

# Evaluating Corporate Social Responsibility using Corporate Social Performance: A case of the Niger Delta, Nigeria

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## Abstract

Corporate social responsibility (CSR) is generally viewed as corporations moving beyond their primary commitment to their shareholders to contribute towards a better society. However, the extent to which the desired positive impact is felt by beneficiaries differ in relation to their needs. This study identifies corporate social performance theory as being relevant in evaluation the CSR programmes and activities of the multinational oil companies in the Niger delta region of Nigeria. The study assesses the level of commitment of the oil companies to the needs of their host communities through CSR, and how morally acceptable their CSR policies have been to the local communities. This is an exploratory research which obtained data mainly from primary sources. Using twenty-eight semi structured interviews obtained from three host communities in the Niger delta region, Nigeria. Finding suggest that the oil multinational in this region have engaged in various form of CSR programmes and activities. However, the success of any CSR initiative is positively related to an interpretation of the motives behind such gesture by beneficiaries and not merely financial contributions.

## 1. Introduction

The Niger Delta region plays a significant role in the Nigerian economy because crude oil is the main source of the country's foreign exchange earnings and federal revenue (Evuleocha, 2005). Oil provides about 90% of Nigeria's foreign exchange earnings and 80% of annual federal revenue. In spite of the enormous earnings from the region's oil and gas deposits, it remains the poorest in the country (Aaron, 2012). Petroleum profits have brought huge benefits to Nigeria as a whole, but very little to the local communities where the oil is being extracted (Evuleocha, 2005). Lack of development, widespread poverty, feeling of marginalisation and discontent among the people of the Niger Delta have resulted in constant conflicts and crisis (Afinotan & Ojatorotu, 2009).

This research is pertinent in exploring how CSR can be used as an effective means of reducing the crisis in the Niger Delta region (Ako, 2012; Idemudia, 2010) through socially acceptable business practices. This is borne from the assertion by Crane and Matten (2010) that business should contribute to solving social problems which may be caused by their activities (such as pollution) or some other causes. The research is also relevant in exploring how CSR undertaken by multinational oil companies can achieve desired positive impact (Ejumudo, Edo, Avweromre, & Sagay, 2012) in order to enhance mutual understanding and peaceful coexistence between the host communities and the oil companies.

The central argument of this paper is that CSR is better appreciated if it meets the needs of its beneficiaries. However, the successful implementation of a CSR initiative largely depends on the involvement of the host communities from its initial planning to its execution stage which could also be referred to as stakeholder engagement as identified by (Heravi, Coffey, & Trigunarysah, 2015). Furthermore, as upheld by the corporate social performance theory, this study lays emphasis on mutual benefit from corporate activities that hinges on ethical considerations of CSR initiatives rather than mere financial investment. Previous research has shown that traditional livelihoods have been lost due to oil exploitation as opined by Idemudia (2009). The corporate social performance theory therefore buttresses the need for more positive impacts of a firm's activities which are not only about "doing good" (Marom, 2006; Wood, 2010) as sometimes assumed, but doing what is right. However, constant protests by the host communities attest to their displeasure over the MNC's actions whose cost outweighs the benefits (Newell, 2005; Tuodolo, 2009), hence the demand for more benefits.

## 2. Corporate Social Performance Theory

Corporate social performance (CSP) theory has evolved from several previous notions and approaches. The implicit moral underpinning of early CSP was that companies should work to increase the benefits and reduce or eliminate the harms resulting from their activities (Wood, 2010). CSP theory is defined as the identification of the domains of an organisation's social responsibility, the development of processes to evaluate environmentally and stakeholder demands and the implementation of programs to manage social issues (Archie B. Carroll, 1979; Wartick & Cochran, 1985; Wood, 1991a). This theory according to Crane et al. (2008) maintains that business, apart from wealth creation, also has responsibility for solving social problems created by a business or by other causes beyond its economic and legal responsibilities. From the above definitions, it seems top managers of the organisation and those who make important decisions about its future

direction play a critical role in the articulation of the organisations CSP. Corporate boards also proactively enhance the corporate social performance of firms (Coffey & Wang, 1998).

Carroll's 1979 article introduced the first conceptual model of corporate social performance (Crane, Matten, & Spence, 2010; Wood, 2010). Carroll suggests that an entire range of obligations that business have to society must embody the economic, legal, ethical and discretionary (philanthropic) categories. This he included in a pyramid of corporate social responsibility. The term CSP has emerged as an inclusive and global concept to embrace corporate social responsibility, responsiveness and the entire spectrum of socially beneficial activities of business. The focus of CSP emphasises the concern for corporate action and accomplishment in the social sphere (Crane & Matten, 2008). Arguing that 'responsibility' suggested motivation and was not measurable, Wood opted instead for 'performance' as the operative term (Wood, 2010). In CSP theory it is viewed that improving CSP means modifying corporate activities to produce less harm and more favourable outcome for society and their people (Wood, 1991a).

