Corporate Social Responsibility and Social License to Operate; Exploring activities of oil Multinationals in the Niger Delta region of Nigeria.

Enuoh, Rebecca Oliver
Department of Business Management, University of Calabar, Calabar
Email: rebenuoh@yahoo.com

Enuoh, Oliver O. O.
Department of Forestry and Wildlife, University of Calabar, Calabar
Email: oliverenuoh@yahoo.com

ABSTRACT

Corporate social responsibility (CSR) policies and strategies in most extractive industries are adopted due to the need to obtain the social license to operate (SLO). As an emergent concept in developing countries, CSR is yet to attain its full potentials due to the constant denial of community rights to ownership of natural resources discovered on their land. This has led to conflict of interest and often unhealthy relationships between extractive companies and their host communities. Using empirical qualitative data obtained through semi-structured interviews from three host communities in the Niger Delta region of Nigeria, the paper explores the environmental concerns of the activities of oil multinationals vis-à-vis the difficulties in obtaining SLO. The evidence suggests that MNCs may continue to face inability to secure a social license to operate and other related challenges despite huge investment in CSR if they fail to adapt international principles obtainable in developed countries regarding oil spills and gas flaring in their operations.

1. Introduction

In recent times, there have been increased expectations from multinationals for more beneficial outcomes in their immediate society. Corporations are held responsible for the impact of their activities on the environment (Rowe, Nowak, Quaddus, & Naude, 2014) hence the need to focus on positive contributions to the well-being of the host communities in order to obtain a social license to operate. Extractive processes often have a serious toll on the immediate communities which usually trigger negative consequences. In the Niger Delta region, such negative impacts have resulted in constant conflicts and agitation which have lasted for over five decades (Idemudia & Ite, 2006). Issues of oil spills and gas flaring have constantly been mentioned in this region without adequate efforts by the oil multinational to curtail or completely stop such practices (Ejumudo, Edo, Avweromre, & Sagay, 2012). These menaces have affected traditional livelihood and the socio-economic lives of the people. However, investments in corporate social responsibility (CSR) do not seem to be the solution, hence the refusal of the communities to grant SLO to oil multinationals.

From the foregoing, this paper therefore seeks to address the following issues;

- Analyse the environmental impact of oil extraction on the people of the Niger Delta region.
- Examine how SLO could be used to reduce negative environmental impact and its implication for successful CSR

2. Corporate Social Responsibility

For the past three decades, there has been an increase in the corporate social responsibility (CSR) initiatives undertaken by most corporations all over the world. Businesses are gradually becoming aware that they can contribute to economic growth, sustainable development, promote social responsibility and equally engage in activities to protect the environment (Bakić, Kostić, & Nešković, 2015). Although CSR is relatively new in the developing countries (Idemudia, 2007), some companies do provide the much-needed facilities to the local communities. However, these CSR initiatives have failed to successfully address the challenges of environmental pollution and widespread poverty (Lund-Thomsen, Lindgreen, & Vanhamme, 2016). Regrettably, some of the investments weaken the ability of affected groups to make political demands because it is believed to threaten

continued benevolence from the company . For instance, CSR in developing countries is criticised as being a field of the political contest as opposed to the ideal unbiased situation as argued by proponents of CSR (G. Newell & Chyi Lin, 2012). Most organisations that participate in CSR activities do so as philanthropic gestures for good public relations rather than an obligation (2005). They do not consider CSR as a responsibility to the public (Kim, Kim, & Tam, 2016). Therefore, commitment to CSR initiatives in the developing countries is considerably weaker than those in the developed countries (Jamali & Mirshak, 2007) as there is an existing gap between the two (Gugler & Shi, 2009).

In most developing countries, deliberations on CSR practices have been based on western positions without considering the perspectives of the local communities within which these businesses are being conducted (Ozuem, Howell, & Lancaster, 2014). The multination enterprises, which is the focus of most CSR initiatives in developing countries, emerge from the developed countries (Gugler & Shi, 2009). Hence their ideas and policies are based on western attributes, beliefs and conceptions. This has resulted in less impact than would have been expected (Ejumudo et al., 2012) because such actions are often misinterpreted by the beneficiaries. However, corporations in the developing countries still engage in various forms of CSR initiatives. Gugler and Shi (2009) assert that CSR is more popular in developed countries like Canada, USA, Australia and the UK with less emphasis on countries like China, Nigeria and other developing countries. Similarly, Arli and Lasmono (2010) assert that most of the research on CSR was conducted in the context of the developed countries. Hence the successful application of CSR in the developing countries is hardly realised. This is due to the limitations in the practice of CSR as a result of the disparity between the local challenges and global expectations (Idemudia, 2011). This therefore calls for the need to seek a social licence to operate.

