

# Inserting Extant Corporate Social Responsibility (CSR) Activities of International Oil Companies (IOCs) in the Niger Delta Region (NDR) in Carroll's Pyramid of CSR: A Case of generalizability

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**Abstract:** In this paper, the author aims to draw on his thesis to discuss extant CSR activities of IOCs in the NDR. The paper presents a compelling insight on the CSR activities of select IOCs in the NDR and how such activities identify in Carroll's Pyramid of CSR for the purposes of relevance and generalisability. The issue of equitable distribution of oil resources has been very contentious in the NDR within the last couple of decades and its implications can hardly be exaggerated. The paper confirms the salient role of some IOCs in the provision of social welfare packages and the overall development of the region. Furthermore, the paper examines the Global Memorandum of Understanding (GMOU) framework, an approach considered as "best practice" model by IOCs in the region. The model combines IOCs' expertise with local stakeholder intelligence to achieve the desired results. The author presents a summary of the evolution of CSR in the NDR underscoring the significance of localized "best practice" approach. The paper concludes by highlighting the limitations of CSR in the sustainable development of the NDR.

**Keywords:** Business, Corporate Social Responsibility, Society, Stakeholder, and Sustainability.

## Introduction

Given the current state of global affairs and unprecedented penetration of information and communications technology (ICT) resulting in the wide use of social media and globalization; society's expectation of business has risen to record levels. Fitzgerald and Cormack (n.d.) attribute this hike in expectation to notable trends in education, lifestyle, science, and technology, and other. The authors draw from an earlier work by Matten and Crane (2005), which notes that society nowadays, expects business to contribute more with respect to investment in education, social welfare, and other forms of human development. Therefore, business could arguably be at the mercy of hand-held devices by millennials. Information dissemination could be faster than the speed of light in the future. The notion that business is to engage in self-regulation by applying ethical principles in their operation especially in nations that have gaps or lax in regulation is more important now than predicted by Scherer & Smid (2000). The prospect is that business uses their expertise and collaboration to close governance and social gaps (Beck, 2000; Risse, 2011), which are more evident in less developed nations such as Nigeria (Okoro, 2014).

This rising expectation from society took dangerous path in late 1990s in Nigeria, where resource control agitation in the NDR of Nigeria became a major source of concern for Nigeria and by extension the international community. The expectation in this regard epitomizes Carroll & Buchholtz (2015) description of victimization philosophy. The territory assumed an unchecked paradise for violence, instability and tension resulting in lingering crisis between the IOCs and host communities (Ikelegbe, 2005). All these put in perspective resulted in the NDR gaining the attention of both the international and local communities as well as rights groups given the strategic significance of the region on global oil market (Ikelegbe, 2005; Watts 2004). Oil price arguably has witnessed unprecedented levels of fluctuations, which have sent oil-based economies such as Nigeria trembling. Statistics indicate that the crisis in the NDR continues to have impact on daily production output by IOCs in the region as well as oil price. This position

