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**Memorandum of Understanding and Its Effects on  
Multinational Companies' Operations in Less Developed  
Countries: The Case of Nigeria**

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**Abstract**

*This study was carried out with the aim of determining why there is so much tension in Nigeria as a result of the activities of multinational companies operating in her sub-regions and how this seeming tension could be minimized or abated by tying corporate social responsibility based on the needs of her citizens. It employed a theoretical approach in its investigation and revealed that the seeming high level of societal, economic and political discontents, anomie, dissonance and ambivalence in Nigeria are associated to poverty, poor infrastructural development, unemployment and utter neglect. Multinational corporations operating in Nigeria are very contented with their levels of profitability without contributing adequately to the social, economic, political and infrastructural developments of Nigeria. It concludes that if the corporate social responsibility factors/dimensions of these multinational corporations are tied implicitly and explicitly to a well guided memorandum of*

*understanding the basic necessities of Nigerians will be adequately provided for and Nigeria will be a far better country to live in based on developmental contexts, peace and stability.*

**Key words:** Memorandum of Understanding, corporate social responsibility, National stability and development.

### **Introduction**

There is at present a seeming high level of societal discontent, anomie, social dissonance and general political ambivalence and ambiguity in Nigeria due to the situation of unfriendliness existing between multinational companies operating in the country and their host communities. These multinational companies are mainly oil producing and road construction companies found everywhere in Nigeria with the oil producing companies mostly predominant in the Niger Delta Region of the country.

The state of discontent, dissonance and ambivalence continues to escalate, on a regular basis, due to increase in the degree of corporate social irresponsibility being exhibited by these companies in their areas of domain and the attendant degree of confrontations, militancy, riots, demonstrations, kidnappings, holding of hostages, pipeline and flow stations vandalizations, insacient killings, uncontrollable youth restiveness in the Niger Delta Region and the enigmatic and senseless bombings by the Boko Harma sect in Northern Nigeria. This high stint of socio-political and economic instability in the country has become so alarming that there is the fear that Nigeria may break apart geo-politically and become “de novo” if some concerted measures are not put in place to stem the looming tide of economic, social, and political crises arising from the actions of the so-called MEND Militants and Boko Haram sect. These socio-economic and political malaises, as they are experienced in Nigeria, are so disconcerting, to say the least and they constitute a slur in the character of our great country, Nigeria.

Social scientists may claim that the basic and fundamental causes of the state of discontent and instability in the country could be presumed to be the unwillingness on the part of the multinational companies to meet the demands of their host communities in terms of provision of basic social amenities and infrastructure as well as the high poverty and unemployment levels in the country.

This could be as a result of the blatant negligence and the height of social irresponsibility on the part of the multinational organizations operating in the country and on the part of government as well.

This paper takes a theoretical incursion into the causes and effects of corporate social irresponsibility of multinational companies in Nigeria and how the signing of a well drafted and articulated memorandum of understanding (MOU) and

its proper implementation can stabilize the seeming social, economic and political discontents in Nigeria.

### **Literature Review**

Any company operating in a particular region or a given geographical area, whether national or international must be granted an operating license to do so and must be properly registered and guided in its region or country of operation. Built into the authorization document(s) are the ways and manners it should carry on its businesses for the best interests of the parties concerned. And this bothers on the content of a well articulated memorandum of understanding (MOU) which must be both implicit and explicit in nature. It is presumed that this memorandum of understanding which is expressly undertaken and assumed to be a tripartite agreement between the national and multinational organizations, the nation and the host communities should cover such pertinent issues which embody all aspects of corporate social responsibility, especially where such issues would enhance the welfare of all parties in the agreement. This agreement must always proceed what is known as an environmental impact assessment study. Corporate social responsibility is an issue that is widely discussed in the management literature; but with conflicting interests and dimensions. Ivancevich et al (1997) contend that a firm's social responsibility is its practices with other parties such as customers, competitors, the government, employees, suppliers distributors and creditors with which the firm does business on a regular basis. They are also of the opinion that what it means to be socially responsible differs across industries and from firm to firm since there is no specific standard that a firm follows since managers think quite differently about what constitutes socially responsible behaviour. They emphasized that social responsibility could be an obligation or a reactive situation or a proactive behaviour towards a given situation an organization is faced with.