In order to determine specific responsibilities, many authors insist on the importance of paying attention to social expectations regarding the firm's performance and concern for needs of society. It is emphasised that society gives license to business to operate, and consequently business must serve society not only by creating wealth but also by contributing to social needs and satisfying social expectations towards business (Crane & Matten, 2008). CSP theory is grounded in sociology and it responds to social requirements of business organisations in relation to policies, programmes and tangible results that reflect the company's relations with society. Wartick and Cochran (1985) updated Carroll's CSR model and folded in some additional concepts that made the CSP model more robust and logical. From their point of view, the three challenges to CSR are economic responsibility, public responsibility and social responsiveness. Their model incorporated three segments: principles, processes and policies, representing philosophical, institutional and organisational orientations respectively.

Carroll (1979) suggested a model of Corporate Performance with three elements: a basic definition of social responsibility, a list of issues in which social responsibility exists and a specification of the philosophy of response to social issues (Garriga & Melé, 2004). Carroll considered that a definition of social responsibility, which fully addresses the entire range of obligations a business has to society, should embody the economic, legal, ethical and discretionary categories of business performance (Garriga & Melé, 2004). He later incorporated his four-part categories into the pyramid of CSR (Carroll, 1991).

### **3. CSR and Corporate Social Performance Theory**

As earlier mentioned, in 1979, Carroll proposed a four-part definition of CSR that was embedded in a conceptual model of CSP as represented in figure 1. In this model, Carroll (1979) differentiated between four types of corporate social responsibilities: economic, legal, ethical, and discretionary. Carroll (1991) later changed the discretionary category to philanthropic responsibility. He also presented the argument that firms wishing to engage effectively in CSP needed to have (a) a basic definition of CSR; (b) an understanding of the issues for which a social responsibility existed; and (c) a specification of the philosophy of responsiveness to the issues. A basic starting point for effective CSP from Carroll's perspective is the assimilation and adoption of the basic types of CSR (Jamali & Mirshak, 2007). The first category that Carroll delineated is a responsibility that is economic in nature, which entails providing a return on investment to owners and shareholders; creating jobs and fair pay for workers; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services. Business from this perspective is the basic economic unit in society, and all its other roles are predicated on this fundamental assumption (Archie B. Carroll, 1979).

A business organisation according to Crane and Matten (2008) is seen to be economically responsible if it performs in a manner consistent with maximising earnings per share, committed to being as profitable as possible, maintain a strong competitive position, maintain a high level of operating efficiency and is consistently profitable. Griseri and Seppala (2010) and Friedman (1970) all maintain that the economic responsibility (to create profit for its shareholders from supply and demand of society) is the primary role of business in society, and all other responsibilities are underpinned by this role. This feature of the pyramid is positioned at the bottom as the foundation of the pyramid and only after this principle has been satisfied can other responsibilities occur (Claydon, 2011). This view is at variance with the stakeholder theory of Freeman (1984) who argues that economic interest should not be the primary purpose of business, but the interest of its stakeholders. Thus, the focus of CSR is no longer how the profit is spent, but how it is generated.

**Figure 1 The Pyramid of Corporate Social Responsibility**



Source: Carroll (1991)

At the second tier lie the legal responsibilities, whereby the corporation must adhere to the law and all rules and regulations that it is governed by to ensure it maintains responsible business practices. The legal responsibility entails expectations of legal compliance and playing by the rules of the game (Jamali & Mirshak, 2007). The third tier is the ethical layer, where corporations are obliged to do what is right, just and fair for their stakeholders and avoid doing them any harm. Such responsibility is mainly rooted in religious convictions, humane principles, and human rights commitments (Lantos, 2001). The last tier, the philanthropic level, ensures that the corporation is a good citizen to the community, contributing resources where needed (Archie B. Carroll, 1991).