3.   Social License to Operate (SLO)

Social License to Operate (SLO) is an emergent concept in current CSR literature that is attracting increasing research interest and attention, with burgeoning published articles in different academic journals. SLO is most prominent in the extractive industry (Demuijnck & Fasterling, 2016). This is due to the negative impact associated with most extractive processes on the lives of local communities and the environment, hence the need to secure acceptance (Idemudia, 2009). SLO has gained tremendous popularity in the mining industry in Australia and Canada, and is likely to spread to other large scale extractive industries or companies – including multinational oil companies in the Niger Delta region of Nigeria. That is why it has become pertinent to beam some search light on the concept, for purposes of enhancing the identification of gaps in the literature of this study, ascertain its implications in company – community relations in the Niger Delta, and help identify some vital contributions of this study and its niche in the literature.

Bice (2014a) maintains that Shocker and Sethi (1973) were the first to declare that modern business operations require "social contract" in order to successfully operate in modern society. Bice (2014a) stresses that the above "theoretical proposition is progressively visible within business policies, with many transnational corporations publicly declaring the necessity of a social license to operate" in company reports and other official documents and communications. Similarly, Prno and Scott Slocombe (2012b) maintain that social license to operate is now widely recognized by companies as a vital component to successful business operations. Prno (2013) posits specifically that the concept of SLO began entering the vocabulary of mining industry practitioners in the late 1990s, after it was coined by a Canadian mining executive, Jim Cooney.

Dare, Schirmer, and Vanclay (2014b) maintain that a social license to operate is a form of "social contract" between business enterprises and multiple communities and other societal stakeholders on the modus operandi of business activities which require compliance with social expectations and norms. For Gunningham, Kagan, and Thornton (2004, p.:308) a social license to operate refers to the "demands on, and expectations for business enterprise that emerge from neighbourhoods, environmental groups, community members, and other elements of the surrounding civil society." This is similar to issues of CSR as discussed in section 2 although in this case its particular focus is on extractive industries. However, Phillips, Freeman, and Wicks (2003) view a social license

to operate as a business oriented social construct that has linkages to stakeholder theory, which explicitly addresses morals and values in business management. Kaler (2006) posits that stakeholder theory offer two major ethical functions which culminate in social license: (i) to enhance distributive justice beyond the narrow business interests of stakeholders, and (ii) to enhance the understanding of corporate social responsibility and business obligations to the wider society.

A Social License to Operate is considered very important in business operational contexts where mining projects have not satisfied the demands of civil society and local communities in particular, and characterized by frequent occurrence of shutdowns and slow-ups, protests and blockades, non-issuance or retraction of government permits, media and shareholder campaigns, and government lobbying that have proven the power of civil society action across the globe (Prno & Scott Slocombe, 2012a). Such contexts and circumstances create a supervening need for mineral developers to gain an additional social license to operate in order to avoid potentially costly conflict and exposure to social risks (Bridge, 2004). A social license exists when a mining project is seen as having the broad, ongoing approval and acceptance of society to conduct its activities (Joyce & Thomson, 2000). One cannot therefor underestimate the importance of SLO.

4.   Why is SLO Important in CSR

All over the world, large scale mining and other extractive industrial activities usually take place near local communities and thus culminate in different social, cultural, economic and environmental impacts on such communities Bice (2014b); Moffat and Zhang (2014). They maintain that evidence abound around the world, where mining and other extractive companies are known to have engaged in irresponsible or ecologically harmful operational activities that advance their economic interest. Such practices have culminated in making communities to be apprehensive of, or totally distrust mining and other extractive companies. Prno and Slocombe (2014, p.:347) posit that within the purview of corporate social responsibility, a social license to operate "reduces social risk and helps allow operations to continue without community conflict."

For communities, the granting of a social license, in most cases implies that they have been reasonably involved in CSR decision making processes and have received, or have been assured of adequate benefits from the company or project. This is closely related to stakeholder engagement (Wong Lai & Ahmad, 2010) as identified in section 2.5.2. There are cases where some communities may never come to agree that mining, in any form, is acceptable as a means of livelihood and will only support non-extractive forms of development (Prno & Slocombe, 2014). The securing of a social license to operate is thus a goal that is dear to both companies and communities. Joyce and Thomson (2000, p.:189) stress that the advantages of a social license to operate include "improved corporate reputation, ongoing access to resources, reduced regulation, improved market competitiveness, strengthened stakeholder relationships and positive effects on employees." Gunningham et al. (2004) observe that if a company loses its social license to operate, it will face increased pressure from stakeholders, potentially leading to negative outcomes such as additional regulation or reduced market access.

5.   Industry Usage and Application of SLO

Prno and Scott Slocombe (2012a) link SLO to the global sustainable development agenda that was adopted by world leaders during the first Earth Summit or United Nations Conference on Environment and Development (UNCED), in June 1992, at Rio De Janeiro, Brazil (Commission, 1992). The above Earth Summit was convened to discuss the global action plan and strategies needed to address the outbreak of global environmental problems like deforestation, biodiversity loss, atmospheric ozone layer depletion, global warming and climate change which were all attributed to unsustainable human economic and development activities across all nations on Earth (Commission, 1992). The Brundtland Commission which later became the World Commission on Environment and Development (WCED), defined the concept of sustainable development as "development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (WCED, 1989)."