Frederick, Post and Davis (1992) observe that corporate social responsibility expresses the idea that business organizations should help solve social problems as they pursue their traditional economic goals and objectives. The general public expects businesses to be socially responsible and many organizations are really responding or have responded by making social goals a part of their overall business operations. However, the guidelines for acting in socially responsible manner are not always clear and this produces a lot of controversy about what constitutes good business behaviour to society, how extensive it should be and what it costs to be socially responsible.

The study carried out by Steiner and Steiner (2000) deposit that social responsibility involves the duty of a corporation to create wealth by using means that would avoid harm to society, protect or enhance societal assets. By avoiding harm to

society, protecting the society and enhancing societal assets a corporation becomes socially responsible.

Post, Lawrence and Weber (1999) say that corporate social responsibility means that a corporation should be held accountable for any of its actions that affect people, their communities, and their environment. This implies that negative business impacts on people and society should be acknowledged and corrected if at all possible. It may require a company to forgo some profits if its social funds can be used to promote a positive social good for its community and stakeholders.

Being socially responsible does not require that a company should abandon its other primary responsibilities or missions, rather, it means that management should be able to accept the challenge of blending organizational responsibilities into a comprehensive corporate strategy and not losing sight of any of its obligations to its clients (Nwaeke, 2005). These responsibilities may clash at times and at other times they may work together to improve the organization's operations and performance. Having multiple and sometimes competing responsibilities does not mean that socially responsible companies cannot be as profitable as others less responsible. The truth is that some are and some are not. But many try to be. In principle, social responsibility requires organizations to balance the benefits they gain against the costs of achieving those benefits. Both business and society gain when companies actively strive to be socially responsible. Doing so symbolizes symbiosis.

Post, Lawrence and Weber (1999) say that corporate social responsibilities of business grow directly out of features of modern corporations involving the essential functions it performs for a variety of stakeholders and the immense influence it has on the lives of the stakeholders as well. People count on organizations for job creation, much as our community's well being, the standard of living we enjoy, the tax base for essential municipal, state and national services and our needs for banking and financial services, insurance, transportation, communication utilities, entertainment, and a growing proportion of health care services. These positive achievements suggest that the corporate form of business is capable of performing a great amount of good for society, such as encouraging economic growth, expanding internal and international trade and creating new technology to advance the course of doing business.

Many people are concerned about the potential influence of business organizations on society. The focused power found in the modern business corporation means that every action it takes can affect the quality of human life, for individuals, for communities, and for the entire globe. This obligation is often referred to as the "iron law" of responsibility. This iron law of responsibility according to Post Lawrence and Weber (1999), states that in the long run, those who do not use power in ways that society considers responsible will tend to lose it. With

such technology as computers, communications satellites, and television networks drawing the world into a tighter and tighter global village the entire planet earth has become a stakeholder in all corporations. All societies are now affected by corporate operations. As a result, social responsibility has become a world-wide expectation and a norm.