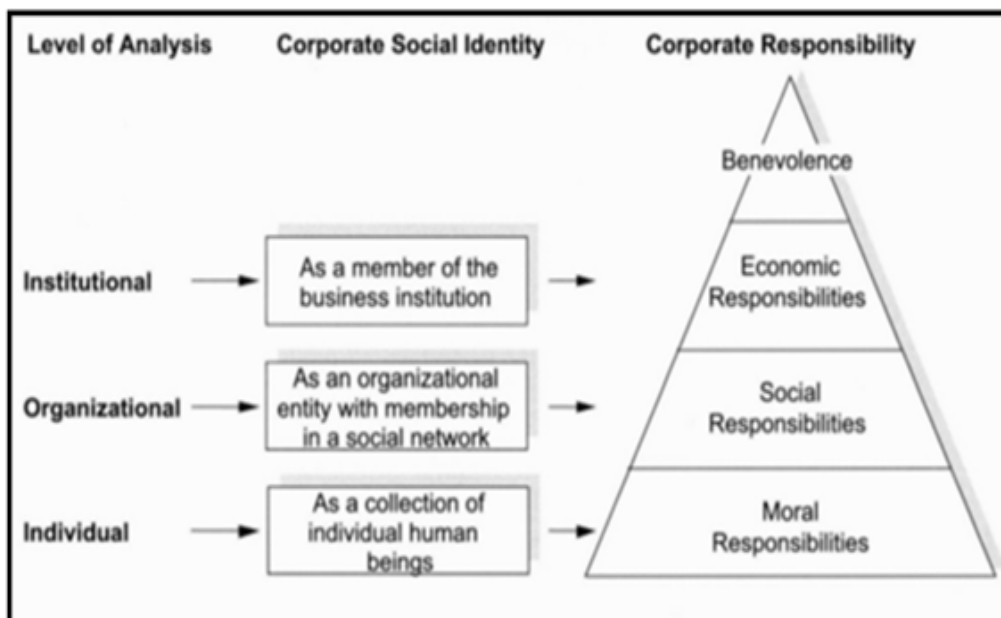
The last two tiers of the pyramid have also been highlighted within the social contract theory of CSR, whereby the corporation is regarded as a citizen within the community who should, therefore, contribute to society like any other individual (Dahl, 1972). Crane and Matten (2008) argue that it is a societal expectation that business organisations should contribute to humanitarian programmes and purposes in order to improve the quality of life. Similarly, (Smith, 1994) believes that companies have begun to link corporate philanthropy directly to their strategic objectives with the expectation that it will enhance the well-being of the company as well as the community. Consequently, corporate philanthropy has become a strategic issue about which boards of directors of corporations are concerned (Coffey & Wang, 1998). Lindgreen, Swaen, and Johnston (2009) suggest that companies are more willing to invest in CSR in order to gain the positive association to enhance their product evaluation as well as customer loyalty. Business organisations also seemed to embrace the connection with the non-profitorganisation and advertise their collaboration in their marketing campaigns as a means of responding to the philanthropic aspect of CSP.

Carroll's model is one of the earliest examples of how the structure of responsibilities should be approached within a corporation and is still widely used. However, it has also faced wide criticism. For example, Campbell (2007) argued that companies who are economically weak are less likely to engage in acts of CSR as they have fewer resources to invest time, effort and money into it. He also argues that the relationship between economic conditions and corporate behaviour is mediated by public and private regulation; the presence of non-governmental institutions and organisations that monitor corporate behaviour; institutional norms regarding appropriate corporate behaviour; associative behaviour amongst corporations themselves; and organised dialogues among corporations between them and their stakeholders. Thus, although the simple structure of the pyramid is somewhat its main appeal, it is too simplistic as a tool for explaining complex relationships between business, society and the environment, as outlined by Campbell (Claydon, 2011).

Wood (1991a) criticises Carroll's approach of phases of responsibility as delimited and having isolated domains. According to Wood, Carroll succeeds in differentiating the interactions between firms and society but neglects the inter-connectedness that is required. Another criticism of Carroll's pyramid observes its lack of consideration of environmental management and corporate sustainability, which is particularly pertinent as corporate managers are more likely to adopt CSR using the triple bottom line approach (Visser, 2005). Crane and Matten (2008) identified weaknesses in the CSP theory as not taking into consideration the changing expectations of the society and the fact that this theory emphasises the social control of business by paying attention to public responsibility. Wood even turns Carroll's responsibility pyramid upside-down to achieve the inter-connectedness of corporation and society. Wood superimposes the responsibility categories of CSR within three levels

of analysis and allocates principles to them in her interpretation of corporate social responsibility (Sachs, Edwin, & Mittnacht, 2005) as represented in figure 2.

