

TRANSNATIONAL CORPORATION AND THE DEVELOPMENT OF HOST COMMUNITIES IN AKWA IBOM STATE (A CASE STUDY OF EXXONMOBIL NIGERIA LIMITED)

By

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Abstract

ExxonMobil remains a prominent corporate citizen in Nigeria with key responsibility to the communities in which it carries out business. Its corporate social responsibility is aimed at community assistance and development. This study therefore aims at examining how responsible is ExxonMobil in assisting and developing its host communities in Akwa Ibom State. The study adopted historical and descriptive research drawing data from secondary sources. The study therefore revealed that ExxonMobil has made effective and desired contributions to the social and economic lives of the people especially in the provision of pipe born water, electricity, road projects and health services among others. The study further revealed that ExxonMobil has not done well in the areas of employment, tourism, cultural development and environmental degradation. Based on the findings, the study therefore recommended among others that ExxonMobil should be committed to the provision of more social services and social services need of the host communities to complement the negative social and environmental effects caused by their operations.

Keywords: *Transnational Corporation, Development, Host Communities, Akwa Ibom State, ExxonMobil.*

Introduction

Over the years, the contending issue is that if transnational corporations play any significant role in the development of their host communities especially in the developing countries. ExxonMobil is one of the oil transnational corporations that came into Nigeria on August 6, 1954 and was granted oil exploration license for an area of 721,895 square kilometres. ExxonMobil has three major subsidiary companies in Nigeria namely Mobil Producing Nigeria Unlimited (MPN), Esso Exploration and Production Nigeria Limited (EEPNL) and Mobil Oil Nigeria Plc (ExxonMobil, 2000).

Mobil came into Nigeria as Socony-vacuum oil exploration company (Nigeria), incorporated on February 8, 1956. In December 1961, Mobil was granted offshore prospecting license by the then South Eastern State of Nigeria, a part of which is now Akwa Ibom State, and it made its first oil discovery in 1964. Also, in 1964 the name Mobil Exploration Nigeria incorporated was replaced with Mobil Producing Nigeria. The acquisition of 35 percent participating interest by Mobil Producing Nigeria marked the complement of joint venture arrangement between the company and Nigeria National Petroleum Corporation (NNPC) on June 16, 1969; Mobil Producing Nigeria became an unlimited registered Nigerian company and started the production of crude oil on February 16, 1970. Fourteen months after commissioning, Mobil had produced a total of 1 billion barrels of crude oil from its 137 wells and then rated as the third (programme) for commissioning of NNPC/Mobil Projects 17th November, 2000.

However, in 1992, after the commissioning of both Edop Platform and Oso Condensate Platforms respectively, Mobil Producing Nigeria Unlimited became the second largest producer of crude oil in Nigeria with a daily production of more than 1,500 barrels of crude oil.

In December 2001, a major merger was made between Mobil Producing Nigeria Unlimited and Exxon Corporation resulting in the renaming of the company as Exxon-Mobil Producing Nigeria Limited. With the merger, ExxonMobil remain one of the world leading petroleum and petro

chemical companies. The company is principally involved in the exploration and production of crude oil and condensate. It also involved in the marketing of petroleum products. The company's operations are one of the largest sources of revenue for both the mother country and the Nigerian government and the economy. Even a careful look at the financial records of the ExxonMobil reveals a phenomenal rise in revenue and profits. As of July 1, 2010, ExxonMobil occupied 8 out of 10 slots for Largest Corporate Quarterly Earnings at all time. Furthermore, it occupies 5 out of 10 slots of largest corporate annual earnings/ExxonMobil Annual Report, 2011, Mbat, Ibok and Ekong, 2013).

This development can be termed quite healthy and praiseworthy. Based on its track record of achievement, the arrival of ExxonMobil in Nigeria and Akwa Ibom State as its operational base was received by the host communities with the high expectations that in collaboration with government they would bring sustainable development to the host communities. ExxonMobil asserts that it has contributed enormously to the development of her host communities of Ibeno, Esit Eket, Eket, Onna etc. That is why sustainable development of their host communities has emerged as a frontline social responsibility policy which this study intends to ascertain.