### **Memorandum of Understanding and Corporate Stability**

Every business organization must use its power in keeping with a social contract. This may be an abstract rule but valid in practice in most countries of the world. The social contract situation, in most cases, especially in Less Developed Countries of the world are built into their memorandum of understanding with multinational organizations. It covers such pertinent issues as:

1. Provision of social amenities and infrastructure such as portable drinking water, electricity, good and durable roads and bridges.
2. Assistance to and development of local industries based on entrepreneurial philosophy.
3. Assistance in the development and improvement of schools, universities, hospitals and suitable health care centres.
4. Transfer of basic and operational technologies to the host country through the establishment of skills acquisition centres and on the job training; and in some cases off-the job training programmes or exchange programmes.
5. Donations to schools, universities and medical centres to improve the lot of the people.
6. Award of scholarships to indigents to help empower them academically to become self-reliant and self-actualized.
7. Assistance to indigenous transportation systems to make movements a lot easier for the teeming population.
8. Equitable and balanced employment opportunities based on a country's established quota system devoid of discrimination, nepotism, and other seeming sentiments on political, social religious and economic status.
9. Encouragement of mutual co-existence between the governments of host countries and parent countries governments devoid of deceit, political, economic and social manipulations and destabilizations.
10. Avoidance of any form of pollution (air, water, land, etc).

A systematic examination of the relationship existing between multinational organizations and their host communities in Nigeria, if based on a well detailed and

organized environmental impact assessment profile, may reveal a gross breach of the contents of the social contract established by an Mou, a misappropriation of priorities and gross insensitivities to the needs and aspirations of the people hence the unrestricted degree of demands and agitations by host communities against some unfair treatment of these host communities in terms of general ecology, social infrastructure, economic destabilization and political malaise. These give rise to social disturbances, violence, killings, hostage taking, militancy, political unrest and in the case of the Boko Haram issue, bombings.

Another issue that could cause some of the underlying malaise, societal discontents and ambivalence is the seeming sense of grievance that a fair share of the national cake has not been adequately returned as reparation in form of developmental projects to the host communities and most people in these affected areas wallow in abject poverty and feel disenfranchised in the Mix of plenty. Other sterling issues are political marginalization of the people and an unimaginable level of youth unemployment in Nigeria. A significant number of people in the country feel shamefully stigmatized as being ignorant and underprivileged in a nation of abundance. The middle class in the Nigerian society is wiped out and alter corruption rules the entire nation. A good example of the situation is a scenario played out at Umuechem, the Odi Saga, the killing of Ken Saro – Wiwa, oil spillage at Bobo city, K-Deri B – Deri, communities in the Ogoni Kingdom, gas explosion in Bayelsa, the Koko Saga in Edo State, Umuegbulu – Etche waste dump, lack of adequate infrastructure all over Nigeria – poor road system, lack of functional electricity, poor health delivery systems, lack of potable water, poor and inadequate school systems, poor industrialization, inhabitable cities, mass unemployment of young school leavers, gross negligence of Nigeria’s eco-system due to environmental pollution of all sorts, indiscriminate dumping of industrial wastes all over the country and monopolization of all production and transportation systems by the multinational giants. The dominant construction companies in Nigeria are also multinational organizations with their peculiar employment philosophies, practices, and objectives devoid of balanced employment and adherence to local content philosophy of the Nigerian government. A well balanced corporate social responsibility demands that organizations should balance their economic gains and objectives with societal expectations to be free from any antagonistic tendency.

### **Evolving Idea of Social Responsibility**

A good example of organizations in using its power in keeping with a social contract is a scenario observed by Steiner and Steiner (2000) which played itself out in the United States of America. The authors noted that when rioting spread over Los Angeles, U.S.A. after the verdict in the 1992 Rodney King’s trial, many businesses were looted and burnt. Before the riot, a condition of McDonald’s franchise

agreement was that owners employ people in nearby neighbourhoods (communities) and get involved in community activities. They did and during the riots, not a single McDonald's restaurant was damaged. Local gang members protected the restaurants due to McDonald's attitude toward them in terms of employment.

This was not the situation with Inter-City Shell Oil stations located in the same Los Angeles area of the United States of America. Rather, fifty – eight (58) of these oil locations (stations) were damaged and eight (8) were destroyed by fire. Many of the stations involved were owned by Korean American businessmen who did not employ blacks and Latinos (Latin American People) or get involved in nearby community activities. The above situation clearly illustrates that every business must use its power in keeping with social contract. Shell Oil Products Inc. in Los Angeles learned this lesson and developed a conscience in inner city Los Angeles. The centre – piece of its new social programme is a multimillion – dollar Shell Youth Training Academy that prepares South–Central Los Angeles High School Students for jobs and university education.