was noted in a report by the Centre for Strategic International Studies CSIS (2004) and still being reported by both local and international media to date. The report suggests that the situation in the region raises concerns for nations that are dependent on imported oil. This crisis has its roots in the demand for absolute control of oil resources by host communities. These communities have relentlessly sought absolute control of the wealth generated from the oil in their land (Ikelegbe, 2006; Watts, 2004, 2007). The complexity of this demand has led to debates on how best to achieve an amicable settlement amongst stakeholders. For example, a group known as Niger Delta Avengers (NDA) is now demanding a 60% share of oil blocks (Amaize, 2016). Community development experts such as the UNDP (2006) have long proposed the incorporation of local communities in the development of CSR strategies. Jamali & Mirshak (2007) highlight this by suggesting that CSR be taken beyond image laundering, vanity projects, greenwashing, and compliance with the rule of law and be shaped around local community needs. Evidence from the work of Okoro (2014) suggests that IOCs and other players have realized this need and adjusted to the reality of making use of host community intelligence. However, Carroll & Buchholtz (2015) note a wide gap between the performance of business and society's expectation and conclude that such gaps will be hard to close at least for now. The authors try to establish a correlation between such expectation and increase in certain development indices such as education, standard of living, and wide use of ICT gadget. The implication of disregarding these observations is evident in the violent protests by local communities in the NDR in the 1990s, which continues to undermine oil production in the region. The aftermath has been uncountable shutdown of oil facilities in the region. Shell's experience was a 40% fall in production during a particular period (Nigerian Oil, 2003). This experience is not limited to Shell alone as there are reports of oil exploration and production (E&P) interruptions all the time and this is considered relatively endemic in Nigeria. To underscore the significance of such occurrence, the Congressional Research Service (CRS) reports that the rise in oil price had direct relationship with hurricanes and the crisis in the NDR. This report is an indication of the relevance of NDR in the global oil market. Another important point noted by researchers such as Eweje (2007) and Frynas (2010) is that there is the dearth of infrastructure in the NDR. This realization may have had a direct consequence on economic development and good welfare provision in the region. The OECD (2006) report features the indispensability of infrastructure in sustainable development. The report was unambiguous in listing basic infrastructure as a panacea for economic growth and development. In a similar development, the work of Okoro (2014) demonstrates an active engagement of local communities by IOCs in order to address their rising demands. To complement this effort by IOCs, some authors have suggested a more active involvement of the government in infrastructure development and the provision of social welfare in the NDR (Frynas, 2008 & Watts, 2008). From these viewpoints, the need for an assessment of the CSR activities of IOCs and associated challenges in their ongoing participation in the sustainable development of the region exists. Some IOCs have evolved from philanthropy to productive partnership in some host communities through an action framework known as Global Memorandum of Understanding (Okoro, 2014). This localized form of CSR best practice approach can be placed in the widely cited Carroll's Pyramid of Corporate Social Responsibility. The author seeks to insert the extant CSR practices of IOCs in the NDR on Carroll's Pyramid of CSR, in order to determine the level of understanding and generalizability of the framework in the most local context.

### **The NDR in Perspective**

Geographically, the NDR comprises of the area that covers the natural delta of the Niger River, delineated by two tributaries, the Nun River and a web of creeks on the East and the Forcados River that adjoins a creek on the West (Earth Rights Institute, 2003). The natural Delta covers approximately 25,900 Km<sup>2</sup> (UNDP, 2006). For political exigencies, the Nigerian government in the 1990s expanded the frontiers of NDR to nine oil-producing states (Idemudia, 2007; UNDP, 2006). In this context, the NDR formally begins from the Southeastern states of Nigeria and stretch across the coastal regions of the Southwest. These are spread over 112,110 km<sup>2</sup> (NDDC, 2004). The NDR states include Ondo<sup>1</sup>, Edo, Delta, Bayelsa, Rivers, Akwa Ibom, Cross River, Imo, and Abia.

In terms of development, the NDR is reported to be one of the most undeveloped regions in the world (Ikelegbe, 2005; Ogonor, 2003; Pedro, 2006). Consequently, the people of the region have suffered neglect resulting in poverty, mass unemployment and a near non-existent infrastructure (Ogonor, 2003; Ross, 2003; UNDP, 2006). Much of the stakeholders have argued that the problem with the region could be because of the mismanagement of the oil wealth. However, the complex ethnic composition of the NDR has not helped matters either. Demographics suggest that the region is home to about 20 minority ethnic groups with an estimated population of 28 million people, the inhabitants are found in clustered settlements of less than 5000 people (Ikelegbe, 2006; UNDP, 2006). The differences between these ethnic groups also exacerbate an already complex situation. A direct result of this is the emergence of militant groups from every ethnic group in the region, and the number can only increase.

Pressure has always been mounted on both the Nigerian government and IOCs to increase their efforts in developing the region that contributes more than 80% of Nigeria's foreign earnings (Eweje, 2007). The NDR has been agitating for the revenue from the oil and gas industry to be used in improving their living conditions. Furthermore, they are soliciting for assistance in order to bring sustainability to the polluted environment, especially its waters. The `phenomenon` of the region asking for increased attention is not entirely recent since it has always been there in some forms. However, the difference is that the original idea was not that of militancy or to hold the nation to ransom. The fight initially was between tribal leaders who may have negotiated ignorantly with the IOCs and the major issue of contention then was how money from IOCs was shared (Akpan, 2006). At that period, the CSR activities of IOCs were mere philanthropy. The reality is that the approach has become more sophisticated as well as complex. Okoro (2014) highlights the existence of self-interest in the agitation for greater compensation for the region. He notes that some of the elites have treated the agitation from a business dimension as opposed to the common good of the communities. Arguably, this situation presents a similarity between the `business case` of CSR and the agitation by elites in the region.

