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Original Article

Corporate-community engagement strategies in the Niger Delta: Some critical reflections'

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ABSTRACT

The pervasiveness of local protests against transnational oil corporations operating in the Niger Delta is frequently cited as evidence of the industry exploiting local communities in the vicinity of their operation. These transnational oil corporations (TNCs) have responded by embracing corporate social responsibility, operationalizing their policies via a number of different corporate-community involvement (CCI) strategies. Collectively, these efforts were meant to address criticisms of corporate misdemeanours, enable TNCs to secure their social licences to operate (SLO) and build positive corporate-community relations. However, few of these CCIs have had much of an impact, a direct result of the managers of oil companies not wishing to relinquish control over decisions concerning CCI, internal fragmentation within local communities, and unresolved legitimacy crises. The paper concludes by considering the theoretical and practical implications for CCI strategies in the extractive industries in developing countries.

1. Introduction

The emergence of corporate social responsibility (CSR) has largely been seen as a strategy employed by companies to deflect public criticism of their behaviour, and a means for avoiding government regulation (see Jenkins, 2005; Doane, 2005; McGuire, 1963; Walton, 1967; Idemudia and Ite, 2006). As a concept, it has been heavily criticized, and there is now fierce debate over its utility and practical implications. While proponents view CSR as a vehicle for potentially reinvigorating an old dynamic in business–society relationships, critics see it as a platform for new functions to be demanded of old institutions. This difference in perceptions invariably sets the context for the CSR debate, pitting those in favour of preserving an already well-established business–society relationship against those who insist that business–society relationships must adapt to changing societal values. For example, Friedman (1962) argued that CSR is a fundamentally subversive doctrine. Conversely, Eberstadt (1973), an early CSR advocate, asserted that today's (CSR) movement is neither the preaching of self-appointed saviours nor the plotting of economic nihilism; rather, it is a historical swing aimed at recreating the social contract of power with responsibility. Similarly, Dalton and Cosier (1982) have suggested that the quest for social responsibility is not because of hostility towards the business community but is instead in large measure the price for success that businesses have achieved (see also McGuire, 1963).

Today, debates on CSR are not so much over whether businesses have social responsibility. They seem to be over what social responsibilities mean in practice (i.e., whose conception of CSR matters?), how they can be justified (i.e., the business case versus the societal case for CSR) and how these responsibilities are to be implemented (i.e., issues of strategy and process) (see Beauchamp and Bowie, 1988; Walton, 1967; Henderson, 2001; Idemudia, 2014). For instance, Muthuri et al. (2012) point out that in today's competitive economic climate, businesses, especially transnational corporations (TNCs), must embrace and develop further strategies for dealing with market and non-market environments if they are intent on both securing both their social license to operate and achieving their bottom line (see Baron, 1995; Prno and Slocombe, 2012; Liu et al., 2013; Owen and Kemp, 2013). Indeed, a recent study of 190 projects being operated by the major international oil companies showed that the time taken for oil and gas projects to come on-line has nearly doubled in the last decade, causing significant increase in costs (Goldman Sachs, 2008). According to Ruggie (2010), a follow-up on a subset of these projects found that non-technical risks accounted for nearly half of the total risks faced by these companies, and that stakeholder-related risks constituted the single largest category. It further

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estimated that one company may have experienced US$6.5 billion "value erosion" over a two-year period from these sources, amounting to a double-digit fraction of its annual profits (Ruggie, 2010). The issue here is not that the ideological debate about CSR is irrelevant. Rather, it is that even critics now acknowledge that some commitment to CSR principles, be it genuine or a façade, is now an essential part of doing business (see The Economist, 2005).

Consequently, Kemp (2010) points out that companies adopt slightly different architecture for the implementation of their CSR initiatives via CCI. However, she noted that the question of whether companies are practicing public relations, community relations or community development is not an easy distinction to make given the often overlapping nature of these corporate activities. Similarly, Brammer and Millington (2003) have demonstrated that, in practice, the chosen organizational form for managing CCI affects the nature and impact of corporate social initiatives. In the case of the Niger Delta, Idemudia (2009a) concluded that the external management of CCI seems to have created more opportunities for community development than when managed internally. However, externally managed CCI runs the risk of contracting out responsibility and an associated lack of employee engagement. Underling both studies is the central role of power in mediating the nature and outcome of CCI (see Hamann and Kapelus, 2004; Muthuri, 2007; Newell, 2005). As a result, a number of studies have suggested that given the significant power asymmetry between local communities and TNCs, CCI initiatives often do not reflect community priorities in the Niger Delta (see Akpan, 2006, 2009; Aaron, 2012; Frynas, 2005; Idemudia, 2009b). For example, Frynas (2005) suggests that because of corporate control over CCI initiatives, it is often used to meet more of business objectives as opposed to address community development needs of local communities (see also Idemudia, 2009b). While these works have been very useful and insightful in highlighting the inadequacies of CCI efforts being made by transnational oil corporations, the relative merit and demerit of adopting a particular strategy over another, at least from a corporate perspective, remain relatively poorly understood. In addition, and as Kemp and Owen (2013) have highlighted, the nature of CCI and the challenges and the opportunities it creates for local people and indeed for CSR more broadly remain fairly obscured. The policy challenges facing corporate-community relations managers in developing countries, therefore, have not received adequate attention in the literature (Harvey, 2013). The purpose of this paper, therefore, is twofold. First, it explores, from the standpoint of the transnational oil corporation, the opportunities associated with and challenges of adopting different CCI strategies in the Niger Delta. Second, it considers the implications of the emerging issues for CCI practices and strategies in the extractive industries in Africa more generally.

