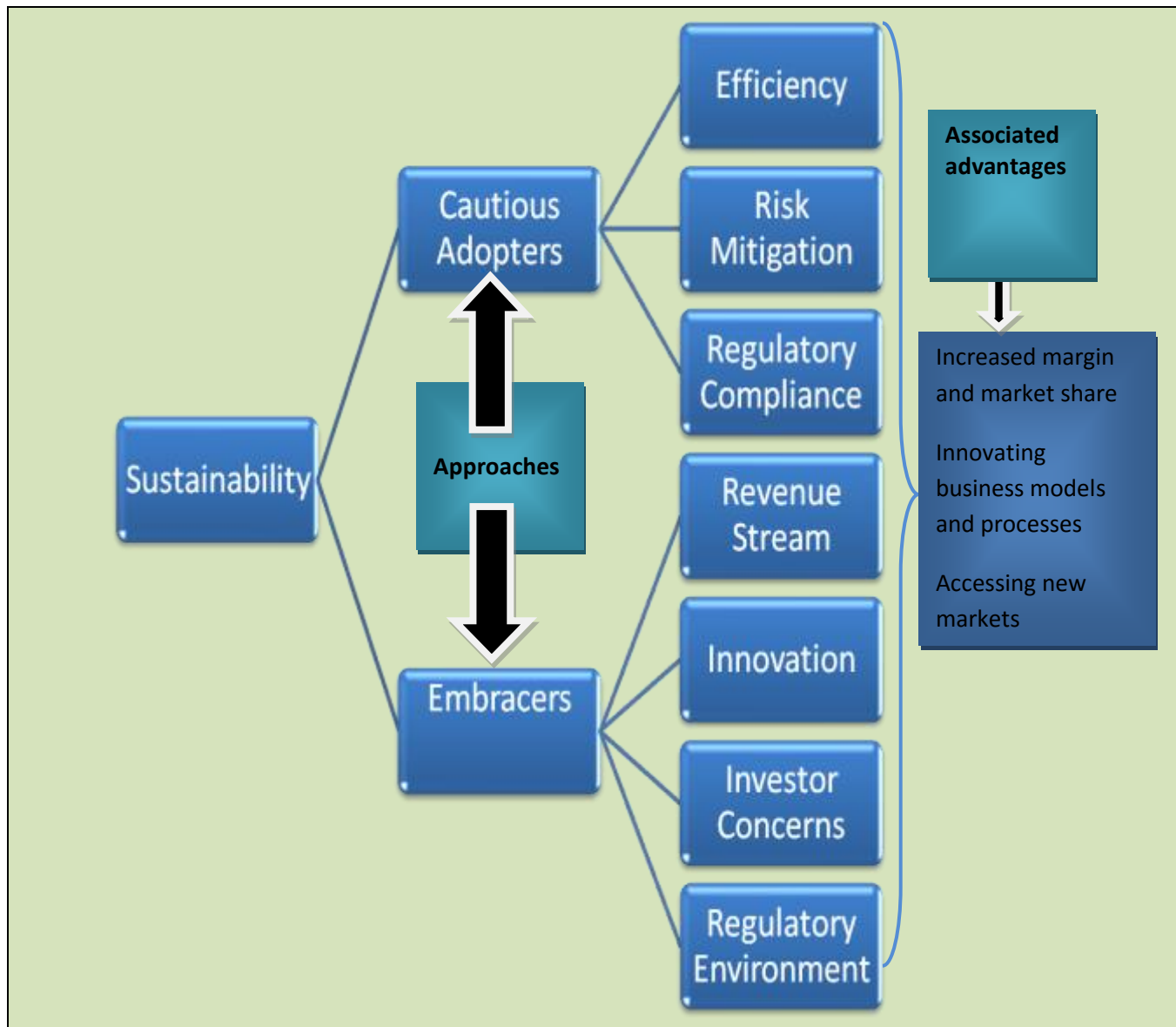


Figure 1: Sustainability Approaches

### SIGNIFICANCE OF STAKEHOLDER ENGAGEMENT

Stakeholder theory has been in existence since the 1960s but was popularized by Freeman (Moore, 2003). The theory advocates that organizations take into consideration legitimate interest of stakeholders (Freeman, 1984). Post et al. (2002) defines stakeholders as people or groups that affect or can be affected by the decisions, policies and activities of an organization. Similarly, Frynas (2009) defines stakeholders as those groups that can either help or damage the firm. Such groups include employees, customers, suppliers, shareholders, banks, governments and non-governmental organisations. The success of an organisation could to a reasonable extent depend on how it manages its relationship with key groups such as customers, employees, suppliers, communities, politicians, owners and others (Ihlen, 2008). Freeman and Philips (2002) reckon that it is the responsibility of managers to ensure

the cooperation of these groups taking into consideration their interest while maximizing shareholders value.

Stakeholder demands are becoming complex, conflicting, sensitive and sometimes inconsistent with the demands of the society. All systems have primary and secondary stakeholders. Freeman's (1984) seminal work identified primary and secondary stakeholders. This distinction became necessary in order for firms to effectively manage the impact of their activities. Primary (normative) stakeholders such as employees, suppliers, customers and investors are vital to the existence of the firm. Secondary (derivative) stakeholders are impacted directly or indirectly by a firm's decisions or activities. These groups often do not originate with the business but are usually identified in the course of the business activities of the organization. They may include local communities, media, state and local governments and others (Werther and Chandler, 2006). By implication the host communities are very significant stakeholders irrespective of the category. Maignan et al (2005) argues that it is good practice to actively engage all stakeholders in the development of sustainable strategies that reflect both economic and socially responsible outcomes. Similarly, Frederick (1994) relates corporate social responsiveness to the capacity of corporations to respond to social pressures within their area of operation. Unfortunately, the perception of most people in the NDR is that their aspirations are neglected and environment destroyed