The struggle among the ruling elite to gain access to the revenues of the oil boom contributed to a succession of military governments thereby aggravating an already worse situation. Since Nigeria became independent in 1960, the country has been mostly under military rule, starting from the mid-1960s to 1999 (Krishna, 2007). In its 56 years as an independent state, it has had 29 years of military rule and 27 years of civilian rule respectively. Following a succession of military rule, Chief Obasanjo was elected civilian president and he committed to eradicating corruption from the Nigerian system, a move applauded by observers and commentators around the world (Campbell, 2011). Corruption has been a major issue in Nigeria as the country is prominent in the list of corrupt nations (Transparency International, 2014). Current events in Nigeria such complexities within the region; therefore, dealing with emergent militant groups has been a herculean task for all civilian administrations. Several approaches to curb militancy have been introduced and adopted with minimal success. The situation is keeping pace with development in technology unfortunately. Therefore, the need to assess the social responsibility of IOCs in the region based on established frameworks such as the Carroll's Pyramid of CSR becomes expedient.

### **Review of Carroll's Pyramid of CSR**

It is now 25 years since Carroll's Pyramid of CSR came to light, yet it still ranks as one of the most downloaded journals in modern history of business with over 5200 (Carroll & Buchholtz, 2015), underscoring its strategic relevance in business and society relations. The pyramid has four parts with economic responsibility laying the foundation for other business responsibilities. CSR is not a new concept as it can be traced back to more than a century ago. There is evidence to suggest that business has always tried in different ways to pacify different stakeholder groups (Carroll, 2010).

Carroll (1979) proposed what he refers to as the four-part CSR, which was entrenched in a conceptual model referred to as Corporate Social Performance (CSP). Following this, several perspectives have been considered to expand on the understanding of this valued CSR framework (Jamali & Mirshak, 2007). To expand on CSP, Carroll (1991) identifies four types of social responsibilities as economic, legal, ethical, and discretionary (philanthropic). Furthermore, the author suggested three attributes for corporations seeking to incorporate CSP in their strategies: 1. Define basic CSR, 2. Demonstrate an understanding of the subject for which social responsibility exists, and 3. Specify philosophy of responsiveness to the subject. According to Jamali & Mirshak (2007), the first part of Carroll's concept (Economic Responsibility) involves the assimilation and adoption of basic CSR types. This responsibility entails return on shareholders' investment, discovering new resources, promoting technological innovation and advancement, creating jobs, and fair wages for workers and creation of new products and services. In this regard, Carroll (1979) implies thus that business is the powerhouse of the economy, as such all other associated roles are based on this fundamental assumption. The legal responsibility is the second part of this concept and entails legal and regulatory requirements that govern business activities (Jamali & Mirshak, 2007). From this underpinning, society expects business to conduct its economic activities within the confines of the law. However, regulation does not guarantee that business will respond to issues equally irrespective of the legal requirements (Pratima, 2002). The third responsibility (ethical) describes moral obligations of business. This responsibility translates to business doing what is right, just, and fair. Therefore, ethical responsibilities in business are those expectations placed on business by corporate stakeholders and civil society in general (Carroll & Shabana, 2010). Ethical responsibility presumably overcomes the limitations imposed on business to engage in CSR (Solomon,

1994). Fundamentally, ethical responsibility consists of business activities that are not enshrined in the law, yet are expected of business by society (Jamali & Mirshak, 2007). Such responsibilities would include avoiding things that harm society, have respect for stakeholders and preventing social injury. These expectations are consistent with religious principles and human rights (Lantos, 2001). However, Carroll (1979) pointed to the controversy surrounding the accomplishment of these goals by business. In the pyramid, the last responsibility proposed refers to discretionary judgment, in which business is expected to make good choices on philanthropic activities aimed at assisting the less privileged in society. Frederick (1994) in aligning with the above position contends that such type of responsibility is founded on the premise that the relationship between business and society is inextricable. In the views of Jamali & Mirshak (2007), discretionary responsibility is the most complex of all four. They based the judgment on its limits and intrinsic implications that could conflict with the business of business (profitability) objective of business. Essentially, corporate philanthropy (or discretionary responsibility) is the idea of firms giving back financially to society some of its wealth from business activities. In this case, attention is drawn to the 'charity principle', which was expressed in the works of Frederick (1998) and Mitnick (1995), where it was referred to as the obligation of the wealthy to support the less fortunate in society (i.e. business as custodian of 'society's resources') to justify the CSR concept. Philanthropy in this perspective does not necessarily imply that a firm articulate strategy, which is applied in the holistic assessment of its impacts on society, and to design plans, policies and tools to improve overall interest towards the society (Kakabadse, Rozuel, & Lee-Davies, 2005). However, there may be nothing counterproductive in business being strategic about its philanthropic activities as well as expectations. Carroll (1991) revisited the four-part definition of CSR and arranged them in the form of a pyramid. This arrangement was intended to demonstrate relevance and aggregation of the four responsibilities. The principal responsibility identified in this pyramid is economic, and discretionary responsibility viewed as apex (Jamali & Mirshak, 2007). This review of the conceptualization shows these responsibilities are interlocked implying that any organization aspiring to be ethical must also be economically and legally responsible. From this position, economic and legal responsibilities are mandatory, ethical responsibility is expected and discretionary responsibility desired (Windsor, 2001).