Theoretical Discourse

One aspect of community development, which has only recently been identify, is that of corporate citizen participation. According to the European framework for corporate social responsibility, the issue should well be estimated and granted due regards. Pointing to the fact was the assertion that: community development is profound and simple, difficult to define but is clear and recognisable moral mandate and a social responsibility.

Bennet (2000) complements the above by positing that currently development is almost an all comer affair and the latest new comer may well be the corporate citizen. In the light of the above, the scope of community development has been broadened by the acknowledgement of the potency of the corporate citizen. Until recent, it could be recalled that the aspect of participation entertained was the individual citizenry, mass participation and citizenry participation (Ekong, 1988). However, the aspect of corporate citizen participation was not considered. The necessity to consider this cannot be overemphasised. This is buttressed in the invocation of sustainability and corporate social responsibility by agencies of the United Nations and other International Organisations as a global dream which has offered scope for redefinition of the duties and responsibilities owed by corporate bodies to the societies in which they operate, and has conferred "citizenship" of local communities upon corporate bodies (Ekong, 1988).

Corporate Social Responsibility (CSR) is concerned with the relationship between companies and society in particular, with constructing the adverse impact of corporate activity on individuals and communities as a whole. While it has become an increasingly familiar term within socio-political debate, consensus as to its meaning and the method by which to implement it have remained elusive. A review of the relevant literature reveals a multitude of different meanings ascribed to the consent ranging from the implementation by companies of philanthropic ventures to an obligation to take proper legal, moral, ethical and philanthropic action that will protect and improve the welfare of both society and business as a whole (Friedman, 1983).

Galbraith (1978) presents eloquent voice to the concern raised by the increasing size and power of some companies, the great corporation exercise public power, power that affects health, wellbeing and general happiness of those who are subject to it. Donaldson (1984) notes that large corporations are capable of influencing mainstream societal events, and these powers are not only economic, but social and political. In response to these concern and in an attempt to make companies accountable to those affected by their decision, make policy-makers to re-invigorate the corporate social responsibility debate. Carol (1999) offered a four part definition of corporate social responsibility which encompassed being profitable, obeying the law, being ethical and giving back to the community.

While the developing countries recognized the need for stimulation of their economy through free trade and private enterprise, and developed countries have agreed to reduce the term of heavy debt. These circumstances raise the question of the TNCs relationship with, and responsibility

towards, the government of the developing nations and their people. While the TNCs have a beneficial effect, particularly in improved standard of living, they could pose considerable harmful effects on the host country economy and society particularly concerning marketing and employment practices (Compbell, 2004).

Also, there exists a widening gap between the transnational character of corporate activities and the transnational regulatory structure that may be effectively used to monitor, assess and restrain corporations irrespective of the territory they operate. It is worth-mentioning that individual countries are unable to tame the activities of TNCs because of their desperate need to attract direct foreign investment, improve the economy and acquire from their technology. TNCs share a disproportionately too small a burden in assuring the just distribution of social goods and of assuming too small a share in remedying the unequal social distribution of harm and risk.

Consequently, the TNCs have begun to experience the heat of popular protest, consumer boycotts, legal suits, and a variety of public staining campaigns addressing their misconduct or lack of adequate response to a variety of social wrongs. In tandem with the emergence of transactional market forces have emerged a transnational network of grassroots movements, loosely organized, 'corporate bashing' and 'corporate watch' groups and a host of NGOs that shift their attention to TNCs.

The point is that TNCs should adopt a practice stance, be responsible to constituent and societal needs and manifest these concerns in their interaction with their host government. The TNC's social goals and collaborative role is supported by its business strategy. The TNC needs too link it internal long-term planning with the host national planning objective with regards to environment, technology or human resources. It then translate the strategic plan in operational goals and activities. This implies a systemic change in the culture, structure and functioning of the organization (Drabeb, 1998).

From the above, we deduce that TNCs or corporate citizens have social responsibility in carrying out their businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community. It is one of the newest management strategies where companies try to create a positive impact on the society while doing business (corporate social responsibility <http://www.mallenbaker.net/csr/definition> 8th August, 2016).