Owen and Kemp (2013) maintain that that the idea of social license to operate has become entrenched within core mining industry for more than a decade. They strongly uphold that SLO is now popularly invoked in CEOs speeches, sustainability reports and industry conferences on sustainable development, and has become deeply entrenched in corporate sustainability policies, standards and guidance notes, in addition to all manner of corporate literature. Similarly, Kurucz, Colbert, and Wheeler (2008) uphold that such popularity in industry use and application is underpinned by four factors: (i) cost and risk reduction (i.e. SLO compliant firms will face reduced public and regulatory scrutiny), (ii) competitive advantage (i.e. SLO compliant firms will be differentiated and patronized in the marketplace), (iii) reputation and legitimacy (i.e. SLO compliant firms will be viewed positively by society and allowed to operate), and (iv) synergistic value creation (i.e. through SLO, firms can create value for both stakeholders and the firm). This makes SLO directly related to corporate social responsibility.

However, problems exist in the use and application of SLO by companies in the mining and other extractive industries. Owen and Kemp (2013) observe that though there is an extensive use of SLO, the industry has approached the term uncritically in the sense that the usefulness of the concept remain essentially untested within the sector. They further stress that notwithstanding wide-ranging uptake of SLO by industry, not all companies use the term in the same way or give the term equivalent weight. Social license is premised on the idea of informal or 'tacit' licensing that signals the presence or absence of a critical mass or public consent, which may range from reluctant acceptance to a relationship based on high levels of trust. By its definition, SLO is considered to be fundamentally intangible and informal, unless effort is made to measure, analyse or quantify its character (Boutilier & Thomson, 2011).

In the same vein, Bice and Moffat (2014) posits that the criteria defining a social license to operate remain relatively amorphous, at least for the Australian mining industry. Bice (2014b) argues that while the concept of a social license is most certainly deemed important by companies, it remains unclear exactly how companies determine whether they have secured or garnered a license. Owen and Kemp (2013) submit that when communities voice or act out resistance to projects (e.g. complaints and protests), such negative actions are interpreted to mean that a SLO is under threat, or does not exist, or should be reviewed. By contrast, the absence of explicit forms of contestation can be interpreted to mean positive support for company activities. Nevertheless, SLO currently lacks effective communication and feedback mechanisms between companies and local communities (Owen & Kemp, 2013). In order to better define and legitimize a SLO, Bice (2014b) maintains that mining companies need to bridge the gap between social license theory and sustainable development practice. Companies need to more clearly "define the criteria which underpin their social licenses to facilitate more apparent and measurable indicators against which stakeholders can make their own judgments" (Bice, 2014:75).

6.   How should SLO be granted and by who?

Moffat and Zhang (2014) investigate how social license to operate is granted and maintained vis-à-vis the processes mining companies use to engage with local communities in an Australian mining region. The study measured and modelled the critical elements of social license such as (i) company impacts on community social infrastructure, (ii) contact quantity (i.e. rate of community contact with company officials at meetings and community events), (iii) contact quality (or how pleasant and positive is the nature of community contacts and interactions with company officials), (iv) procedural fairness (i.e. rate of community involvement company CSR decisions and respect of community opinions), (v) trust (i.e. rate of community confidence, trust, and goodwill towards the company, and (vi) acceptance (i.e. how much the community has accepted, appreciated, and approved the activities of the company. The findings of the above study revealed that while all the above elements of social license can be important in company – community relations, contact quality played a more important role.

Parsons, Lacey, and Moffat (2014) argue that while the word "license" tend to suggest the existence of a formal binding agreement between companies and communities on the modalities of company operations, it is not so in

practical terms. From their findings, Parsons et al. (2014, p.:88) conclude that social license is "not a license per se, but a metaphor for processes of engaging with local communities in order to obtain implied approval or acceptance, which in turn reduce the perceived need for regulatory impositions." This makes the idea of SLO closely related to that of corporate social responsibility. Boutilier and Thomson (2011) see and present social license as a 'continuum' based on three normative components, legitimacy, credibility and trust – which is a further development of their earlier model where SLO had four levels comprising withdrawal, acceptance, approval and psychological identification. They submit that moving from legitimacy, through credibility to trust, constitutes a process of building and balancing social capital in the relationships between the company and local stakeholders.