Hall and Vredenburg (2005) note that managers are not taking stakeholder engagement/management as seriously as they should and consequently are underestimating the enormity and complexity of this task. The outcome of such neglect would look like the situation in the NDR of Nigeria. Such professional misadventure has cost IOCs a lot of fortune especially in less developed countries like Nigeria. Stakeholder engagement and management are not localized to any particular industry rather they cut across all industries. However, the degree of engagement is impact-based, i.e. the riskier a firm's operations, the more likely it pays attention to its stakeholders.

There appears to be an absence of a level playing ground for all stakeholders in the NDR as a result of some sort of stakeholder stratification. This position was strengthened by the argument of Mitchell et al (1997) that the most recognized stakeholders are those that possess power, legitimacy and urgency. This approach leads to some stakeholder groups being ignored or neglected. Hart and Sharma (2004) refer to such groups as "fringe" stakeholders. These are people that are discriminated or ignored based on perceived weakness, poverty, distance and illegitimacy. In the context of NDR ignoring these particular stakeholders could be at the organization's expense as they may move toward the militia. An example of such manifestation is the situation in the NDR. Most of the IOCs have been occupied with pacifying politicians, opinion leaders and local chiefs whilst ignoring the common people. An all inclusive stakeholder engagement would be a more productive approach. This approach can be fruitful in places with stakeholder related violence such as the NDR. It could be argued that such approach if well articulated may serve IOCs, host communities and the government. Figure 2 overleaf illustrates what stakeholder categorization appears to look like in the NDR based on the works of Mitchell et. al. (1997) and Hart and Sharma (2004). The challenge for IOCs is to sincerely dismantle this hierarchical approach and embrace an all inclusive method that pays more attention to the needs and requirements of the local people with respect and understanding. Some businesses are not fully convinced about the manner in which stakeholder engagement can affect their businesses. This appears to be a setback for the growing need for an all inclusive stakeholder engagement. The relationship between stakeholder engagement and competitive advantage is yet to be established so



activities here are still based on trial and error. Jenson (2001) opines that this might be a ploy by management to deviate from their primary responsibility of creating shareholder value.

