CORPORATE SOCIAL RESPONSIBILITY AUDIT OF SHELL COMPANY IN NIGERIA

A. Ogunlana

Tomsk Polytechnic University, Tomsk
E-mail: aystar15@mail.ru
Scientific adviser: Gorinova N.N., cand. of econ. sciences, docent

In recent times, Corporate Social Responsibility (CSR) has gained much popularity in corporate Nigeria. Many big firms have identified with the concept, and have demonstrated what CSR means to them and their stakeholders via the execution of several projects and programmes targeted at improving the lot of their host communities.

It would be rare to find any of the established companies that would present an annual report without having any record of CSR activities carried out within the year. Even SMEs these days do not want to be left out and have been seen to look for projects within their budget to execute as CSR.

The purpose of this paper is to understand what is CSR, also audit the activities of a multinational oil company (shell), how they have affected the communities in which they are located negatively and their positive impact using CSR. My task is to define CSR, the negative impact of oil spill and gas flare in Niger Delta and csr activities of Shell Company.

According to D. Crowther [1] the necessary need for audit is to report firm’s activities which stresses the need for the identification of socially relevant behavior, the determination of those to whom the company is accountable for its social performance and the development of appropriate measures and reporting techniques.

In accordance with the definition of Business Dictionary.com [2], CSR as a company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship through their waste and pollution reduction processes, by contributing educational and social programs, and by earning adequate returns on the employed resources. A broader definition expands from a focus on stakeholders to include philanthropy and volunteering.

Looking at the statistic giving by Triple Pundit (a certified business corporation) [3] Niger Delta is 112,000 square kilometers, wetland area made of several ecological zones, including sandy coastal ridge barriers, mangroves, permanent and seasonal freshwater swamp forests, and lowland rain forests. It is home to more than 3,000 communities and a growing population recently estimated at some 30 million, which the United Nations Development Program (UNDP) projects will increase to 46 million by 2020. Subsistence farming and fishing, or some combinations thereof, are the principal mainstays of resi-
dents’ livelihoods. Urbanization, industrialization and deforestation are taking a heavy toll on the Delta region’s soil, land, water and air. The country’s forest area has been reduced by around half between 1990 and 2008, which is degrading the region’s agricultural productivity and water resources. Local activists and residents, as well as local and foreign scientists and researchers, have decried the fouling of the Delta region’s air, land and water, much of it attributed to pollution associated with oil and gas exploration and production.

Agreeing with Oil and Gas Journal [4] Nigeria was estimated to have 37.2 billion barrels of proven oil reserves as of January 2010, with a “nameplate” production capacity of around 2.9 million barrels per day (b/d), according to the US Energy Information Administration. That makes it the tenth-largest oil rich nation in the world, one that holds nearly 30% of the African continent’s known proved reserves. All of that is located in the Niger Delta, where Shell Nigeria, with the Bonga deepwater project, is now moving its Nigerian oil and gas production efforts offshore. Oil and gas revenue accounts for 40% or more of Nigeria’s GDP, 65% of federal government revenue and 95% of its foreign exchange earnings. Nearly 40% of the country’s oil exports wind up in the US. Spread over 30,000 square kilometers, Shell has 90 oil fields, 1,000 producing wells, 72 flowstations, 10 gas plants and two major oil export terminals in Nigeria. Its network of flowlines and pipelines extends more than 6,000 km.

According to Independent Statistic Analysis [5], this oil and gas multination company have polluted the ecology system of Nigeria in two ways:

1. Oil spills
   a. up to 1.5 million tons of oil have been spilled in Niger delta area over the past 50 years, making it one of the most polluted places on the planet (pic.1);
   b. destruction of fisheries Niger Delta never had fish brought in from outside. They had no idea what frozen fish meant. But Today, there is not a single person in these communities you could describe as a fisherman. They depend almost totally on frozen fish.
   c.

2. Gas Flaring
   According to Sundry Thought [6] In 2007, The Nigerian government’s Department of Petroleum Resources (DPR) stated – 80% of gas is being flared. Impacts of flaring Nigeria is the world’s second largest gas flare spot after Russia. Human health is a major cas-
ualty. The flares contain a cocktail of toxins - that leads to premature deaths, child respiratory illnesses, asthma and cancer.

Due to these oil spills and gas flare, the Ogoni People starts campaigning to Shell for their right to control and receive a far proportion of Ogoni oil revenues. Due to increasing economic collapse in the region, warring ethnic groups find oil companies to be tempting targets leading aggravated youths to resort to violence in order to receive their perceived compensation. Oil Company properties’ are invaded, employees kidnapped, and facilities shut down. Oil companies are then forced to pay the ransom to release captured personnel.