ExxonMobil and the Development of Host communities in Akwa Ibom State

ExxonMobil identified as a prominent corporate citizen in Nigeria, with key responsibilities to the communities in which it carries out its business. In its key operating principles, ExxonMobil states that it is part of its corporate social responsibility and commitment to:

- i. Enhance the long term value to stakeholders investment and reward them with superior returns.
- ii. Meet customers' needs with innovative high quality and competitively priced goods and services.
- iii. Be a good corporate citizen, operating in a safe and environmentally responsive manner.
- iv. Maintain secured work environment enriched by diversity and characterised by open communication, trust and fair treatment.
- v. Hire and return the most qualified people available and maximize employee's opportunities through training and development.

ExxonMobil believes in sustaining good relations with the host communities, which it sees as an important stakeholder in the company's business (ExxonMobil, 2000).

ExxonMobil corporate social responsibility is aimed at community assistance and development. What it does is to identify critical areas of needs among communities and work with them to meet the needs. ExxonMobil critical areas of development assistance often focused on by the company includes sanitation, water supply, electricity and power generation, school construction and

maintenance, healthcare provision and maintenance, safety and security etc. The company noted that in most rural societies, there were often the problem of lack of basic essentials and amenities such as good roads, healthcare etc. To identify the needs of each community, the company relies on its community/public relations department which is a professional units that relates with communities and host.

Massey (1993) confirms that Mobil community development activities are derived from the philosophy of its parents company, Mobil Oil Corporation on the conviction that it should be socially responsible and responsive. As a result, the company has over the years position itself as a proactive community neighbour and at all times shares in the developmental aspirations of the host communities and strive to create and sustain a mutual beneficial relationship.

In Akwa Ibom State, where its field operations are based, ExxonMobil in partnership with Nigeria National Petroleum Corporation are said to be making effective and desired contributions to the social and economic lives of the people especially in the provision of pipe-borne water, electrification, assistance in health-services, road projects, capacity building etc (Akpabio, 1995, Mbat, Ibok and Ekong, 2015, MPN, 2006). Initially, ExxonMobil corporate responsible citizen was limited to the oil producing communities namely: Ibeno, Mkpanak, Eket, Esit Eket and Onna local governments. But later it extended to other parts of the state.

Below are some projects of ExxonMobil Community Development and areas of involvement in Akwa Ibom State.

Table 1: Projects executed in the host communities and other local government in Akwa Ibom State by ExxonMobil

S/N	Project Description	Location	Project
1	Construction of access road from QIT terminal to Jetty road, Mkpanak	Ibeno	Road
2	Provision of electricity/power upgrade at Ikot Udoma	Eket	Electricity
3	Revamp of Mkpanak water distribution system	Ibeno	Water
4	Repair works on some Mkpanak Township roads	Ibeno	Road
5	Provision of treatment facilities for water project	Essien Udim	Water
6	Construction of Girl's dormitory block at SSS Ndon Eyo	Onna	Education
7	Construction of block at Ikwe Health Centre	Onna	Health
8	Construction of Assembly Hall/Chapel at Methodist Boys High School	Oron	Education
9	Roof works at Assembly Hall, Ikot Ayan Ikono	Uyo	Health
10	Construction of Primary Health Centre at Amadiaka	Eastern Obolo	Health
11	Procurement of 60 KVA Generator etc.	Uruan	Electricity
12	Construction of Library Block in Government Secondary School	Ibesikpo	Education
13	Provision of mini water project at Umiang Obio	Mkpat Enin	Water
14	Provision of mini water project to Ikot Asat	Nsit Ibom	Water
15	Construction of drainage at general hospital	Ikot Ekpene	Health
16	General maintenance works at Eket Stadium	Eket	Sports

17	Provision of electricity/power upgrade at Mbiabam village	Ibiono Ibom	Electricity
18	Building and equipment of 2 ward at St. Lukes' Hospital, Anua	Uyo	Health

Source: ExxonMobil Journal of Development (2015)