**Figure 2. Level of analysis, corporate identity and corporate responsibilities**

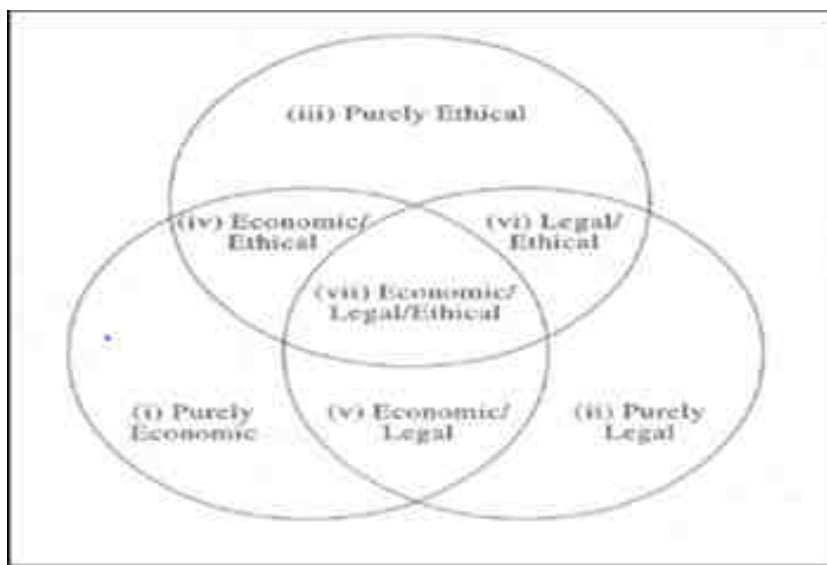


Source: Kang and wood (1995)

This view is shared by Kang (1995) (in Wood 2010) who argues that moral responsibility is primary for all human institutions, followed by legal compliance, and followed by economic responsibility. She argued that businesses were free to make money only after they had complied with ethical and legal requirements (Wood, 2010). In other words, the primary objective of a corporation should not be that of profit maximisation but rather doing things the right way and in accordance with the law. Comparing Carroll's and wood's approaches, Sachs et al. (2005) claim that corporations which follow CSR understanding in compliance to the pyramid of Kang and wood (1995) are better prepared to deal with differences regarding CSR orientation in different cultures compared to corporations that are based on the thinking of Carroll' (1991) pyramid. Other criticisms have evolved specifically focused on the development of CSR models with emphasis on sustainability (Aras & Crowther, 2009). They assert that most analyses of sustainability concentrate on environmental and social aspects while the financial performance is overlooked, which is necessary for the success of sustainability.

Later, Schwartz and Carroll (2003) presented a three-domain concept of CSR which defines its elements to include; economic, legal and ethical obligations, collapsing the fourth dimension of philanthropy into the ethical component (Brown & Forster, 2013; Garriga & Melé, 2004) (See Figure 3). They argue that the pyramid framework used to depict the domains of CSR may be confusing or inappropriate for some applications. As regards the hierarchy of the CSR domains the pyramid does not clearly suggest whether the most important domain is from the top (philanthropic) responsibility or the bottom (economic) responsibility. This they say, could lead to misunderstanding the priority of the four domains. They also argue that the pyramid framework does not capture the overlapping nature of the CSR domains (Schwartz & Carroll, 2003).

**Figure 3 Three-Domain Model of Corporate Social Responsibility**



Source: Schwartz and Carroll (2003)

The rationale for collapsing the philanthropic dimension into the ethical and economic responsibilities according to Schwartz and Carroll (2003) is because it is sometimes difficult to distinguish between the two. This can be argued on the basis that ethical values constitute right behaviour which is expressed in organisation's policies, procedures and practices that have moral consequences (O'Donohue & Nelson, 2009). This is quite different from economic issues which are concerned about profit generation. There could be a relationship between the two in the sense that ethical responsibility could be used to determine how the economic motives are achieved, but this does not mean that one cannot be distinguished from the other. Wood (1991) asserts that although ethical questions have ultimately been tied to economic activities, they both appear to detach from each other.

Schwartz and Carroll (2003) also argue that the philanthropic activities might be based on economic interest. This view is in line with that of Garriga and Melé (2004) who opine that the philanthropic aspect of CSP (Carroll, 1979) takes an adaptation perspective toward the demand of societal expectations. This is an important link that can be seen from most of the organisations to embrace cause-related marketing with philanthropy in their marketing campaigns. The philanthropic activities are examples of ethically motivated activities (Schwartz & Carroll, 2003). An alternative view is held by Lindgreen et al. (2009) who suggest that companies are more willing to invest in CSR in order to gain the positive association to enhance their product evaluation as well as customer loyalty, which is a means of responding to the philanthropic aspects of CSR.