Prno and Scott Slocombe (2012a, p.:348) submit that a social license to operate provides an arena and opportunity for negotiations to be carried out "between mining companies and local communities on the expectations of both parties throughout the mining lifecycle." In the same vein, Nelsen (2006) maintains that a social license to operate normally generates an opportunity for negotiation whereby the parties involved are heard, understood and respected. Prno and Scott Slocombe (2012a) caution that negotiation in SLO is used loosely and refer only to the general process by which each party's expectations are made apparent and incorporated (or not) into the SLO. This process arguably consists of both formal (e.g. face-to-face negotiation of agreements) and informal (e.g. community expectations may be implicit and embedded in wider cultural norms that are not immediately apparent in mining company activities).

Prno and Scott Slocombe (2012a) further observe that a community's capacity to grant a reliable social license hinges on her social capital and networks. However, Boutilier and Thomson (2011) stress that companies have to learn to create and maintain effective channels of communication and CSR partnerships and collaborations with communities in order to earn a social license to operate. The environmental impacts of businesses which stretches from local, national to global scales have contributed to widening the range of stakeholders that may be involved in the 'issuance' of a social license. Accordingly, Dare, Schirmer, and Vanclay (2014a) strongly argue that social license to operate is not a singular license granted by all society, but a range of licenses based on prevailing social norms and expectations that are applicable across society, from local communities to the broader public.

7. Methodology

This study is a qualitative and exploratory research. It employed two major methods of data collection; semi-structured interviews and focus groups. Face to face interviews were conducted with members of the host communities, employees of a multinational oil company (MOC) and staff of NDDC. The study focused on these three host communities as they were directly affected by the activities of the multinational oil company operating in that region. A total of 28 semi-structured interviews were conducted with participants from three host communities (Mkpanak, Eket and Edo communities), three interviews with employees of a multinational oil company and four with a staff of NDDC. Three focus groups discussions were organised, two of the focus groups had five participants each while one of the focus groups had six participants. The participants of all the focus groups were members of the host communities. They were carefully selected to provide a mix in terms of gender and age.

8. Findings

In order for a corporation to be seen as being socially responsible, it is expected the corporate activities should be more beneficial to the society rather than harmful. However, the means of livelihoods of the host communities have been negatively affected by oil extraction activities of MNCs. Participants have explained that oil extractive activities of the MNCs have resulted in frequent oil spills which have had a toll on the livelihoods of the people. Their traditional livelihood activities such as farming and fishing have been seriously affected as shown by this comment from PA:

'.. now we cannot do the fishing because of the oil operation, the incessant oil spills, killing the aquatic lives and so on[…]The people realize that the fishermen, farmers and others who depend on forest and sea products as means of livelihood are seriously damaged both the land and the sea has been polluted and the forest destroyed [..] They could not fish again because if there is oil spill [company] will try to bring chemical to spray on top and the chemical will make the oil in the form of ball and they will sink into the bed of the sea. [..] If you are fortunate enough to get fish, you cannot get the taste again because of the oil'. (PA, 27 Oct, 2014, Mkpanak)

Similarly some participants attributed the poor catch and infertility of the soil to oil extractive activities.

'The oil company's activities have negatively affected our means of livelihood so much. Am sure you must have heard about oil spillage and gas flaring. The oil spillage has affected out water and land such that we cannot catch as much fish as we used to do before and the soil is no longer fertile for our crops. Even the small vegetable gardens we used to have around our houses, when you plant seed they refuse to germinate'. (BU, 15 Aug, 2014, Edo)

This suggest that oil spill affects not only their farmlands and the fishes in the water far from where they live but rather very close to their homes to the extent that the small gardens around their homes are also affected. However, this was disputed by the MNC operating in this region which stated that they operate off shore and so it is not possible for the host communities to complain of oil spill on their land. This claim is captured below:

' all our warehouses are in the sea, we don't operate on land, you will not see any of our pipelines crossing anybody's water, anybody's land, anybody's farmland that is why you've not heard of oil spill […]' (AS, 4ᵗʰ Aug, 2014).

It is therefore difficult to determine whether the story of the host communities or that of the MNC could be right. The host communities are complaining on one hand of the oil that spills on their land, whereas the MNC is saying that they do not spill oil as all their facilities are off-shore. The above statement gives one the impression that the MNCs are more concerned about protecting their interest rather than solving the problem. Saying that the company's facilities are off-shore does not mean that oil spill does not occur. This statement places the company on the defense and as such indirectly freeing themselves from the blame for oil spill. This may look like a good report for the company, but it does not in any way solve the problem. As a major multinational oil company in the state, there is a limit to what can be said to exonerate them from blame. The common concern is that oil spill occurs in this region irrespective of the facilities from which the oil spills. The host communities therefore seek an alternative means of survival.

'..The discovery of oil as a means of survival in the region has now made people to dump their original means of livelihood because they see it as a fast way of making money through the oil revenue. Apart from that the soil was no longer fertile because of the oil flow. Planting a seed where you have crude oil very close to the seed you have planted kills the seed. The oil spillage has caused most farmers to abandon their profession and seek other sources of livelihoods'. (SE, 23 Sept, 2014, Eket).