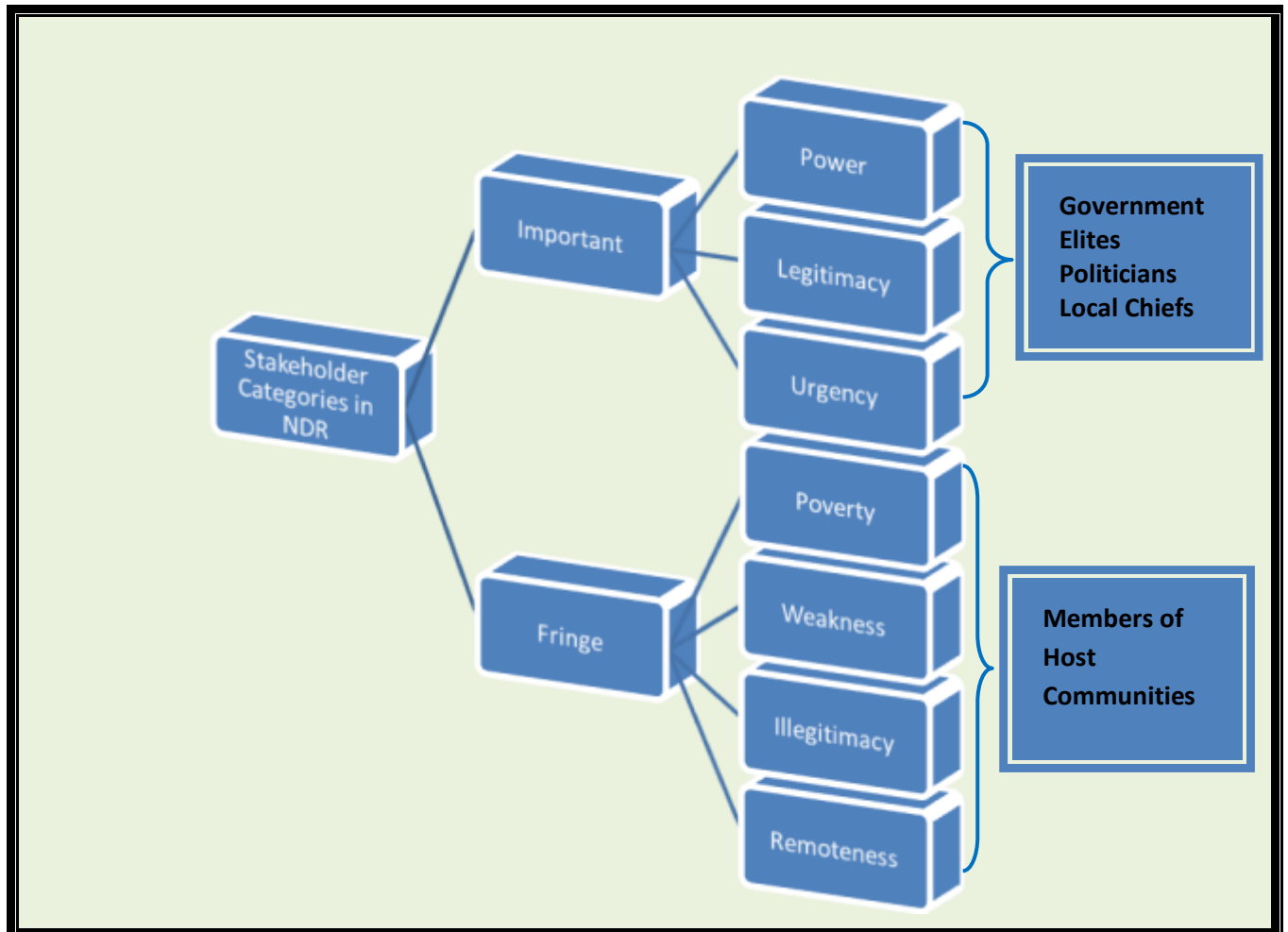


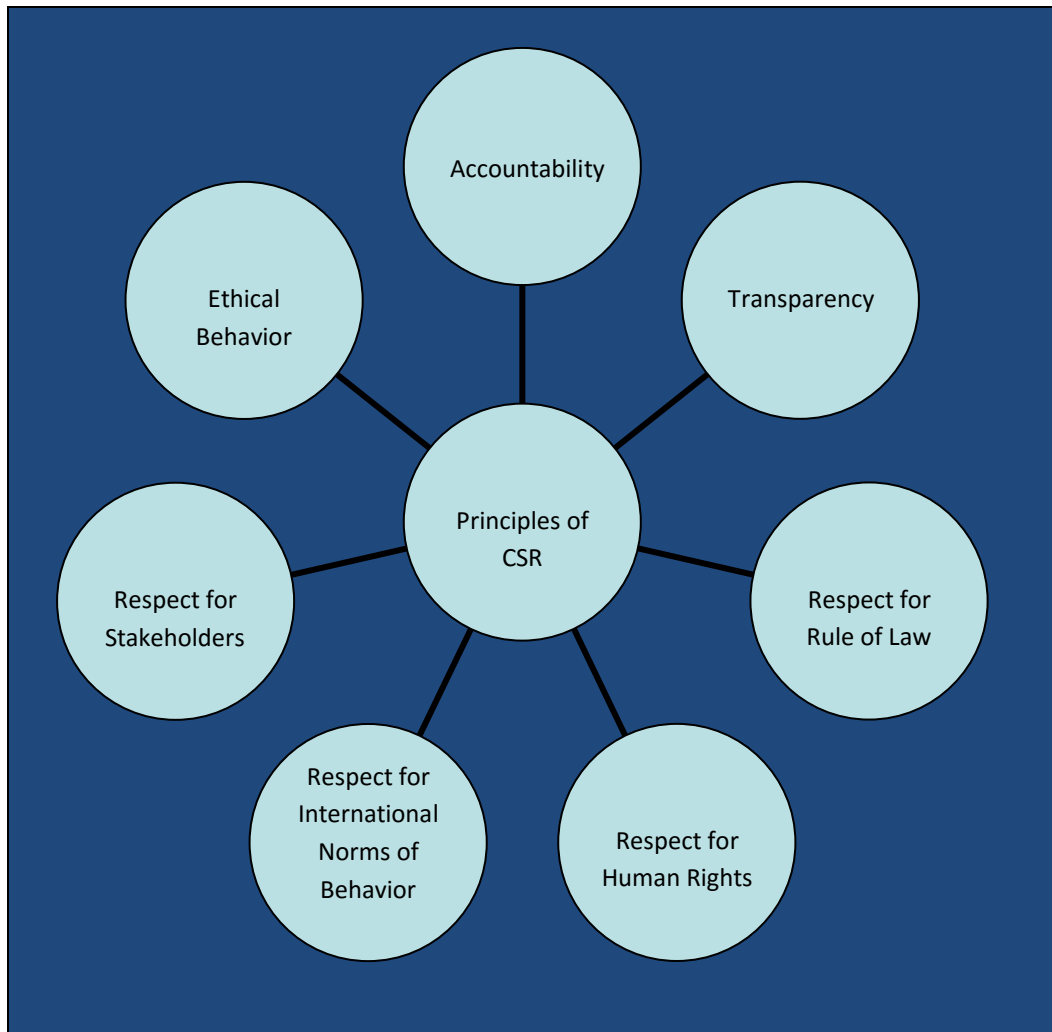
Figure 2: Stakeholder Categorization in the NDR

### INTEGRATED APPROACH TO SUSTAINABLE IOC-HOST COMMUNITY RELATIONSHIP

The review has thrown up a number of issues that have continually impacted the relationship between IOCs and their stakeholders. There exists a situation where the stakeholders (host communities) expect the decisions and activities of IOCs to impact them positively. Overall, they anticipate a more stable and prosperous future through the activities of these organizations. On the other hand, the IOCs expect to operate in an environment whereby their business objectives will be met with minimal interruption (Eweje, 2007). The reality is that both parties are nowhere near these objectives.