Following the arguments surrounding Carroll's pyramid and their subsequent Venn framework, it can be argued that a firm's concern for profit does not necessarily exclude taking into consideration the interest of all who have a stake in the firm (stakeholders). It is imperative that a firm should be profitable in order to meet other obligations as required and expected by society. This view is in line with Garriga and Melé (2004) who say that a number of studies carried out show a positive correlation between the social responsibility and financial performance of corporations. The stakeholders are the beneficiaries or sufferers of the harms resulting from firm's activities. Clarkson (1995b) and other business scholars have argued that the stakeholder concept (responsibility to multiple stakeholders) is a foundation of the larger CSP model because management response to stakeholders and their accompanied issues directly affects the social impact of the firm. The strategic role performed by the top managers in organisations influence their perception of events in the external and internal environments. This individualistic perception subsequently guides the development of priorities with regard to the needs and demands of the numerous and diverse stakeholders. As a result of this, the corporation's social programs and policies, and consequently its social performance, is partially a reflection of its management (Greening & Turban, 2000).

#### 4. The Relevance of CSP Theory to the study

Much of the debate on corporate social performance is of a normative nature, building on the idea that moral principles should or should not guide corporate decision-making (Laan, Ees, & Witteloostuijn, 2008). The success of the firm is

inadvertently linked to its impact on the society and its level of involvement in societal issues. Corporate social performance is seen as instrumental to a firm's effectiveness based on the assumption that business success is somehow related to the extent to which the firm manages to deal with the different stakeholder needs (Laan et al., 2008). Two objectives of the study which are to assess oil companies' activities and the impacts on the traditional livelihoods of local communities and populations and to review CSR programmes and activities of the multinational oil companies is based on the CSP theory. The purpose of this is to examine the effectiveness of CSR by multinational oil companies in improving the standard of living of the communities.

CSP is a way of making CSR applicable and putting it into practice (Marom, 2006). Carroll (1994) asserts that the reason for analysing CSP is to be able to evaluate how a corporation is socially responsible. Its objective is to prompt managers to make social responsibility more concrete (Clarkson, 1995a). Companies must embrace the challenge of increasing public and stakeholder concern in order to reap the benefits of legal, social, environmental and reputational risk management; enhanced organisational effectiveness; improved relationship with stakeholders; and social license to operate within communities (Huang, 2010).

### 5. Methodology and study area

This study adopts a qualitative and exploratory approach to understand and clarify the nature of the relationship between the multinational oil companies and the host communities in the Niger Delta region of Nigeria. The research is based on primary data generated through semi-structured interviews from three host communities and one multinational oil company. Purposive sampling technique was used for the study. Additionally, a snowballing technique was used to identify other participants through the initial respondents. This sampling technique was particularly useful in identifying multinational oil company employees and members of the host community to participate in the interview. The Niger Delta comprises nine states with a land mass of over 75,000 square kilometres which makes it practically impossible for this research to cover the entire region due to time and cost constraints. The selection was therefore restricted to include only the major oil producing states. This was to enable the researcher to focus only on those communities where oil exploitation was currently taking place which led to Delta, Bayelsa, Rivers and Akwa Ibom states (AKS) being subject to consideration. Having selected four out of the nine states, the other criteria used in selection were, site of operation and level of violence. The site of oil production is considered to be relevant to this study because it determines the extent to which protest from the host community can affect oil production (Idemudia, 2007). The communities where oil is exploited close to their farm lands (on-shore) are more prone to direct effects of the negative impact of oil extractive processes on the locals than those where exploitation is carried out off-shore. However, this does not prevent environmental impact due to oil exploitation; onshore and offshore oil productions do cause major environmental damage to the host communities. Akwa Ibom state was therefore selected for the study.

Table 1 MULTINATIONAL OIL COMPANIES OPERATING IN AKWA IBOM STATE

Multinational Oil Company	Commenced operation in Nigeria	Origin of MNC	Exploration site	Local Government Area of operation
Exxon Mobil	1955	American	Off-shore	Eket, Esit Eket, Ibena and Onna
Total PLC	1992	French	Off-shore	Ikot Abasi, Eastern Obolo
Addax	1998	Chinese	Off-shore	Mbo, Oron, Udungu Uko

Source: Compiled by the researcher

The choice of the MNC inescapably affects the choice of the communities where such MNC operates. The communities selected for the study are in Eket, Esit Eket and Ibena local government areas. They are therefore; Mkpakan in Ibena LGA, Edo in Esit Eket LGA and Eket in Eket LGA. The selected communities are located at the coastal region of the state. These communities were selected based on their proximity to the MNC and their constant interactions with the MNCs.