2. The Niger Delta: context and issues

In Nigeria, oil is mainly extracted in the Niger Delta region. While there are disagreements about the geographic boundaries of the Niger Delta, officially, it comprises the following nine states (Idemudia, 2007a), most of which fall within the South-South geopolitical zone of the country (Fig. 1): Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. The Niger Delta region covers an area of about 70,000 square kilometres, or some 7.5% of Nigeria's total landmass (NDDC, 2001; Ite, 2007a). It covers a coastline of 560 km, which is roughly two-third of the entire coastline of the country. Its perimeter extends from the Benin River in the west to the Imo River in the east, and from the southernmost tip at Palm Point near Akassa to Aboh in the north, where the River Niger bifurcates into two major tributaries (NDDC, 2001). The Niger Delta is home to a heterogeneous mix of different ethnic groups, which often share different cultural and linguistic affinities (Idemudia, 2007a). Overall, the region is estimated to have a population of about 31 million people across 3000 communities, comprising over 40 different ethnic groups speaking about 250 different dialects and languages (see NDDC, 2004; Hoben et al., 2012). Although descriptively, there is a tendency to homogenize the Niger Delta region, there are subtle differences among its different states (see Table 1) which impact the nature and dynamics of oil TNCs-community relations.

For example, there are differences in the levels of violence experienced in the region. Similarly, these differences can also manifest in the type of host-communities that oil TNCs need to engage with inside each state. There are three types of host communities: *producing communities* or those in which onshore oil exploration takes place; *Terminal communities* of the locations of territory port or terminal facilities; and *Transit communities* or settlements where territory transit pipelines pass through (Agim, 1997). Efforts to engage producing communities or transit communities, therefore, would need to reflect the particularities of each and the nature of their conflicts (see Getz and Oetzel, 2010). The failure to recognize these differences among the Niger Delta states and their host communities, however, has proved significant. As it has' heavily undermine the efforts of transnational oil corporations to forge positive relationships with host communities.

Traditionally, the people of the Niger Delta have been farmers and fishermen. But decades of oil spillage and gas flaring, as well as

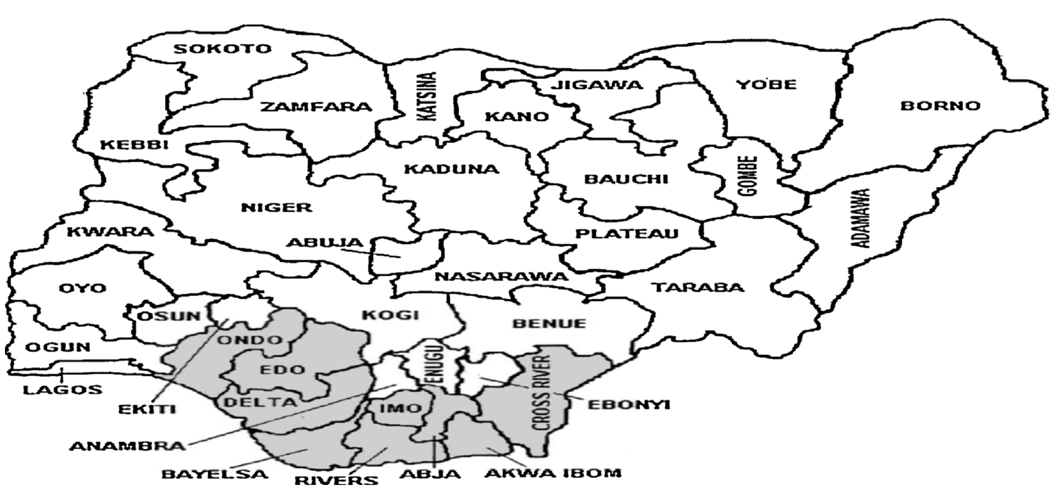

Fig. 1. Constituent states of the Niger Delta, Nigeria.