It is hard to absolve any of the parties of blame because wittingly or unwittingly they may have been involved in actions that undermine sustainable development. The IOCs have come short of expectation probably because of a visible lack of framework for their CSR activities. This approach may not be unconnected to the peculiarity of the NDR. The International Standard (ISO) Guidance on social responsibility (2010) has some prescription that can help shape organizations' CSR activities and ultimately their relationship with stakeholders. In line with this, seven principles have been identified; accountability, transparency, ethical

behavior, respect for stakeholders interest, respect for the rule of law, respect for human rights and respect for international norms of behavior. These are illustrated in Figure 3 below;



*Figure 3: CSR Principles*

Evidence would suggest that CSR activities of IOCs are conducted in an arbitrary manner and minimal attention paid to the identified principles. For example the principles of accountability and transparency if meticulously articulated can improve relations between organization and stakeholders and this ultimately impacts society. This involves an organization's ability to accept responsibility for its decisions and activities as they affect society. In this situation, the organization is answerable to constituted authority regarding prevailing laws and regulations as relates to its operation (Guidance on social responsibility, 2010). The way an organization becomes answerable to the government, stakeholders and the society in general will be informed by the nature of its operations and environment. Accountability ultimately impacts positively on both business and society. Accountability could lead to transparency which requires the organization to be open about its decisions and activities that impact society, economy and environment. It is the onus of the organization to disclose any material information about its activities and decision. The information should be such that the public can access it with ease and the information herein should be devoid of ambiguity (Guidance on social responsibility, 2010). In such disclosure it is a requirement for the activities of the organization to be clearly stated. The process of decision making

should also be made available. It is in the interest of the organization to make public how it assesses its CSR activities and the inherent criteria. This principle is very relevant to IOCs in NDR. A complete disclosure of activities and decisions and their impacts can lead to a more transparent firm-stakeholder relationship that could lead to increased production and reduced violence. This principle if carefully applied could also address most of the feud within host communities. The perceived lack of transparency on the part of IOCs has erased any form of trust that strengthens a relationship (Eweje, 2007). The challenge for the IOCs in the NDR is to work around these principles to regain the confidence of the stakeholders and even the entire society.

It is true that stakeholders are those that have one or two interests in the decisions and activities of the organization. Therefore relationship between organization and stakeholder is created by this interest. The dimension of this interest determines the hierarchy of each stakeholder on the ladder. The observation is that some IOCs in the NDR pursue these interests selfishly even when they are inconsistent with the overall interest of the society (Hall and Vredenburg, 200). A proper working understanding of the principles of CSR will put all these in the right perspective. It could be worthwhile for IOCs to regularly assess the extent to which they comply with these global principles. In doing this, they will remain proactive and be in a better position to counter negative sentiments.

There is an argument for a shift in the firm-stakeholder relationship. The need for a proactive approach has become apparent. As organizations struggle to incorporate sustainable development in their activities, it is no longer charity as usual (Hall & Vredenburg, 2005). Awareness of these issues is increasing. Therefore, the IOCs are now facing more challenges especially in less developed countries (LDCs). The LDCs are as important as ever in terms of energy supply. There is no evidence that demand for fossil fuels will fall in the nearest future and that makes some LDCs beautiful brides. The key to meeting the demand by IOCs could depend on how they manage relationship with host communities.

## **CONCLUSION**

It seems apparent that many IOCs are investing massively in CSR initiatives; it has now become imperative for them to assess the returns in terms of sustainable development and capacity building in host communities (Bhattacharya, 2010). The review strongly suggests that successful CSR strategies by IOCs in host communities should include a well articulated stakeholder engagement and management. The review also demonstrates a high level of unemployment and an environment that has been severely damaged. Basic infrastructure to make life worthwhile is also conspicuously absent in host communities in the NDR. However militia activities have driven focus away from these fundamental issues. Therefore extraordinary priority has to be given to providing sustainable employment to the youth and advocating for more environmentally-friendly oil E&P and a more robust stakeholder engagement/management. While the amnesty initiative may be addressing the militancy issue, it is still facing some challenges as its long-term relevance cannot be guaranteed. Engaging in constructive and productive partnership with IOCs and NNPC may provide the funds that need to be dedicated to sustainable development in host communities and beyond. Investing in the people by way of talent-hunt, capacity building and skilled apprenticeship could be a recipe for the dependency mentality leading ultimately to self actualization.

