

# IMPROVING OCCUPATIONAL CAPACITY FOR ENHANCEMENT OF SUSTAINABLE SOCIO- ECONOMIC WELLBEING IN THE NIGER DELTA REGION OF NIGERIA: THE ROLE OF CORPORATE SOCIAL ACTION

Ekeke, J.N.<sup>\*1</sup>, Nwaiwu, J.N. (Ph.D.)<sup>2</sup> and Sonari-  
Otobo, V.A.<sup>1</sup>

<sup>1</sup> Department of Hospitality Management & Tourism, Faculty of Management Sciences, University of Port Harcourt, Choba, Nigeria.

<sup>2</sup> Department of Accountancy, Faculty of Management Sciences, University of Port Harcourt, Choba, Nigeria.

\* Author for correspondence, Mobile: +234-703-626-2485, Email: [john.ekeke@uniport.edu.ng](mailto:john.ekeke@uniport.edu.ng)

Co-authors' contacts, Nwaiwu, Mobile: +234-803-726-5775, Email: [johnsonnwaiwu@yahoo.com](mailto:johnsonnwaiwu@yahoo.com); Otobo-Sonari, Mobile: +234-813-057-8660, Email: [tobovee3@gmail.com](mailto:tobovee3@gmail.com)

## ***Abstract***

*Natural resource exploitation by multinational corporations (MNCs) in the Niger Delta area of Nigeria has led to environmental degradation and abject poverty for the host community, rather than improve the socio-economic wellbeing of the host community. The study situated the sustainable socio-economic development of the Niger Delta region within the context of the corporate social responsibility (CSR)*

*practices of the actors in the oil and gas industry. Findings showed that corporate social actions of the MNCs and the intervention programmes of the three tiers of government in the Niger Delta region are at best a failure when measured against the indices of socio-economic development, hence the protracted agitation for resource control and endless crises in the region. The study recommended a paradigm shift in CSR design, planning and execution in the Niger Delta area of Nigeria to a workable and inclusive approach for improvement of occupational capacity for small and medium enterprise (SME) development and growth.*

***Keywords:** Corporate social action, Standard of living, Occupational capacity improvement, Value and wealth creation, Small and medium enterprises development and growth*

## **Introduction**

Natural resource exploitation is supposed to improve the socio-economic wellbeing of the host community. The Niger Delta area of Nigeria plays host to the exploitation of oil and gas resources by multinational corporations (MNCs), but has rather suffered environmental degradation and deepening poverty. In response to abject poverty in the region, indigenes have resorted to militancy.

In efforts to address the ugly situation, the MNCs claim huge budgets for corporate social responsibility (CSR). But, comparing the standard of living in the Niger delta zone with that of other zones in Nigeria, Eneh (2011) described the corporate social actions (CSAs) of the MNCs in the region as peripheral. It is a paradox that Nigeria's petrol dollars received over the years fail to address the increasing "poverty, dilapidating infrastructure, under development of human capital and general reduction in socio-economic activities" in the Niger Delta area of Nigeria (Udeh, 2005: 1). Nigeria's oil wealth has rather created a tragic unwelcome development than develop it. All intervention programmes of the three tiers of government and the CSR programmes of the oil companies remain at best inconsequential.

It cannot be said that a comensurate amount of money is being spent in trying to develop the Niger Delta area. Besides, financial resources spent so far in this direction are either misapplied or mismanaged. All CSAs geared towards developing the Niger Delta area of Nigeria took cognizance of the stakeholder value of the indigenous people at the design, planning and execution levels of the programmes. The study aimed to situate the sustainable socio-economic development of the Niger Delta region of Nigeria within the context of enhancing the stakeholder value of the indigenes of the oil rich region through a paradigm shift in the prevailing CSR practices of the oil and gas corporations operating there.

## **Review of related literature**

### **Conceptual framework**

CSR and similar concepts, such as corporate social performance, corporate social responsiveness, corporate social action (CSA) and corporate citizenship, as found in the body of knowledge, are used interchangeably. CSR is the umbrella concept. Narwal & Singh (2013: 465) defines it as “responsibilities of corporate towards the society within which they are working.” Sirsly & Sur (2008: 35) define CSA as “the expression of the organizations discretionary relationships with stakeholders”. It is an initiative or gesture regarded as the vehicle through which CSR is enacted.