The issue of oil spill is not taken lightly by the host communities. Many participants have expressed concerns about the problem of oil spill which has been a frequent occurrence but this seems to be ignored by the MNCs. The oil spill does not only affect their livelihoods but also their daily survival as it affects the rivers and streams where water was hitherto fetched for drinking, washing and cooking. The participant from Edo community describes one of the worst oil spills that occurred:

' ..another thing is the oil spillage, to be precise, in January that was in 1998, on 12ᵗʰ January 1998 there was a very serious spill from Edoho platform, the pipe just burst and that spillage was the talk of the town, [..] the entire Atlantic ocean was affected, in fact after 8 days the effect of that spill was

> *experienced in Lagos area in all the water bodies there were affected and people even had to scoop the crude oil. You can imagine what that will do to the aquatic organisms, the fishes [...] everything was affected. So what I'm trying to say is that oil spillage has always been in the increase...' (HU, 9 Oct, 2014, Edo)*

The statement above explains the magnitude of the negative effects of oil spills. The extent to which the spill could spread is unimaginable as the oil floats on water. This suggest that the issue of oil spill has been of serious concern to members of the host communities because of the multiplier effect it tends to have on the people, their daily lives, social lives and their livelihoods. Oil spillage has caused so much harm to the water and the land which were previously used for fishing and farming. Being an area surrounded by water bodies, oil spill has had a toll on their livelihoods. Those who were engaged in some form of trading especially in fish and aquatic products have not been exempted from the effect of oil spills. Their businesses are affected by the quantity of fish caught by the fishermen each day. The spill therefore affects the young and older fishermen, the women who trade on fish and other aquatic products, as well as the children who depend on their parents to provide their basic needs through fishing, farming or/and trading. Not only was their land destroyed by exploration activities but their land was also taken away by the oil companies. This assertion is made clear by HU that:

> *'... A greater part of the land we normally use for farming has been taken by the oil companies; this therefore means that their existence has really affected our socio-economic lives'. (HU, 9 Oct, 2014, Edo)*

HU, who is from Edo community expressed concern about the land belonging to the community which has been taken over by the MNC for installation of their facilities. He also complained that when an individual obtains another person's or community's land either through outright purchase or on rent, such land is usually paid for, but in the case of his community nothing has been given to them in exchange for their land. In support of this view, a participant from Mkpanak community explains how the MNC has taken away a greater part of their community land for the construction of the administration building for their offices and that more than half of the community's land is now owned by the MNC. He states that;

> *'...They have taken more than half of the community, as you are coming down as soon as you step out of that beach, till the end of it you realize that the community is divided into two, one side for the community and one side to [company]. If you follow the beach road till the end you realize that the portion occupied by [company] is even bigger than the portion that the community occupies. So how can you take that kind on land mass and exorbitant exploration of oil on daily basis and the community is still like a desert'. (KA, 27th, Oct, 2014, Mkpanak)*

This explains why the host communities feel they ought to be and have not been adequately compensated. Some participants acknowledged that the adverse effect of oil exploration activities has not only affected their livelihoods but also having a long lasting environmental and health implications. Closely related to oil spillages is the issue of gas flaring. The host communities associate certain health and environmental hazards to gas flaring which causes acid rain and skin diseases. A participant from Edo said this:

> *'We have encountered so much problems […] I'm talking as a seasoned environmentalist, I am into environmental studies. [...] Gas flaring has brought so much negative impact to the area, [..] It is a very common experience to see this roofing zinc decay on its own within the space of 2-3 years. The zinc is being attacked by the acid [..] this is known as acid rain because of the gas [company] has been flaring. [..] When the gas is being flared carbon dioxide, methane, chlorophoro carbons are being sent into the atmosphere that would bring very serious negative impact to the environment. [..] it has equally attacked the vegetation and the ecosystem, and even water [..] It has caused a lot of havoc in that area and we are experiencing very funny skin diseases, at times it comes in form of rashes because of [..] gas flaring' (HU, 9 Oct, 2014, Edo).*

HU seems to be very knowledgeable about what is happening in this region in terms of how their lives have been adversely affected by the activities of MNCs. Though this may be general knowledge about the subject matter, he seems to be well informed. The participant attributes skin disease in this region to oil exploitation activities. It could be argued that skin diseases may be caused by so many other factors other than gas flaring, but disputing that gas is not being flared may not be very correct. Being a long-standing problem in this region, members of the community have a fair understanding of the negative effects of gas flaring on their health. Another participant explains gas flaring from a layman's point of view as fire burning out of a pipe and further affirms that it causes other health problems like high blood pressure and asthma. He states that;

> '*Do you see something that looks like fire burning out of a pipe high up into the atmosphere? That is the gas that is being flared. According to doctors, such gases can affect our health, so apart from the farmlands being affected, our health too has been affected, and it also causes serious heat and sometimes asthma*'. *(BU, 15 Aug, 2014, Edo)*