This review also provides insight on the challenges and opportunities facing IOCs that are committed to stakeholder engagement and sustainable development in host communities. IOCs owe it to the host communities to explain in detail their CSR initiatives and work

towards transitioning from unawareness to active involvement of stakeholders (Hall & Vredenburg, 2005). It could be argued that CSR initiatives reveal the value system of an organization. Therefore, CSR is viewed as the human face of an organization. IOCs can embrace CSR as a reputation shield that could deflect negative publicity.

The government on its part has the responsibility to enact and enforce good environmental laws and regulation that are based on international standards to guide oil E&P. However, members of the host community have some measure of responsibility as well and should be guided to take ownership of their environment. Ongoing, part of the sustainable approach should incorporate grass root comprehensive orientation from the lowest levels. This could create awareness on the likely dangers of sabotage and militancy to the environment and an already dilapidated infrastructure in the area (Eweje, 2007).

The NDR of Nigeria has attracted heightened attention lately. Different groups and individuals have criticized IOCs for being insensitive and complacent about their host communities. There is also substantial doubt on the commitment of the IOCs towards sustainable development. In line with finding a lasting solution to the environmental and sustainability needs, assessing the CSR activities of IOCs in line with host community expectations and best practice becomes imperative. It will also be of fundamental importance to explore the option of providing a CSR framework for IOCs in this region. Lastly, creating a map for IOCs to transition from current practice to best practice may lead to resolving most of the agitations of host communities. These are part of the objectives of a current thesis aimed at evaluating the extant CSR practices among IOCs in the NDR of Nigeria. This is with a view to identifying the gaps in the existing practice and ultimately developing a CSR framework for IOCs operating in the NDR that could be considered “best practice” for infrastructure development, stakeholder engagement and capacity building. In order to achieve these, in-depth interviews will be conducted with heads of communities in the NDR, strategic level managers and decision makers in IOCs and relevant government departments. The intention of the interviews is to obtain clarifications on the pertinent issues within the region. The type of questions administered to any group of stakeholders would be a function of the expected level of data confidentiality requirements and ease of access to respondents. Data obtained through interviews are intended to be complemented with historical records on IOCs’ corporate social activities and CSR reporting about the host communities. These would allow for an analytical review and comparison of actual practices with expected standards, whether based on the government’s perspective or the international CSR framework. Figure 4 below is a proposed CSR framework for IOCs in the NDR. This is being based on issues identified in the review. The research intends to validate these frameworks through interviews and other relevant tools.

The key beneficiaries of this research will be host communities in the NDR, Nigerian government and IOCs operating in the region in relation to CSR practices. The key research benefits are:

1. Creating a well founded research based policy advisory document to facilitate CSR ‘best practice’ of IOCs within the NDR. This is a significant contribution to the body of knowledge as there is no generally accepted or widely used CSR framework for IOCs in Nigeria.
2. Development of a ‘road map’ for the implementation of CSR ‘best practice’ in NDR. This will serve as a guide for all stakeholders in the NDR. There is no identifiable road map for transitioning from current practice to ‘best practice’ by IOCs in the NDR therefore it will be an addition to the body of knowledge.

The researcher also aims at deepening his perspective on CSR practices and contextual issues that structure them. Ultimately, he seeks to be acquainted with operative dynamics that determine CSR strategies of IOCs in order to gain expertise for framing “best practice” in other perspectives of CSR and their applicability in the wider world.



*Fig 4: Proposed parameters for CSR framework in NDR*

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