

CORPORATE SOCIAL RESPONSIBILITY OF NIGERIA AND RUSSIA: A CASE STUDY OF SHELL COMPANY

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Corporate Social Responsibility (CSR) is an obligation on companies to consider the interests of the communities by providing social infrastructure such as schools, hospitals, roads, water supply in their area of operations. These duties have been universally acknowledged and accepted as a convention and practice that companies must have policies on Corporate Social Responsibility.

This paper will be looking into the Shell Company in Nigeria and the Russian Open joint - stock company “ROCNEFT”.

The Multi-National Enterprises have been in existence in Nigeria since 1957. It was not until 1990s following the Ogoni crisis, that the corporations and the Government of Nigeria paid special attention and recognition to CSR in the Country. The Ogoni crisis which led to the killing of Ken Saro-Wiwa brought into the limelight the developmental projects, such as building of health centres, primary school blocks, provision of water, scholarship etc., ostensibly to alleviate poverty and underdevelopment by the corporations operating in the region (Table).

Table

CSR in Nigeria and in Russia

Comparable indicators	Nigeria	Russia
Main stakeholders	Owners. Staffs Communities. Consumer Share holders	Government. Owners. Staffs Communities. Consumer Share holders
Incentive / driving forces of CSR	The corporation. NGOs and the community government	Government (supreme executive authority). Corporations themselves. Local authorities.
The role of non-governmental / non-profit organizations	Great influence on public opinion and the significant influence of the actual mechanisms of pressure on the business as a whole CSR still improving	relatively few in number for now ; CSR is not enough yet.
Tendency social report (SR)	SR is at an early stage; SR is mainly focused on the government, shareholders and the societies	SR is at an early stage; Often misunderstood as an integral system and underestimated its usefulness in the long term; SR is mainly focused on the state and shareholders (to a lesser extent - on the society).

Shell’s business in Nigeria is organized into three distinct subsidiaries, the principal and lead being the Shell Petroleum Development Company of Nigeria, or SPDC for short. It is a joint venture between Shell (30%), Agip’s NAOC (5%), Total’s TEPGN (10%) and Nigeria’s national oil company, the Nigerian National Petroleum Co., which holds a 55% interest

Shell Nigeria Gas Ltd. is the only international oil and gas company supplying natural gas to industry locally. Shell Nigeria Exploration and Production Co. Ltd. (SNEPCo), operates the Bonga, Nigeria’s first deepwater offshore oil and gas discovery, one with the capacity to produce more than 200,000 barrels per day of oil and 150 million standard cubic feet of gas (SCF) per day. In addition to its oil and gas operations within Nigeria, Shell also refines large quantities of Nigeria’s oil exports at refineries outside the country

The Shell Petroleum Development Company of Nigeria Ltd (SPDC) is the operator of a joint venture between the government-owned Nigerian National Petroleum Corporation (NNPC, 55%), Shell (30%), Total (10%) and Agip (5%). Shell Nigeria Exploration & Production Company (SNEPCo, 100% Shell-owned) hold interests in a number of offshore licenses including the Shell-operated Bonga field (Shell interest 55%), Nigeria’s first deep-water project. Shell also has a 25.6% interest in Nigeria Liquefied Natural Gas (NLNG), which exports LNG around the world.

Effect of shell petroleum in Nigeria on ecology since 2011 to 2013 as shown below is overwhelming especially on gas flare. Gas flares and oil spillage in Russia as at 2013 was estimated to be 17182 tons.

Figure shows the number of oil spill in Nigeria from 2007 to 2013.