Another component proposed in Carroll (1979) corporate social performance model involves social issues that business needs to address, which requires them to articulate a philosophy of responsiveness to such issues. This responsibility relates to recognition of the fact that business should propose effective responsibility performance, which aims at systematically isolating the social issues that are of interest. It is noteworthy that this model was not extensively addressed in that piece of work, rather the conceptualization was a simple differentiation between reactive, defensive, accommodative or proactive responsiveness strategies (Jamali & Mirshak, 2007). Figure 1 below shows the different responsibilities on Carroll's pyramid of CSR.

#### ***Relevance of Carroll's Pyramid to Extant CSR Practices of IOCs in the NDR***

The seminal work of Okoro (2014) predicated on the application of Carroll's Pyramid on CSR activities of IOCs in the NDR. The work sought to examine the prevailing CSR practices of IOCs, and how such practices can be traced to established theories in business and society relations. In order to achieve that, interviews were conducted with an identified quartet, comprising major stakeholders in Nigeria Oil and Gas Sector.

Data from the work suggests a varying degree of application and acceptance of the business responsibilities on Carroll's Pyramid of CSR. Findings are in congruence with earlier position held by some authors regarding the CSR practices of IOCs within the region. For example, Matten & Crane (2005) report that CSR is more prominent in societies with failed states. Arguably, the current state of the country makes it more difficult to contradict any grouping of Nigeria in the league of failed states. Extracts from interviews and town-hall meetings are used to expatiate on certain notions regarding CSR activities of IOCs in the NDR. The author creates some perspective by summarizing the opinions of the quartet of stakeholders in Tale 1 below. Interpretations are made from participants' responses to semi-structured interviews on their understanding of responsibilities on Carroll's pyramid.

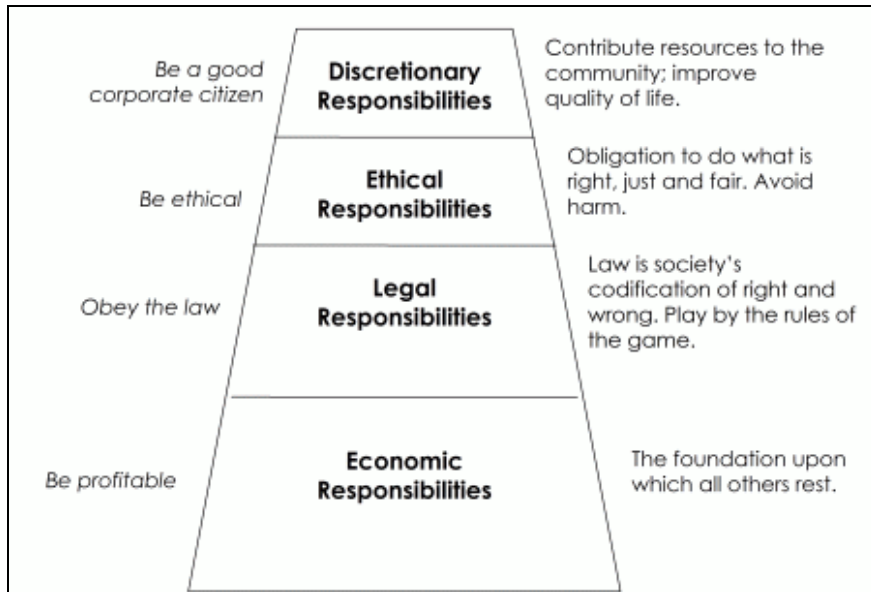


Figure 1: Carroll's Hierarchy of Corporate Social Responsibility (Source: Carroll, 1991)