## 6. Research findings and data analysis

A review of the CSR programmes and activities by the MNC arises from the need to establish the impact of such projects on the host communities. Therefore, the first thing to consider is who initiates the idea of such projects? When discussing decisions with regards to community investment programmes, projects and activities, the participant said that there is reasonable input from the community on what should be done, though in other cases the MNC executes projects they feel will meet the needs of the host communities. He remarked that:

*'We get requests from community through letters like this [showing a letter] When we have meetings with the communities, requests can come from that meeting. We have a scheduled meeting with chairmen of communities tomorrow, [...] issues can come up, we need this we need that. So at that meeting, such issues we will take note, I'm not saying we will provide [...] They write formally, two, they make request, thirdly, we live with the communities here; we also know some of the community's needs ourselves. Sometimes we sit back and say why we can't do this or that?..'. (AS, 4 Aug 2014, MNC)*

This statement confirms that the MNC organizes meetings with the communities where their needs are discussed. At such meetings the communities present their most important necessities and the projects they would want the MNC to execute. However, the final decision on what is actually provided for the community is done by the MNC. Stating that the MNC only takes note of what the communities need and communicates to them at a future date on why they can/cannot carry out certain projects makes the meeting a mere formality. It could be argued that the input from the community does not really matter when the final decision regarding the projects executed by the MNC is not in line with the outcome of such meeting. This suggests a passive involvement of the host communities in decisions regarding community projects. An area of community investment includes education through the award of scholarships to undergraduate students in various universities in Nigeria and scholarship for nursing students specifically for Akwa Ibom indigenes. AS states that:

*'... A lot of investment in education [...] Annually 250 from Akwa Ibom State, that is about 50% [...] Because we are operating from here, this place becomes our operational community, so the NNPC /MPN community development budget must be felt where we operate from primarily.[...] we run scholarship for Akwa Ibom indigenes in the four schools of nursing in Akwa Ibom State [...]. We also run another programme at the Maritime Academy at Oron for those doing ND programme in some Maritime related courses about 50 of them every year[...]. Then we run.... just three four years ago we started scholarship programmes for secondary schools, taking people from public primary schools to private secondary schools, boarding.'. (AS, 4 Aug, 2014, MNC)*

Investment in good education seems to be the priority of the MNC, and their focus on the host communities is commendable. But this is disputed by an indigene from Mkpanak community who says:

*'I don't know how that is done, since they cannot point, am a youth and I graduated from [...] and am not a beneficiary. None of my colleagues benefited that year and I cannot point at anyone who has benefited in this community at this age up till now. So who?[...] We have been reading on paper that they've done something like that, I don't know how it is run. I cannot even mention one person who is a beneficiary or who is still benefiting from that scholarship. [...] (Company) has not given any scholarship to anyone in this community. Let them come and mention one.'. (KA, 27 Oct, 2014, Mkpanak)*

From the assertion by KA, the MNC is accused of making false claims regarding their investment in education. The participant, who is a graduate of 30-39 years, says he cannot point at anybody from his community who has benefited from the scholarship programme. It is an indictment to state that there is nobody known to him that has benefited up till his age but rather reading on paper that the MNC has undertaken investment in this regard. He also explained that as a youth in a small community like theirs, they know each other so well that such investment would have been known to most of the community members. This may be because the host community is seen as always opposing the MNC and would hardly say something good about them. For example, giving them scholarship may not be the immediate needs of the community, which makes such investment unappreciated by the host communities. Another area of community investment is on healthcare. However, a participant from the MNC states that:

*'...as we speak, there are free mobile medical services in all the 31 local governments of the state. We started with the immediate communities here, so we are doing that, currently we are in Ikono, last week we were in Ini, today we are in Ikono, 5 days a week. Next Monday we are gonna be in Obot Akara, the other one at Ikot Ekpene, [...] like that throughout the entire..., we are going to be treating people free-of-charge [...] in the entire state. We also do a*

*lot of things in the area of health, rebuild some Health Centre, and equip some Health Centre not all' (AS, 4 Aug, 2014, MNC)*

This suggests that investment in health care are threefold; provision of free medical services, rebuilding health centres and equipment of health centres. Unlike the investment in education that was out-rightly disputed by the participant from the host community, that of health was affirmed by JE from Mkpanak community but complained that the right persons (those really sick) could not benefit from their services. The participant explained the inefficiency with which such programmes were carried out which made little or no impact to those who needed such help most. She states that;