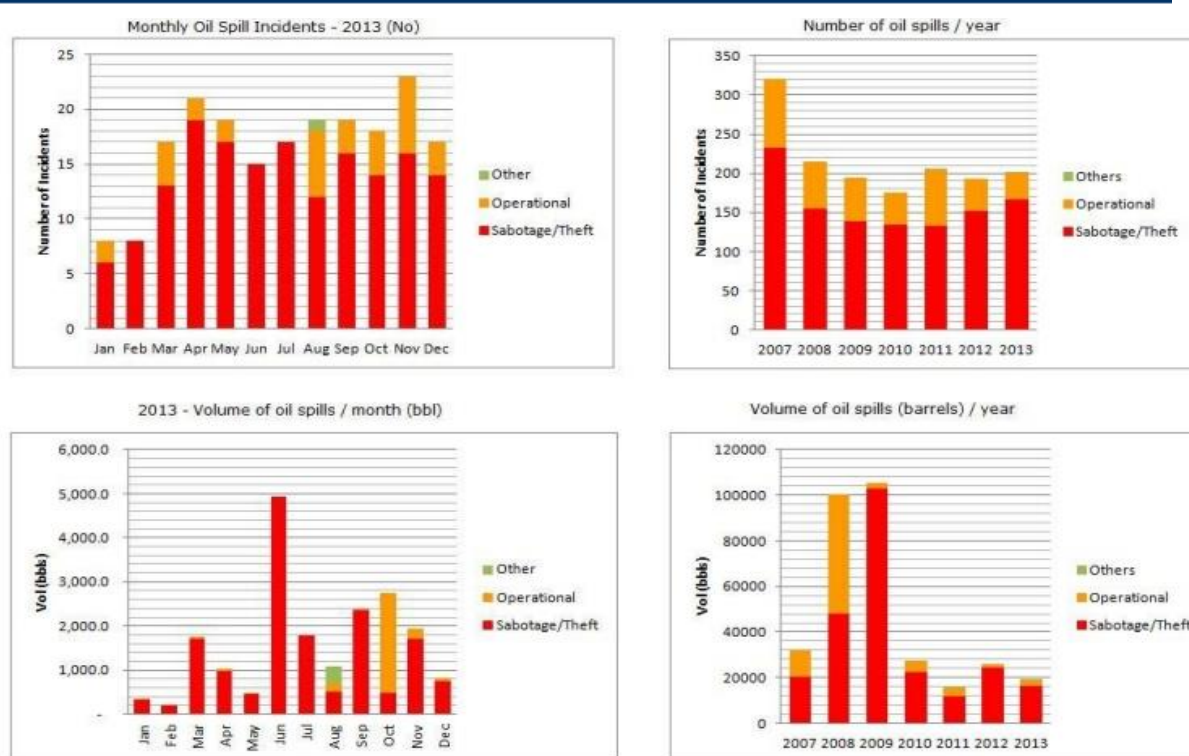


Fig. Volume of oil spill in Nigeria from 2007 to 2013 reported by shell company 2013 [2]

Looking into annual the annual report of shell company 2013 [2], it was stated that:

\$44 billion: revenues from SPDC to the Nigerian government from 2009 to 2013.

\$4.0 billion: Shell share of royalties and taxes paid to the Nigerian government in 2013 (SPDC \$2.6 billion, SNEPCo \$1.4 billion).

95%: share of revenue that goes to the Nigerian government from each barrel of oil SPDC produces.

\$1.5 billion: value of SPDC and SNEPCo contracts awarded to Nigerian companies in 2013.

Around 4,000: number of direct employees working at SPDC and SNEPCo, and tens of thousands indirect jobs created.

About 95%: proportion of employees at SPDC and SNEPCo who are Nigerian.

\$180.6 million: SPDC and SNEPCo funds to the Niger Delta Development Commission in 2013 (Shell share \$69.8 million).

\$104.1 million: 2013 contribution from SPDC and SNEPCo to community development projects (Shell share \$32.3 million).

Gas flare has reduced to 23% compared to that of 2013.

Rosneft is an integrated oil company majority owned by the Government of Russia. Rosneft is headquartered in Moscow's Balchug district near the Kremlin, across the Moskva River. Rosneft became Russia's leading extraction and refinement company after purchasing assets of former oil giant Yukos at state-run auctions. In March 2013, Rosneft became the largest publicly traded oil company, after buying TNK-BP (Tyumenskaya Neftyanaya Kompaniya, Tyumen Oil Company).

The total money spent on CSR in 2013 was 1 438 800 000 rubles and it was spent on health issues, educations, humanitarian issues, cultures etc.

Rosneft invested 40 490 million rubles (\$1396 million) on main capital so as to secured the environment in 2013 [3].

Through different noncommercial organization Shell company has helped in the development of communities but nevertheless still has to put more effort to improve their Corporate Social Responsibility.

References

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