Table 1: NDR Stakeholders' level of consideration for Carroll's CSR Pyramid

Stakeholders/Corporate Responsibilities	Economic	Legal	Ethical	Philanthropic
<b>IOCs</b>	<ul style="list-style-type: none"> <li>• Important</li> <li>• Need to make money for investors</li> <li>• End result for CSR</li> </ul>	<ul style="list-style-type: none"> <li>• Always there</li> <li>• Can always manoeuvre</li> <li>• System not too rigid</li> </ul>	<ul style="list-style-type: none"> <li>• People are more interested in what they get</li> <li>• Awareness is low</li> <li>• Not a major consideration in dealing with host communities</li> </ul>	<ul style="list-style-type: none"> <li>• Community wants their problems solved</li> <li>• Uses formal and informal approach</li> <li>• Helps to secure a peaceful work environment</li> <li>• Used as a bargaining tool</li> </ul>
<b>Level of Consideration</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>High</b>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Not so complicated</li> <li>• Structure is clear or royalties and taxes</li> <li>• Always negotiates</li> </ul>	<ul style="list-style-type: none"> <li>• The law is the law but sometimes compromises can be made</li> <li>• IOCs understand the law</li> </ul>	<ul style="list-style-type: none"> <li>• Not viewed as a major challenge. The institution lacks the structure to monitor and enforce</li> <li>• Communities more interested in what comes to them</li> </ul>	<ul style="list-style-type: none"> <li>• Government actively involved to prevent revenue loss</li> <li>• Involved in joint ventures with IOCs</li> <li>• Applies a divide and rule approach Good approach for both government and IOCs</li> </ul>
<b>Level of Consideration</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>High</b>

Stakeholders/Corporate Responsibilities	Economic	Legal	Ethical	Philanthropic
<b>Host Community</b>	<ul style="list-style-type: none"> <li>• Not sure how it affects them</li> <li>• It is government's problem</li> <li>• Does not affect their lives positively</li> </ul>	<ul style="list-style-type: none"> <li>• No relevance</li> <li>• The law is against them</li> <li>• Used in denying them of their ancestral right</li> </ul>	<ul style="list-style-type: none"> <li>• Not aware of this</li> <li>• Has no relevance to their fight</li> <li>• It's a farce</li> </ul>	<ul style="list-style-type: none"> <li>• The only thing they care about</li> <li>• Affects their welfare and pocket directly</li> <li>• Major source of conflict between members</li> <li>• Pacification tool by IOCs</li> </ul>
<b>Level of Consideration</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>High</b>
<b>Subject Matter Experts</b>	<ul style="list-style-type: none"> <li>• Inefficiency</li> <li>• Corruption</li> <li>• Lack of focus</li> <li>• Business case</li> </ul>	<ul style="list-style-type: none"> <li>• Favours IOCs</li> <li>• Neglect host communities</li> <li>• Does not protect the environment</li> <li>• Not enforceable</li> </ul>	<ul style="list-style-type: none"> <li>• Both government and IOCs do not care laws are weak</li> <li>• Limited awareness</li> <li>• International standards ignored</li> </ul>	<ul style="list-style-type: none"> <li>• All about business</li> <li>• Greek gift to host communities</li> <li>• Silencing tool</li> <li>• More of bribe than development</li> <li>• Shareholder value maximization (SVM) at its best</li> </ul>
<b>Level of Consideration</b>	<b>Medium</b>	<b>High</b>	<b>High</b>	<b>High</b>