Table 2: Economic empowerment/capacity building programmes

S/N	Programme	Location	Scope/Impact
1	Fish project at 4 location	Iwuochang Ibena/Esit Urua Eket and Obio Ekit Nsit Ubium, Aks.	About 150 youth are employed
2	Integrated community	Itu, Ikot Ekpene, Ibiaku Ata, Ukpenekang, Opolom, Enwang, Afaha Ekpenedi, Amadaka all in Akwa Ibom State	Poultry, cassava processing, fisheries, micro-credit etc.
3	Micro-credit scheme for beneficiary from	Ibena, Eket, Onna in Akwa Ibom State and Bonny, Rivers State	Loan disbursed to additional 10 organizations in Akwa Ibom State
4	AGOA-focused garment manufacturing training for beneficiaries	Beneficiaries drawn across Akwa Ibom State	Support to Uforo small business owners association to provide a 6 months high level skills training for 30 women in garments manufacturing.
5	Establishment of internet learning centres in 7 schools and 3 communities	Ibena, Eket, Esit Eket, Onna, Uyo, Abak, Akwa Ibom State and Bonny, Rivers State	Linking students and information through the web and also facilitate business transactions.

Source: ExxonMobil Journal of Development (2015).

Table 3: Major sponsored programs by ExxonMobil programme

S/N	Programme
1	ExxonMobil Employee Volunteer education programme (MEVEP)
2	Salary subvention of 25% for 330 teachers and health workers in riverine /rural host communities
3	Free power supply to Mkpanak and other host community.
4	Monthly provision for the operation/maintenance of water project in 15 rural communities.
5	Sponsorship of 3 women (2 from Akwa Ibom State and 1 from Bonny) to the global women in management workshop held in Washington DC USA.
6	Funding of over 200 undergraduate scholarship awards. 50% of the awards dedicated to eligible students of Akwa Ibom State.
7	Life skill and knowledge acquisition and gender awareness for young girls and boys between the ages of 10 – 19 who are not in final school (Sponsored by ExxonMobil foundation).

Source: ExxonMobil Journal of Development (2015).

The above tables show the level of commitment of ExxonMobil to the development of the host communities and that ExxonMobil has made landmark development in the area of water provision, roads, schools, healthcare facilities, construction, rehabilitation and maintenance of electricity in the host communities. Other core areas include scholarship scheme, public health enlightenment and small business financing. These schemes and development projects have contributed immensely to the alleviation of suffering, hardship and poverty in the host communities.

However, there are areas that ExxonMobil is not doing enough especially in terms of employing members of the host communities. Also, the projects so far executed are not well spread and does not extend to the rural host communities. ExxonMobil does not pay close attention to tourism, cultural development and environmental conservation in the host communities. Most important, ExxonMobil does not focus effectively on environmental pollution and conservation knowing that the drilling activities of the company are associated with loss of habitat, pollution of water source, dearth of sea and wildlife, loss of specie, unprofitability of fishing and seafood harvesting. The host communities belief is that crude oil and other chemicals industrial product associated with ExxonMobil activities always leak into the sea to cause damage (Grace and Cohen, 2006).

Conclusion

Over the years ExxonMobil has position itself as a proactive community neighbour, and at all times share in the developmental aspiration of the host communities and strives to create a sustain mutual beneficial relationship. This is anchored on the fact that ExxonMobil recognised the community which it operates as a stakeholder in doing business. Although it is argued that the company has not done enough, as the people view its position as exploitative to the host communities and more rewarding to the larger Nigeria. The communities rank themselves in the scale of importance as down the ladder while profit maximization is in the uppermost echelon.

Notwithstanding the above argument, both the ExxonMobil and the host communities have agreed that their co-existence have assisted in the provision of some social needs like water, sanitation, electricity, construction and rehabilitation of road and schools, education, health, safety and security.

Recommendations

- i. The government should strengthen her CRS policy to create a conducive environment for ExxonMobil to develop the host communities.
- ii. ExxonMobil should offer employment to qualified members of the host communities especially in the management cadre and other critical areas.
- iii. ExxonMobil should invest more in the development of the cultural heritage of the people and thereby encouraged the tourism potentials of the area.
- iv. ExxonMobil should be committed to the provision of more social services and social services need of the host communities to complement the negative social and environmental effects caused by their operations.
- v. Government should also provide infrastructure to complement the social services provided by ExxonMobil to the host communities.
- vi. Modalities should be put in place to secure the development projects embarked upon by the corporation.

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