Stakeholders value such actions and regard them highly if they meet the needs or expectation of the stakeholders. When such actions enhance the welfare of the stakeholders, they are viewed as positive. Therefore, the choice, design, planning and execution of corporate social actions to be executed as a CSR project or programme by organizational managers will depend on the needs of stakeholders at any point in time. In the Niger delta area of Nigeria, the concerns of the host communities (as stakeholders) are numerous, from pollution to environmental degradation, fire out-breaks, poverty, among others. CSR has failed to protect the endangered region.

### **SME development**

Mbah (in Ekeke, 2013: 3) defines entrepreneurship as “the process of identifying opportunities in the market place, marshalling the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long time gains”. The quest to actualize the business idea results in the establishments of an enterprise or business venture with which to exploit the market. The entrepreneurial process gives rise to three types of entrepreneurial businesses: lifestyle firms; foundation companies and high potential ventures. In the view of Okenwa (1999: 10), “whenever entrepreneurship development is discussed, attention had often been focused on small and medium scale enterprises”. SMEs remain the vehicle which drives the process of entrepreneurial development. When created, the enterprise harnesses all the resources with the objectives of producing goods and services that satisfy human needs distributed at a profit. Kotler and Armstrong (2010) describe this as the process of value delivery and capturing or value in return.

### **Value creation**

Priem (2007: 220) argues that value creation “involves innovation that establishes or increases the consumers’ valuation of the benefits of consumption (i.e. use value)”. Businesses are set up to produce and deliver goods and services to target audiences with a view to satisfying identified needs. The satisfaction of targeted consumers or the increase in consumer benefit experienced in product offerings is what defines value creation by entrepreneurs. What marketing does in the entrepreneurial process is to ensure that the right products are delivered to the target consumers at the right price and at the right place after appropriate awareness are created for such products. The satisfaction of the consumers is very important to the business owners because the money worth paid by the customers in exchange of the goods/services is what creates value which is captured by the business owners in return for the products exchanged.

**Wealth creation**

The role of marketing in the entrepreneur process is to ensure that the value created for the consumer in exchange for value (captured value) in return by businesses (Kotler & Armstrong 2010). The profits generated through the creation and delivery of innovative products and services lead to accumulation of wealth by entrepreneurs in any economy. And further reinvestment of surpluses by entrepreneurs leads to development of new markets, new technologies, new products which stimulate consumption and further profit for the entrepreneurs. Overtime and through strategic management of their enterprises, business owners become very wealthy through profit-making and accumulation of wealth. SMEs are job creators through their various ventures which they develop and manage in the society. The multiplier effect associated with the salaries and wages paid to employees of these ventures engender wealth distribution in the economy.

Functional relationships and model specification could be established from the reviewed literature for the conceptual framework of the study. Figure 8.2.1.1 shows that the cross tabulation of the dimensions of the independent variable and the two dimensions of the dependent variable could be expressed as follows:

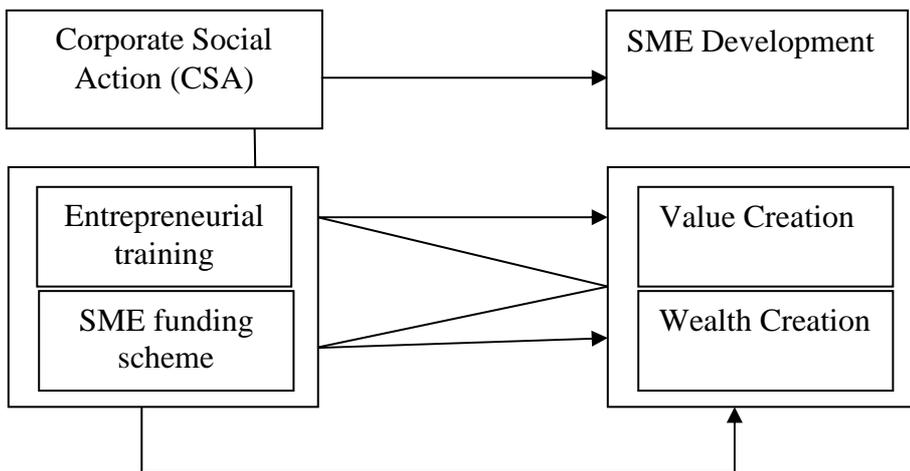


Figure 8.2.1.1: Conceptual framework for the study.