Some participants attribute the high temperature around this area to gas flaring, killing the crops that are planted on farmlands near the gas pipes. Others explained that the kind of rain water they get in recent times is dark in colour and this could be responsible for the poor yield of their crops; when such rain falls to the ground instead of watering the crop and enabling growth, it rather destroys the plants. Therefore, they attribute the negative effects on their health and livelihood to gas flaring which explains why the people are at logger heads with the MNC for not providing a better life. Though it could be argued that issues of conflict in this region might not always be attributed to the adverse effect of oil extraction, it could also be said that it is one of the factors that trigger conflict. There have also been complaints from the host communities and open protests against the MNC which have resulted in conflicts and confrontational attitudes. The negative effect of oil extraction on traditional livelihoods has risked people seeking non-legal means of supporting themselves. For example, PA from Mkpanak community states that;

> '*The livelihood has been abandoned, the young men are now on the road with sticks and nails to block any company coming in [laughs] in order to get what to eat because they cannot fish again*'. *(PA, 27 Oct, 2014, Mkpanak*)

Considering the comment above from an elderly man who is over 60 years old, there is an indication that the communities have become helpless and have resorted to using nails and sticks to protest against the oil company. This suggests that the traditional livelihoods of the people; mainly farming, fishing and trading have been seriously affected by oil exploration activities leaving them with no option other than to antagonize the MNC. The farmlands have been affected by oil spill as well as gas flaring. The streams and rivers that were hitherto used for fishing and obtaining other aquatic animals have also been negatively affected. As a result of these events, trading, especially on aquatic products such as periwinkles, crayfish, prawns and lobster and of farm produce have been affected. Participants also expressed their concern over the increased rate of unemployment which is linked to the negative effects of oil extraction on their traditional livelihoods.

Participants across the focus groups shared similar views on the discovery of oil and the emergence of the oil industry contributing to the hardship in their communities as a result of the negative effects on their livelihoods through oil spill, water pollution and gas flaring. Participants from Mkpanak were particularly unhappy about the increasing rate of oil spills off the coast of their community resulting to negative environmental impacts. They also complained of the MNC constantly denying the responsibility of such spill and refusal to pay compensation. One of the speakers states as follows:

> '*Before the discovery of oil, I am young but from what my grandfather told me, life was beautiful. Everybody (pause) had a hand work which they used to survive either as potter, [..] fishermen [..] also farming because we also planted crops, so like a grown up, as a young boy you are advised to get busy*

by following the community trade..[..] Their exploration and exploitation has caused harm to the environment; first our handwork which has to do with water is polluted [..] even now you take your boat and go to the sea you cannot make any catch.[..] their duty here the exploration is causing havoc to the community. They said that there will be compensation to the community, none of that compensation has been done.'(Focus group Mkpanak, 27th Oct, 2014)

The extract above really brings out the area of discussion on livelihood in the way that it suggests that life was different for the host communities before the discovery of oil. The people were happy and content with whatever livelihood activities they were engaged in which has been disrupted by the discovery of oil on their land. Their negative perception is also influenced by the inability of the MNC to adequately compensate them for the negative impact of oil extraction on their environment and their daily activities. However, there was a variety of opinions of participants in the focus group in Eket community. While some felt that they were better-off now than before oil was discovered, others felt the situation is worse-off now. This could be due to the fact that this focus group was made up of youths only and it seems most of the participants may not have experienced life before the arrival of the multinationals. Most of the participants were between the ages of 20 and 35 which suggest that being a younger generation; they would prefer white-collar jobs to their traditional occupation of farming and fishing.

Furthermore, participants from the focus group in Edo community believe that the provisions of social infrastructures are as important to them as the prevention of pollution on their land and water. There was some agreement between members of that group that, while they wanted a better life through modern facilities, they still needed to maintain their traditional livelihoods of farming and fishing. According to MA of Edo community;

'Our community needs road, water, electricity, good schools and hospitals so that we can live a good life, we also need the pollution of our water and land to stop so that the people can maintain the tradition of our ancestors and also feed our families. The company cannot employ all of us so if they destroy all that we have. Where do we run to?'(Focus group Edo, 26th August, 2014)

It could be understood from this statement that the benefits they derive from the MNC is very little compared to the negative impact of the oil exploitation activities. The destruction of their traditional livelihood is not taken lightly because of its effect on their socio-cultural as well as economic lives. These suggest why the host communities depend so much on the MNC and feel frustrated over the inability of the MNC to meet up with their demands on recruitment and provision of basic social amenities. However, the disruption of traditional livelihoods may not be responsible for the relationship between one host community and another on the struggle for survival and scramble for limited resources. The conflict between one host community and another could be due to encroachment of one on another's land in search for livelihood which has subsequently resulted in conflict with the MNC. It is therefore pertinent to explore some past and current disputes and conflicts that have occurred within this region and their possible causes.