Table 1 above summarizes the position of different stakeholders interviewed for the author's previous work. The above suggests a unanimity amongst IOC, government, and host community participants that philanthropic responsibility is the most important in the NDR. Subject-matter experts tend to be sceptical of every responsibility on the pyramid. They view everything as being compromised by alluding that IOCs are doing whatever they are doing in order to protect their business interest. They consider CSR activities in the region as being responsive as opposed to proactive. To underscore their position, they made informed arguments regarding Shareholder Primacy Norm (SPN) and Shareholder Value Maximization (SVM). Overall, subject-matter experts are unequivocal in referring to CSR activities of IOCs and joint ventures with the government as a façade. In their assessment, these efforts are a ploy to secure a conducive environment for oil exploration and production at the very best. Beyond what comes to the community and their private pockets, some host community leaders appear to be oblivious of other business responsibilities on the pyramid. Town-hall meetings attended also disclose a lack of interest on the part of young people to take advantage of sustainable development initiatives by IOCs. This situation is complicated by political manoeuvres by some of the elites in the communities. Conversely, participants from IOCs understand all levels of responsibilities on the pyramid. However, they pay more attention to philanthropic responsibilities, which connects them more with the communities and guarantee business continuity. This perspective by IOC managers further underlines the position of subject-matter experts on the altruism of IOCs' philanthropy. Therefore, it becomes important to examine the significance of shareholders in all these.

#### **Examining Shareholder Primacy Norm (SPN) and Shareholder Value Maximization in the context of IOCs and NDR host communities**

Responses from a quartet of participants from a report by Okoro (2014) do not suggest that these two theories have significant impact on extant CSR practices of IOCs in the NDR. Furthermore, it reveals that the SPN might no longer be enforceable as suggested by Ronnegard & Smith (2016). However, IOC participants admit the relevance of SPN in their overall approach within the region and beyond.

A town-hall meeting conducted by a host community in the NDR and attended by the author a couple of years ago reveals that urgency and power attributes guide the actions of IOCs in the region. Carroll & Buchholtz (2015) refer to stakeholder 'power' attribute as the ability of a stakeholder group to force companies to do things that ordinarily would not have been done. In their view, 'urgency' attribute would be a claim by stakeholders to immediate action on issues affecting them. Okoro (2014) in his submission note that these two attributes could be used to categorize host communities in the NDR. For example, power lies in their ability to disrupt oil exploration and production (E&P) at unprecedented levels. Urgency is exemplified in their ability to disrupt business activities in the region.

Therefore, IOCs could lose both human and capital resources in this regard if their requests were not met. Evidence of such situations is countless within the region and beyond. Arguably, the possession of urgency and power attributes poses a lethal mix for the existence of an organization. In its most simplistic form, these two attributes have subdued the influence of both SPN and SMV in the actions of IOC managers within the region. Nonetheless, Okoro (2014) and Idemudia (2010) suggest indirect ways of protecting shareholders' interest within such organizations. Essentially, the study highlights a win-win situation for IOCs and host communities. An important observation from a number of interactions with major stakeholders reveals that the CSR activities of IOCs in the region are considered more of a strategic decision than a moral judgment. This is apparent in the fact that everyone is interested in securing a peaceful work environment without examining parameters for sustainable development. The findings further put credence to the position of Jones (2010) that moral angle to CSR is less popular than strategic dimension. This issue is yet to be conclusively settled in business and academia. Overall, the research could not establish any correlation between SPN and SMV and prevailing CSR practices of IOCs in NDR. However, there is probable cause to argue that urgency and power attributes get the most attention from IOC managers in the NDR. Interestingly, IOCs have evolved over the years in their interactions with host communities. These interactions have honed the CSR activities of these IOCs, resulting in a localized best practice approach known as Global Memorandum of Understanding (GMOU).

### ***The Global Memorandum of Understanding (GMOU)***

A GMOU is a written statement of understanding between an IOC and a group of communities that incorporates roles of such communities in the implementation of community development plan. This approach is essentially to create a participatory development process that addresses the needs of host communities. The initiative offers these communities greater roles in selecting, planning, designing and executing developmental projects through a management known as Regional Development Committee (RDC). The RDCs have the responsibility to plan and manage developmental projects within their geographical enclave. They carry out these activities in conjunction with a Project Review Committee. Projects are based on sustainable livelihood assessment and project prioritization carried out from the outset.

The main objectives of this CSR approach are to foster peace, create stability and reduce conflict within areas the IOCs operate. This feeds into the distrust of critics that all the activities of IOCs within the region are self-serving. The GMOU is executed as a joint venture between the NNPC and an IOC. Under this initiative; planning, selection and execution of community development projects are shifted to RDCs (Idemudia, 2011). This contrasts past approaches, where IOCs had a near absolute control on community development projects. The primary function of the RDCs is to assist communities develop plans, which are designed to improve their living conditions.