Nwaeke (2005) observed that a similar situation obtains in Nigeria, especially in the Niger Delta Region and Northern Nigeria where the youths are consistently disrupting the activities of oil companies and government activities as a result of these parties failure to be responsive to the needs of the youths and other inhabitants of the country. Because of the high costs to oil companies and the Federal Government in terms of corporate investments and national instability a new deal has been put in place in order to attend to the needs of the people of the Niger Delta Region and to avoid further disruption of operations in that area. This new deal is the granting of amnesty to the militant groups and their trainings and rehabilitations. The same may be the case of the Boko Haram sect in the Northern part of Nigeria. Scholarships are offered to youths to study both in the country and abroad, many road projects are being undertaken, bridges are being constructed to link cities and towns in various parts of the country, electricity projects are embarked upon, schools and hospitals are getting built and well equipped and skill acquisition centres are opened up for the entrepreneurial training of youths and deserving citizens of the country. These bold steps are to show how socially responsible the oil companies and government have become in order to create room for internal stability in the country.

Apart from the above, a certain quota in terms of employment is allowed for indigenes and the local content policy is put in place to pacify citizens of the country. Today, the Niger Delta Region of the country has a new consciousness and wears a new look socially, economically and politically. There is some relative peace in the region as a result. Hostage taking, pipeline vandalizations, arson, and politically – oriented assassinations are on the decrease in the region. But what is still more disturbing are the degree of gas flaring, pipeline explosions, oil theft and excessive

eco-system pollution in the area. Experts are of the opinion that tension will heighten in the Niger Delta Region of the country if the amnesty agreement weakens in policy and financial backing in the future. There is yet no viable solution to the threats of Boko Haram sect activities in the North.

### **Social Responsibility in Classical and Modern Terms**

Classical economic theory, which is the basis for the market capitalism model, has been the basic inspiration of people in business. In classical view, according to Steiner and Steiner (2000), a business is socially responsible if it maximizes profits while operating within the law, because an invisible hand “(competition) will direct economic activities to serve the good of the whole global community. The ideology of market capitalism which was derived from Adam Smith’s *Wealth of Nations* according to Nwaeke (2005) is compelling in its simplicity and its resonance with self – interest. It latter was elevated to the status of an immutable law. But the idea that selfishness in the market creates social prosperity has always existed in tension with morality – based ideas about business responsibility. However, Smith (1776) himself at the time, voiced a surprising number of reservations about the ability of markets to protect social welfare.

Throughout the world, businesses and business – people have modified the strict profit maximization rule to address social concerns. Today, the classical ideology remains entrenched as a guiding principle, though, ethical theories of broader responsibility have worn away some of its prominence. Viewing the evolution of corporate social responsibility from the perspectives of Post, Lawrence and Weber (2000) it could be revealed that some interesting scenarios predominate. These scenarios occurred in the 20<sup>th</sup> century America where corporations at that time came under attack for being too big, too powerful and guilty of antisocial and anti-competitive in practice. Critics at the time tried to curb corporate power through antitrust laws, banking regulations and consumer protection laws. Faced with this kind of social protest a few foresighted business executives advised corporations to use their power and influence voluntarily for broad social purposes rather than for profits alone. Some of the wealthier business leaders became philanthropists and gave much of their wealth to educational and charitable institutions. Others developed paternalistic programmes to support the recreational and health needs of their employees. The point here is that these business leaders believed that business had a responsibility to society that went beyond or worked in parallel with their efforts to make profits. As a result of these early ideas about business’s expanded role in society, two broad principles emerged. These principles have shaped business thinking about social responsibility during the 20<sup>th</sup> century and the foundation for modern idea of corporate social responsibility. These are: the charity principle, the

stewardship principle, and the modern day forms of corporate philanthropy, and corporate employee volunteerism.