$$\begin{aligned}SD &= F(\text{CSA}) && \dots\dots\dots \text{function 1} \\CSA &= F(\text{ET, SFS}) && \dots\dots\dots \text{function 2} \\SD &= F(\text{VC, WC}) && \dots\dots\dots \text{function 3}\end{aligned}$$

Where:

SD = SME Development  
CSA = Corporate Social Action  
ET = Entrepreneurial Training  
SFS = SME Financing Scheme  
VC = Value Creation  
WC = Wealth Creation

The following propositions are discernable:

- P1 = Entrepreneurial training will lead to value creation in the Niger Delta of Nigeria.
- P2 = Entrepreneurial training will lead to wealth creation in the Niger Delta of Nigeria.
- P3 = SME financing scheme will engender value creation in Niger Delta of Nigeria.
- P4 = SME financing scheme will engender wealth creation in Niger Delta of Nigeria.

**Theoretical foundations**

The Stakeholder Value Theory underlies this conceptual study. It promotes the fact that, “all those who create or capture value, or who in their relationship with the firm assume risks, either inside the firm (owners, managers, employees) or outside the firm (consumers, suppliers), or who suffer the impact of the firm’s externalities or misinformation (local society at large), must be considered stakeholders at least for the purpose of value distribution” (Argandona, 2011: 4).

Freeman (1984: 13) defines stakeholders as “those group without whose support the organization would cease to exist”. Post et

al (in Zink, 2005: 1042) defined stakeholders as, “the individual and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and therefore its potential beneficiaries and/or risk takers”. As noted by Zink (2005: 1045), “stakeholder orientation has to be seen as part of sustainability, because in the mean time it has become more obvious that sustainable success depends not only on the shareholder, but also on all other relevant stakeholders of an organization”

With the stakeholder orientation, organizational managers are aware that they need to create value for several categories of stakeholders: consumers, owners, employees, host, communities etc. The importance of stakeholder value creation reinforces the notion that, “the needs of shareholders cannot be met without satisfying to some degree the needs of other stakeholders...” (Jamali, 2008: 217). The value to be created for stakeholders should be such that is capable of enhancing the wellbeing of the recipients in addition to being environment specific. Each environment has peculiar needs to be met by the CSR activities of organizations.

### **Empirical studies**

Uzuagu (2015) investigated the CSRs of two oil companies (Shell Petroleum Development Company (SPDC) and the Nigerian Agip Oil Company (NAOC)) and their effects on the socio-economic life of the host communities in Rivers State. The study, which adopted the descriptive survey design, found that the CSR programmes of SPDC were not well known to its host communities. The CSR efforts of SPDC did not contribute to the socio-economic development of its host communities. On the other hand, the CSR programmes of NAOC, were found to contribute to the socio-economic development of its host communities.

Okenwa (2012) investigated the extent to which multinational oil companies have enhanced the socio-economic development of host communities. The study adopted descriptive survey research design and utilized the Corporate Integrity and Sustainable Development Questionnaire (CISDQ) as the instrument for data collection. The

findings of the study included the following: the host community of Ebanna in Akwa Ibom state claimed they were happy with the sustainable development programmes of the oil company because they were enriched through such programmes, and community members had negative feeling towards the multinational oil companies due to alleged marginalization. The study concluded that good corporate citizenship is necessary for a healthy operating environment for multinational corporation and that corporate integrity capacity ensures that multinational oil corporations view seriously its social responsibility in the area of environmental protection.

Ethnographic study that adopted long drawn interviews and non participant observation of both oil workers and indigenes of a host community was carried out by Jike (2010). The study adopted structural model and noted that more than 50% of oil producing states lived below poverty line except Bayelsa State with 40%, the establishment of interventionist institutions with the mandate to reduce poverty in Nigeria, failure of Nigeria's poverty alleviation programmes, defoliation, toxicity of the soil, diseases, youth restiveness, among others. The study recommended peace and economic empowerment for way-forward.