The GMOU happens to be one of the joint initiatives the Nigerian National Petroleum Corporation (NNPC) coordinates with IOCs. The NNPC and IOCs provide funding for governance, administration, projects and partner costs. In this regard, IOCs claim to have provided billions of naira to build bridges, equip hospitals with medical supplies, host youth workshops, and support a diverse range of other community development projects. Under the GMOU, communities decide the development they want while an IOC on behalf of the joint venture partners provides secure funding for an agreed number of years (Idemudia, 2007). This ensures that the communities have stable and reliable finances as they embark on the implementation of their development plans. IOCs also provide them access to development experts to oversee project implementation and simultaneously build the capacity of community development officers (CDOs). Effectively, this is to enable them to metamorphose into functional community development foundations. Hitherto, IOCs manage separate and individual projects directly and separately. This new system offers synergy between the main stakeholders in the NDR (Ite, 2007). The significant contrast between the current approach and previous approaches is that the later utilizes a participatory approach while the former does not instill ownership spirit within host communities. Apparently, in the GMOU scheme, members of the host communities are initiators and finishers of community development projects. Indeed, both managers from IOCs and community leaders laud this effort. However, Okoro (2014) reports that the youth in some of the host communities are not maximizing opportunities from this initiative. For example, in a town-hall meeting, young people were reluctant to participate in a free software training thereby, feeding into the stereotype expressed by some managers and NNPC officials.

Apparently, the GMOU has proven to be a successful model for community development in the NDR. All the stakeholders interviewed are united in admitting that many developmental projects in the region are attributable to this new arrangement. These projects are selected, designed, planned, contracted, awarded, executed, and completed by the committees for their people. Some of the projects included multipurpose town halls, poultry and fish farms,

classrooms, health centers, housing units, concrete jetties, water projects, drainage channels and concrete roads. The GMOU initiative has been applied to build capacity among the RDC members for them to better understand and manage developmental projects. Such critical project management training includes communication, finance, budgeting, leadership and accountability, conflict resolution and microfinance. Feedback from stakeholders suggest that this training is efficacious.

Idemudia (2007) notes that this approach has made it easier for an IOC like SPDC to manage escalating community expectation with associated cost. IOCs using this approach are now better equipped to respond to criticism and challenges on its community development initiatives. The partnership strategy has assisted SPDC in reducing community development cost, which dropped from \$67 million to \$30.8 million between 2002 and 2003 (SPDC, 2004; Ite, 2007). The federal government played a significant role in the current state of CSR in the NDR through the establishment of Niger Delta Development Commission (NDDC) in 2000. The NDDC was established because of incessant conflict in NDR and the political climate of Nigeria then as it just emerged from several years of military dictatorship. The NDDC has the responsibility of transforming the NDR in terms of economic prosperity, social stability, ecological regeneration and peace (NDDC, 2004). The above narrative supports earlier assumption that philanthropy is a major tool for IOCs to manage host community relations. The GMOU arguably fits into the Philanthropy/Discretionary responsibility on Carroll's Pyramid. It is not an exaggeration to state that prior to the GMOU, IOCs had ways of reaching out to host communities. However, evidence suggests that the GMOU is revolutionary in terms of the relationship between IOCs and host communities. Following this, Okoro (2014) summarizes the evolutionary trend of CSR initiatives of IOCs in the NDR in Table 2 below:

Table 2: Evolutionary Trend of CSR in the NDR (Source: Okoro, 2014)

CSR Activity	Acronym	Year	Scope
Community Assistance	CA	1970s	Limited (Charity-Based), No Host Community Input. Reactive in Nature
Community Development	CD	1990s	Limited (Philanthropic), No Host Community Input. Reactive in Nature
Sustainable Community Development	SCD	2003	Enlarged in Scope with Limited Host Community Involvement. Slightly Proactive
Global Memorandum of Understanding	GMOU	2005 - Date	Participatory, Wider Scope with Host Communities Actively Making Development Decisions. Completely Proactive and Futuristic

The table above is a confirmation that philanthropic responsibility is dynamic with record flexibility. IOCs recognize the need for such diversification, hence the evolution. It is interesting that this evolution did not just occur; rather it is the concerted effort of different stakeholder groups in the region. An important observation by Okoro (2014) is that every stakeholder wants to be acknowledged for the role they are playing to ensure things are within acceptable level in the region. The word acceptability remains ambiguous considering what presently goes on in the region. The author avoided this line of conversation because of its complexity as well as the tendency to cause loss of continuity.