According to International Business Times [7] In May 20, 2014 Shell give the statistic of volume of operational spills that fell by around 30% in 2011. Of 401 sites needed remediation in 2011, 75% were cleaned. All of SPDC’s facilities certifies to ISO-14001. SPDC’s operation is covered by pipeline and asset surveillance contracts to ensure that spills are discovered and responded quickly. In 2010, SPDC paid more than $1.7 million in compensation. Cleaning and remediation of spills. In Aug 2011, it shut down production of 25,000 barrels/day from Imo River area after repeated attacks on pipelines. In Dec 2011, oil leak loss of 35,000 barrels. Shell also told investor of considering Climate Change Risks And Trying To Reduce Flaring In Nigeria.

Also according to Shell sustainable report [8] Shell take part in Corporate Social Responsibilities by engaging in community development programs include micro credit scheme and health scheme. They have about 27 clinics in the delta. They are a major supporter of education of young children, with over 17,000 children on Shell scholarship at any point in time. – As of year-end 2010, Shell companies in Nigeria had trained some 1,900 service providers in general contracting, developed eight local dredging companies, awarded 10 UK scholarships and trained more than 3,000 people in entrepreneurship, scaffolding, project management, welding, catering, and other vocations. – In 2010 SPDC and SNEPCo provided more than $22.85 million of a total $71 million to local community projects. SPDC are encouraging the community to own and drive development themselves while they provide financial assistance to them and technical assistance through development NGOs. They have established operating procedures and guidelines to help make the process accountable and transparent. and still carry out major infrastructure in partnership with government, and other local and international partners.

Pic 2. Nigeria Vented and Flared Natural Gas – data from Energy Information Administration (EIA) [6]

Nigeria: Vented and Flared Natural Gas

<table>
<thead>
<tr>
<th>Year</th>
<th>Vented and Flared Natural Gas (Billion Cubic Feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>900</td>
</tr>
<tr>
<td>2002</td>
<td>800</td>
</tr>
<tr>
<td>2003</td>
<td>700</td>
</tr>
<tr>
<td>2004</td>
<td>600</td>
</tr>
<tr>
<td>2005</td>
<td>500</td>
</tr>
<tr>
<td>2006</td>
<td>400</td>
</tr>
<tr>
<td>2007</td>
<td>300</td>
</tr>
<tr>
<td>2008</td>
<td>200</td>
</tr>
<tr>
<td>2009</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>100</td>
</tr>
</tbody>
</table>

- Vented and Flared Natural Gas (Billion Cubic Feet)
In Nigeria, an attempt was made within the last five years to legislate CSR through an Act of the National Assembly but it was turned down because people think that it would have created a very bad impression as well as provide public evidence of the failure of the Nigerian government to use the vast amount of resources available in the country for the purposes of social, economic and environmental development. Saying that “governments have the constitutional and ultimate responsibility for the development of any nation or country. These include the maintenance of law and order and the provision of basic socio-economic infrastructure.”

Putting that into consideration, also need to know that the Nigeria government has failed in their duty to the economy and the companies knowing these uses these as an opportunities not to do their CSR duties but to bribe the government case study of Wiwa family lawsuits against Royal Dutch Shell. As CSR is important to the economy so also it can be used as a political weapon (case study – Wiwa v. Shell [9]). Not being able to enforce the CSR law have giving the companies in Nigeria the opportunity to lie about their CSR duties to the people of Nigeria.

My opinion is that due to SCR participation of shell company in Nigeria, they have being able to stay in business and also the kidnapping of shell employees have been reduced extravagantly. With these commitments, they would become more sustainable, reliable and competitive in their industry.

It has been shown through studies that Companies are not for profit alone (although it’s the primary goal) but to also to give back to the society in which they operates in other to live a healthy life. With this I have the believe that it will improve the economy situations in Nigeria in a positive way.

References.
Im Artikel geht es um die Wirtschaft Deutschlands und ihre Bedeutung für die ganze Welt. Deutschland in unserer Zeit ist nicht nur die größte Volkswirtschaft Europas, sondern auch die viertgrößte Volkswirtschaft weltweit. Es ist wichtig zu verstehen, was steht im Grund der erfolgreichen Wirtschaft von Deutschland und welche Probleme oder Schwierigkeiten hat es.