9. Conclusion

The environmental challenges focus issues with regards to soil, water and air pollution through oil spillage and gas flaring. Most of the participants complained of frequent oil spills and gas flaring in this region. Environmental pollution as a result of oil spill has been a regular occurrence in this region (Aghalino, 2009). The host communities accuse the MNC of not changing the pipes that were installed several decades ago which often contribute to the oil spills. They feel that changing the oil pipelines would be a huge cost to the MNCs hence they kept promising to do so but have never implemented it. The host communities also accuse the federal government of negligence and lack of checks and balances by the regulatory bodies to monitor the affairs of the MNCs. As much as it is the responsibility of governments to provide infrastructure, others argue that the companies cannot be exonerated from responsibility for the destruction of their environment. However, it is the role of government to pass the necessary legislation for protection of the environment. If this were done, issues of environmental protection would be legally defined and erring companies could then be appropriately dealt

with. This in turn has hampered the relationship between the MNCs and their host communities hence they are unable to grant the social license to operate. The resultant effect is incessant crisis and unhealthy relationship between the host communities and multinational oil companies. Corporate social responsibility has not yielded much positive impact despite huge amounts invested in it my MNCs. Ejumudo et al. (2012) assert that incorporating environmental related problems in the CSR agenda of MNCs would further reduce violence and conflicting situations. Hence the need for the host communities to grant a social licence to operate.

References

Aghalino, S. (2009). Corporate response to environmental deterioration in the oil bearing area of the Niger Delta, Nigeria, 1984-2000. *Journal of sustainable development in Africa, 11*(2), 281-294.

Arli, D. I., & Lasmono, H. K. (2010). Consumers' perception of corporate social responsibility in a developing country. *International Journal of Consumer Studies, 34*(1), 46-51. doi:10.1111/j.1470-6431.2009.00824.x

Bakić, T. V., Kostić, S. C., & Nešković, E. (2015). Model for Managing Corporate Social Responsibility. *Management (1820-0222)*(74), 47-56. doi:10.7595/management.fon.2015.0002

Bice, S. (2014a). What gives you a social licence? An exploration of the social licence to operate in the Australian mining industry. *Resources, 3*, 62-80.

Bice, S. (2014b). What gives you a social licence? An exploration of the social licence to operate in the Australian mining industry. *Resources, 3*(1), 62-80.

Bice, S., & Moffat, K. (2014). Social licence to operate and impact assessment. *Impact Assessment and Project Appraisal, 32*(4), 257-262.

Boutilier, R., & Thomson, I. (2011). Modelling and measuring the social license to operate: fruits of a dialogue between theory and practice. *Social Licence*.

Bridge, G. (2004). Contested terrain: mining and the environment. *Annu. Rev. Environ. Resour., 29*, 205-259.

Commission, B. (1992). United Nations Conference on Environment and Development (UNCED). *Rio de Janeiro*, 3-14.

Dare, M., Schirmer, J., & Vanclay, F. (2014a). Community engagement and social licence to operate. *Impact Assessment and Project Appraisal, 32*(3), 188-197.

Dare, M., Schirmer, J., & Vanclay, F. (2014b). Community engagement and social licence to operate. *Impact assessment and project appraisal, 32*, 188-197.

Demuijnck, G., & Fasterling, B. (2016). The Social License to Operate. *Journal of Business Ethics, 136*(4), 675-685. doi:10.1007/s10551-015-2976-7

Ejumudo, K., Edo, Z., Avweromre, L., & Sagay, J. (2012). Environmental issues and corporate social responsibility(CSR) in Nigeria Niger Delta region: the need for a pragmatic approach. *Journal of Social Science and Public Policy, 4*, 1-21.

Gugler, P., & Shi, J. (2009). Corporate Social Responsibility for Developing Country Multinational Corporations: Lost War in Pertaining Global Competitiveness? *Journal of Business Ethics, 87*, 3-24. doi:10.1007/s10551-008-9801-5

Gunningham, N., Kagan, R. A., & Thornton, D. (2004). Social license and environmental protection: why businesses go beyond compliance. *Law & Social Inquiry, 29*(2), 307-341.

Idemudia, U. (2007). Community Perceptions and Expectations: Reinventing the Wheels of Corporate Social Responsibility Practices in the Nigerian Oil Industry. *Business and Society Review, 112*(3), 369-405. doi:10.1111/j.1467-8594.2007.00301.x

Idemudia, U. (2009). Oil Extraction and Poverty Reduction in the Niger Delta: A Critical Examination of Partnership Initiatives. *Journal of Business Ethics, 90*, 91-116. doi:http://dx.doi.org/10.1007/s10551-008-9916-8

Idemudia, U. (2011). Corporate social responsibility and developing countries: Moving the Critical CSR Research Agenda in Africa. *Progress in Development Studies, 11*(1), 1-18. doi:http://dx.doi.org/10.1177/146499341001100101

Idemudia, U., & Ite, U. E. (2006). Demystifying the Niger Delta conflict: Towards an integrated explanation. *Review of African Political Economy, 33*(109), 391.