### Conclusion

Poverty and militant activities are urgent issues in the NDR (as militants get sophisticated, managers scramble to understand them, the same way ethics struggles to catch up with technology). On the contrary, infrastructure development is an enduring issue. The postulation of Carroll & Buchholtz (2015) underscore the findings of Okoro (2014) regarding the above issues. The latter's findings suggest that poverty and militant requests are given urgent



attention by IOC managers. Similarly, the former describes urgent issues as those requiring managers to act immediately. In the case of the NDR, request by militants fit into the above scenarios. Conversely, infrastructure is viewed as an enduring issue given that it would require adequate planning and funding to be executed. The experience in the NDR is that infrastructure does not pose immediate danger for IOCs in their oil E&P activities. Okoro (2014) attributes the situation to sabotage and self-interest on the part of some community elites. Arguably, infrastructure will continue to be a major challenge in Nigeria for a long time (some commentators consider this endemic). However, the NDR is better off than most regions as IOCs tend to fill the infrastructure gap through their CSR activities and joint ventures in the region.

It could be considered a rational approach to attribute infrastructure and social welfare improvement in the NDR to the GMOU. This platform has been adjudged effective because of its ruthless focus on performance, where stakeholders presumably abandon individual differences for common good. Idemudia (2011) refers to the GMOU as a results-driven best practice approach. Credit should be given to Amaeshi et. al. (2007) for advocating for a localized form of CSR for developing countries like Nigeria. The impact of this localized form of CSR in NDR can hardly be exaggerated. Overall, managers in IOCs within the region appear conversant with all the responsibilities on Carroll's pyramid and apply them in some form or better still as the need arises. The observation is that philanthropic responsibility is given a lot of consideration. This special attention could be traced to the business case, as IOC managers endeavor to secure a conducive environment for the oil E&P.

### ***Ethical responsibility!***

At this stage, when the world is shrinking with the rise in social media through ICT advancements, IOCs within the region should start making ethical responsibility a reality. Ethical responsibility could bring about the long desired sustainable development in the region and beyond. The case of `business as usual` should be considered and subsequently discarded. Evidence suggests that Carroll's Pyramid is a foundation framework for most of the CSR activities of IOCs in the region. Interestingly, many managers in IOCs are oblivious of the fact that they are adopting the levels of business responsibilities as prescribed by Carroll (1991). However, the level of attention given to any of the responsibilities is defined by the `business case`. Evidence suggests ethical consideration more common in advanced societies, whereas philanthropy is unavoidable in poor societies with corrupt systems. It is hard to exaggerate the impact of oil E&P on both natural and the built environment. However, it amounts to injustice if the impact of CSR activities of IOCs in the region are ignored.

### ***CSR cannot go it alone!***

It is becoming increasingly clear that CSR activities of IOCs alone cannot bring sustainable development to the region. Rufai (2017) in his skepticism imagines the security implications of militant activities and how the federal government intends to engage them to ensure security of oil installations in the NDR. He summarizes that CSR alone cannot address a problem he identifies as pyro-terrorism. Therefore, a combination of IOCs' effort and political wherewithal could be transformational. Another important angle that is worth exploring by both academics and environmentalists is the separation of environmental damage caused by oil E&P from those caused by militant activities. Arguably, some rights groups have not been able to differentiate these two kinds of damage. This is in line with a Transparency International (2014) report that IOCs blame every spill on sabotage and theft. It also notes the reluctance of the Nigerian government to hold IOCs to account.

There are arguments in different quarters that no amount of pacification by IOCs could address development issues in the NDR and beyond. The questions become;

*Is it not time all the stakeholders invested in good governance and promoting strong institutional environment (infrastructure will come and go, but its sustainability will require an altruistic political structure)?  
Can the issue of vanity projects align with sustainable development?*

Suffice it to say that the NDR violence is rooted in neglect and poverty. However, some militant leaders have taken advantage of the situation for self-aggrandizement and acquiring extraordinary political powers. Yet it is still doubtful how any form of CSR can address the expressed dilemma. It is the responsibility of managers to apply the most effective theories or framework to manage their stakeholders. In the views of Boatright (2006), managers must carry along all stakeholders to maximize the firm's potential. Indeed, IOC managers in the NDR are at home with this fact hence the GMOU. Indeed, the GMOU can qualify as an act of "corporate do-gooding" (The Economist, 2015).

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