## **Discussion**

### **Entrepreneurial training, value creation and wealth creation**

Appropriate entrepreneurial training aimed at enhancing stakeholder value or self worth in any setting could serve as an effective corporate social action. In the Niger Delta area, where the rent-seeking attitude of the indigenes has resulted in crisis situation, the adoption of entrepreneurial education will serve as a sustainable corporate social action effort by the MNCs involved in oil and gas exploitation, for two reasons. First, Gilad and Lavine (in McFadzeam, O'loughlin & Shaw, 2005: 365) submit that, "individuals develop entrepreneurial tendencies because of negative situational factors or because they wish to explore profitable business opportunities". Solution to the ongoing crisis situation in the Niger Delta region could be found in

entrepreneurship development and growth, which could serve as a veritable alternative to reposition the youths of the area as entrepreneurs. Secondly, entrepreneurial training is capable of encouraging the entrepreneurs to tap from the business opportunities available in the oil and gas exploitation via the local content legislation. As reported by Okenwa (2012) and Uzagu (2015) for Rivers State, this will solve the problem of frequent misunderstanding and clashes between host communities and MNCs in the area of CSR implementation and satisfaction of host communities.

As noted by Oba & Onuoha (2013), SMEs are seen globally as the engine growth of modern economies and generate more employment opportunities to greater part of the population in any given economy and as such contribute significantly towards poverty reduction.

More importantly, SMEs through their innovative strategies produce and deliver goods and services in the marketplace through creating value for consumers and capturing value in return. With special incentive schemes targeted at SME development, entrepreneurs will be in a position to build capacity with which to produce new goods and services, new organization and new processes. The resultant effect of creation of more value added offering for target consumers is the making of more profits and subsequent accumulation of wealth by entrepreneurs.

Tunzer (in Ghandi & Amisah, 2014: 327) observes that the economic boom in some Asian countries is attributed to SMEs which have moved many people away from poverty and created millions of new middle class consumers. In the same vein, SME development in the Niger Delta area of Nigeria has the capacity to bring out our boys from the creeks (as agitators) to the field of business as wealth creators, thereby reducing the level of poverty in the region, as Jike (2010) reported.

### **SME financial scheme**

Under CSR programmes in the Niger Delta region, MNCs have empowerment schemes being carried out. Also, under the Amnesty

programmes, the federal government is empowering the youths in the Niger Delta. Paradoxically, these empowerment programmes are ongoing alongside with violent crimes (militancy and kidnapping) as well as agitation for resource control and other issues. This might be so because many citizens get the entrepreneurial capacity building without the finances to start off. If empowerment programmes are tied to financing of SMEs, much economic value will be created.

### **Recommendations**

The following recommendations have been proffered:

A strategic fit between oil and gas MNCs and their host communities should be established in the quest for enhanced organizational performance of the MNCs. A paradigm shift in the CSR framework of the corporations and the intervention programmes of the various tiers of government is required to end the rift between the host communities in the oil-rich Niger Delta and the multinational companies on one hand and with the federal government on the other. Adoption of stakeholder orientation approach is imperative to determine the area of need as well as project and programme design, planning and implementation to enhance the long term satisfaction of host communities.

A forum should be created to provide a platform for encouraging the host communities to accept certain CSAs for sustainability implications. Argandiona (2011: 39) asserts that creating sustainable value for stakeholders should include “one that goes beyond economic extrinsic value to include other types of value which stakeholders need even if they do not know it, in different proportions and for different uses.” A thorough reappraisal of the CSR framework is required for effective CSR policy formulation, implantation, implementation, evaluation and control in the oil-rich Niger Delta.

There should be a policy departure from giving donations and economic rents to host communities to emphasis on occupational notion of entrepreneurship. This involves owning and managing a

business venture. The CSR policy implantation evokes strategy ownership, consciousness, focus, cooperation, commitment, and understanding of all stakeholders in the task concerned. Implementing the new policy on CSA with emphasis on occupational notion of entrepreneurship will involve the following:

- i. Entrepreneurial training
- ii. Skill acquisition and development
- iii. Financial scheme
- iv. Starting and managing a business venture.

The evaluation and control measure should involve periodic monitoring of activities of the people involved in the scheme and taking of corrective action where necessary. When properly articulated, corporate social actions with special emphasis on creation of SMEs in the Niger Delta region have the strategic potential to engender sustainable development of the region. Idemudia & Ife (2006) observed that the failure to seek, understand and integrate community perception into CSR policies and practices, will always hinder the cooperation and satisfaction of host communities.

### **Conclusions**

Leveraging on the stakeholder theory, this paper have made an attempt to canvas for a paradigm shift in CSR execution in the Niger Delta area of Nigeria with a view to creating sustainable economic value for stakeholders in the oil-rich region. The pursuit of entrepreneurial training and special SME financing scheme as CSAs with a view to creating occupational notion of entrepreneurship, has the capacity to enhance sustainable socio-economic development in the Niger Delta.

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