Jamali, D., & Mirshak, R. (2007). Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context. *Journal of Business Ethics, 72*(3), 243-262. doi:http://dx.doi.org/10.1007/s10551-006-9168-4

Joyce, S., & Thomson, I. (2000). Earning a social licence to operate: Social acceptability and resource development in Latin America. *CIM bulletin, 93*(1037), 49-53.

Kaler, J. (2006). Evaluating stakeholder theory. *Journal of Business Ethics, 69*(3), 249-268.

Kim, S., Kim, J.-N., & Tam, L. (2016). Think socially but act publicly: refocusing CSR as corporate public responsibility. *Journal of Public Affairs (14723891), 16*(1), 91-104. doi:10.1002/pa.1560

Kurucz, E. C., Colbert, B. A., & Wheeler, D. (2008). The business case for corporate social responsibility.

Lund-Thomsen, P., Lindgreen, A., & Vanhamme, J. (2016). Industrial Clusters and Corporate Social Responsibility in Developing Countries: What We Know, What We do not Know, and What We Need to Know. *Journal of Business Ethics, 133*(1), 9-24. doi:10.1007/s10551-014-2372-8

Moffat, K., & Zhang, A. (2014). The paths to social licence to operate: An integrative model explaining community acceptance of mining. *Resources Policy, 39*, 61-70. doi:http://dx.doi.org/10.1016/j.resourpol.2013.11.003

Nelsen, J. L. (2006). Social license to operate.

Newell, G., & Chyi Lin, L. (2012). Influence of the corporate social responsibility factors and financial factors on REIT performance in Australia. *Journal of Property Investment & Finance, 30*(4), 389-403. doi:http://dx.doi.org/10.1108/14635781211241789

Newell, P. (2005). Citizenship, accountability and community: the limits of the CSR agenda. *International Affairs, 81*(3), 541-557. doi:10.1111/j.1468-2346.2005.00468.x

Owen, J. R., & Kemp, D. (2013). Social licence and mining: A critical perspective. *Resources Policy, 38*(1), 29-35. doi:http://dx.doi.org/10.1016/j.resourpol.2012.06.016

Ozuem, W., Howell, K., & Lancaster, G. (2014). Corporate social responsibility: towards a context-specific perspective in developing countries. *Social Responsibility Journal, 10*(3), 399.

Parsons, R., Lacey, J., & Moffat, K. (2014). Maintaining legitimacy of a contested practice: How the minerals industry understands its 'social licence to operate'. *Resources Policy, 41*, 83-90. doi:http://dx.doi.org/10.1016/j.resourpol.2014.04.002

Phillips, R., Freeman, R. E., & Wicks, A. C. (2003). What Stakeholder Theory Is Not. *Business Ethics Quarterly, 13*(4), 479-502. doi:10.2307/3857968

Prno, J. (2013). An analysis of factors leading to the establishment of a social licence to operate in the mining industry. *Resources Policy, 38*, 577-590. doi:http://dx.doi.org/10.1016/j.resourpol.2013.09.010

Prno, J., & Scott Slocombe, D. (2012a). Exploring the origins of 'social license to operate' in the mining sector: Perspectives from governance and sustainability theories. *Resources Policy, 37*(3), 346-357. doi:http://dx.doi.org/10.1016/j.resourpol.2012.04.002

Prno, J., & Scott Slocombe, D. (2012b). Exploring the origins of â ˜social license to operateâ ™ in the mining sector: Perspectives from governance and sustainability theories. *Resources Policy, 37*, 346-357. doi:http://dx.doi.org/10.1016/j.resourpol.2012.04.002

Prno, J., & Slocombe, D. S. (2014). A systems-based conceptual framework for assessing the determinants of a social license to operate in the mining industry. *Environmental management, 53*(3), 672-689.

Rowe, A. L., Nowak, M., Quaddus, M., & Naude, M. (2014). Stakeholder engagement and sustainable corporate community investment. *Business Strategy and the Environment, 23*(7), 461-474.

Shocker, A. D., & Sethi, S. P. (1973). An approach to incorporating societal preferences in developing corporate action strategies. *California Management Review, 15*(4), 97-105.

WCED. (1989). *Our common future*. Retrieved from Oxford, New York:

Wong Lai, C., & Ahmad, J. (2010). Incorporating stakeholder approach in corporate social responsibility (CSR): a case study at multinational corporations (MNCs) in Penang. *Social Responsibility Journal, 6*(4), 593-610. doi:http://dx.doi.org/10.1108/17471111011083464