*'..Free medical services, I know [...] that there were free medical services sponsored by [company] but it wasn't enough. People that were really sick were not opportune to get to that place. Imagine the whole of this community and the whole of Ibeno, the other side of Ibeno, Upenekang coming out, you know! For a particular thing, you see that people will be crowded and you see that those that are really sick may not get to those medical services. It is the youth, people that are strong, that can struggle in the crowd that will really get in there'. (JE, 27 Oct, 2014, Mkpanak)*

However, another participant from the host community disagrees with regards to rebuilding and equipping of health centres

*'Even in health care, where is the clinic? The only clinic we have here is a private clinic, which is along the road and [...] the second one is the government clinic. Which one has [company] built?. Or even equipped?..' (KA, 27 Oct, 2014, Mkpanak)*

This suggests that the opinion of the participants from the host communities differ with regards to the MNC's investment on health. While some locals agree that such programmes exist, others complain that they are insufficient. It would seem that such initiatives may have been carried out in some of the host communities and not in others. It could also mean that the projects executed by the MNC are not evenly distributed. The same opinion is held by the host communities with regards to the MNC's acclaimed investment in sports. The MNC declared that they have invested in sports activities every year since 2001 for athletic championships. According to them, the programme is for all secondary schools in the state to encourage young people who may be interested in athletics and sports in future. This view is disputed by a participant from the host community who states that;

*'..Maybe when the youth will play football you (MNC) go and stand on the field and snap pictures and say [company] has sponsored a tournament. Is that development, whom are they deceiving?..' (KA, 27 Oct, 2014, Mkpanak)*

The respondent sees the MNC as deceiving people through their publications because most of the things they write are not what is actually on ground. Though investment in sports is not seen as important because there are other more fundamental needs than sports, proper investment in sports would be building stadium, providing training facilities, changing rooms, equipment, spotlights etc. Though there are variations in opinions amongst the participants from host communities, most of the CSR initiatives (community investment) have been questioned by participants. Some argue on the basis of not doing it the right way and others outright denial of the existence of such projects. This indicates the disagreements that exist between the MNC and the host communities. Whereas the MNC feel they have done so much and deserve to be commended for their efforts, the host communities feel they are being manipulated for selfish purposes. The host communities feel that most of the projects the MNC claim to be carrying out may not be what they need but a way of manipulating them in order to continue to operate. The approach to community investment does not seem to yield the right result for the MNC because it is perceived by the host communities as a means to an end which is not based on sincere intentions. The host communities feel that the MNC's investment initiatives are purely to secure the license to operate and continuous survival. These disagreements and counter views of both parties may be partly responsible for the continuous conflicts in this region.

## **7. Discussion of Findings**

Oil extraction has taken a serious toll on the livelihoods of the people of the Niger Delta (Ejumudo et al., 2012) and this can be appraised through corporate social performance (CSP). CSP, as earlier mentioned, considers how corporate organisations can reduce the harm and increase the benefits of corporate behaviour (Wood, 1991b). Wood argues that CSP should be based on visible components (outcomes) of corporate activities rather than on principles and processes. With CSP theory in mind, there is a need to examine specific causal procedures and features of the environment that determine whether or not corporations engage in the socially responsible behaviour. A. B. Carroll (1994) asserts that the reason for analysing CSP is to be able to assess the extent to which a corporation is socially responsible. Therefore, socially responsible behaviour can be viewed through the lens of CSP. In assessing good business practice, it is important to scrutinise the motive behind certain CSR initiatives. Such consideration of 'good and right' behaviour would bridge the gap in the literature which asserts that the



process of delivering CSR by MNCs indicated that the costs outweigh the benefits CSR brings to local communities (Tuodolo, 2009).

This seems to be in line with recent trends in CSR which emphasise how the private sector generates its profit rather than how a part of such profit could be ploughed back to benefit the society. CSR is not only about how business organisations generate their profit but also what they do with such profits (Aaron, 2012). One of the research questions of this study aimed at assessing oil companies' activities and their impact on traditional livelihoods of the local communities and population. This is relevant to CSP theory. The findings have shown that one of the major causes of conflicts and confrontational attitude of the host communities to the MNC in this region is due to the negative effect of oil exploitation on traditional livelihoods of the people. In as much as the host communities demand compensation for the pollution of their land and water through oil spillage and gas flaring as noted in chapter 4, they also desire that such occurrences should be stopped. The traditional livelihoods of the people of this area, which for the majority are farming and fishing, have been severely affected (Afinotan & Ojakorotu, 2009). The findings relate to the CSP theory and further buttress the need for effective CSR which emphasise increased benefits and reduction of harm resulting from corporate activities (Wood, 2010).

As found in (Wood, 1991a)'s framework, CSP is focused on the impact and outcomes of corporate actions on the society as well as other stakeholders. These outcomes are determined and defined by the firm's values of CSR (Wood, 2010). In other words, the involvement of a firm in CSR may seem right at first but could be interpreted adversely if such activities contribute to more negative than positive impacts on the society. Therefore applying this notion in the study, findings suggest that the host communities demand more benefits than harm from corporate activities of the MNC. Local residents' constant protests attest to their displeasure over the MNC's actions. This supports Marom (2006) and Clarkson (1995b)'s argument that CSP is making CSR more concrete and practical. The aim of CSP is to evaluate the effect of the firm's action on others; positively and negatively. The argument here is that the process of scrutinising the CSP of corporations is to be able to assess the extent to which they are socially responsible depending on their motives. Some authors have equated CSP with "doing good" based on its numerical relationship with financial performance (Griffin & Mahon, 1997; Rowley & Berman, 2000; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Wood, 2010). However, such relationships are focused on the financial investments of the firm on CSR without reference to the purpose of such gesture. In as much as statistical measurements of CSR are important to the firm, this research is rather concerned about the moral underpinnings of early CSP which emphasises improved living conditions through analysis of corporate behaviours.

Participants from the host communities claim that the level of poverty in this region is due in large part to the loss of traditional livelihoods. Though poverty is seen as a national problem, it seems to be compounded through further destructive activities as a result of oil exploitation which is not acceptable to the people of this region. It is particularly noted by participants of the focus group in Edo community that they would like the traditions of their ancestors (farming and fishing) to be maintained. The argument here is that what may be seen as 'good' (CSR) may not be regarded as such if it is accompanied with negative impacts. The implication here is that considering a firm's CSP is important in identifying and undertaking environmental assessment and effective management of stakeholders' interests which Wood (1991a) also refers to as corporate social responsiveness. In as much as the host communities desire developmental projects from the MNC in the form of CSR (Aaron, 2012), they do not want the activities of the MNC to destroy their traditional livelihoods. The host communities are concerned that the CSR initiatives of the MNC do not incorporate the potential difficulties for future generations which relate to issues of sustainability.

In recent times, issues of sustainability (such as those mentioned above) have become the focal point of most CSR practices (Tullberg, 2012). Sustainability implies considering the economic, environmental and social effect of business practices which is often referred to as the 'triple bottom line' (Elkington, 1998). This implies that corporations should engage in business practices in ways that promote social, economic and environmental well-being. The findings in this research suggest that the MNCs focus most of their efforts and attention on the economic aspect of their activities at the expense of the social and environmental bottom lines. Faced with the challenge of frequent oil spillage and gas flaring (Idemudia & Ite, 2006) participants are concerned that such harmful activities will not benefit future generations due to its destructive nature. Constant pollution of their rivers and farmlands has contributed to the civil unrest in this region and subsequent abandonment of such livelihoods (George, Kuye, & Onokala, 2012).

## **8. Conclusion**

Through the practice of CSR, corporate organisations are supposed to ensure that their activities do not contribute to creating societal problems but rather address and reduce/ solve them. This research has shown that the negative impacts of the MNC's operations are often associated with conflict issues, which explains why the agitations are focused on the MNC. The findings also indicate that the host communities expect more responsibility from the MNC than the government in meeting their

needs. Though CSR cannot be a substitute for the role of the government, it can bridge the gap to some extent. However, the situation in the research area shows that the Niger Delta crisis goes beyond the provision of physical structures and employment. It is argued that until the income earnings capabilities of the rural dwellers are developed, enhanced and augmented, whatever is done to the physical development in the area would remain largely a waste of time and effort.

Gibson (2012) suggests that a company should be responsible for any damage to the flora and fauna that infringe on human welfare. Therefore, it is arguable that MNCs should seek to engage in activities that would address the negative impacts on the host communities. This is so because concern about the environment has become an integral part of business literature and business practice. CSP theory as used in this research is relevant in clarifying the attitude and activities of the MNC in their host communities with regards to their CSR and the need to be involved in sustainable practices for a better relationship. This is affirmed by Wartick and Cochran (1985) who state that CSP is the integration of the principles of social responsibility, the process of social responsiveness and the development of corporate policies to address societal issues. In other words, the attitude of the corporations should portray a positive act of responsibility.

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