**(a) The Charity Principle**

This is the most prominent expression of social responsibility and it started during the colonial era in the United States corporate history. During this colonial era businesses were very small and merchants practiced thrift and frugality. Thrift and frugality were the dominant virtues of corporations and were practiced to the extreme. To change corporate attitudes for the better, the then President of the United States of America, Benjamin Franklin gave businesses the following advice “He that Kills a breeding cow, destroys all her offspring to the thousandth generation. He that murders a crown destroys all that it might have produced, even scores of pounds” (Steiner & Steiner, 2000). This advice began to change business owners’ attitudes to society generally.

In the early nineteenth century, business organizations were not effusive in their social concerns. The tiny contributions extended to churches, orphanages, and poor households continued and grew over time as businesses made their profits or fortunes. Entrepreneurs began to endow social causes without reference to companies that were the fountainheads of their wealth. The first example was Steven Girard, a shipping and banking tycoon of his time. When he died in 1831, the richest person in his nation, he made generous charitable bequests in his will, the largest was #6 (six million dollars) for a school to educate orphaned boys from the earliest grades through high (secondary) school. According to Steiner and Steiner (2000) this changed the climate of education because it came at the time when no state in the United States of America provided free elementary schooling and when a secondary (high) school was still the province of children of the wealthy. Following Girard, others donated money to social endeavours, and they began to do so before what is known as “rigor mortis” set in. As noted by the authors, the first great living philanthropist was George Peabody, a merchant and financier, who gave #9 (nine million dollars) in the 1850s to promote education and provide housing for the poor. Other better remembered donors followed the example of Peabody; for instance, John D. Rockefeller, who accumulated a fortune in the second half of the nineteenth century, gave in his lifetime more than #550 (five hundred and fifty million dollars) in charity to deserving members of his society. Another person, Andrew Carnegie gave #350 million dollars to social causes, built 2,811 public libraries and donated 7,689 organs to churches in America. To encourage others to follow his example, Carnegie wrote a famous article entitled “The Disgrace of Dying Rich” and said that it was the duty of a man of wealth to consider all surplus revenues ... as trust funds which he is called upon to administer. When Carnegie and other wealthy business leaders endowed public libraries, supported settlement (urban) houses for the poor, gave money to educational institutions and contributed funds to many other

community organizations, they were continuing this long tradition of being “my brother’s keeper”.

This kind of private aid to the needy members of society, according to Post, Lawrence and Weber (1999) was especially important in the early decades of this century. At that time, there was no social security system in the country, no Medicare for the elderly, no unemployment pay for the jobless, and no united way (an association that helps the underprivileged) to support a broad range of community needs. There were few organizations capable of counseling troubled families, sheltering women and children who were victims of physical abuse, aiding alcoholics, treating the mentally ill or the physically handicapped, or taking care of the destitute in society. When wealthy industrialists reached out to help others in these ways, they were accepting some measure of responsibility to improving the conditions of life in their communities. In doing so, their actions helped counteract the critics who claimed that business leaders were uncaring and interested only in profit making.

Before long, these community need out placed the riches of even the wealthiest persons and families. When that happened, much of the charitable load was taken on by business firms themselves rather than by the owners alone. The symbol of this shifted from individual philanthropy to corporate philanthropy which was the community chest movement in the 1920s, the forerunner of today’s united way drives that are widespread through the United States of America. Business leaders gave vigorous support to this form of corporate charity, urging all firms and their employees to unite their efforts to extend aid to the poor and the needy. Business leaders established pension plans, employee stock ownership and life insurance programmes, unemployment funds, limitations on working hours, and higher wages for employees. They built houses, churches, schools, and libraries, provided medical and legal services and gave to charity.

For some of today’s business firms, corporate social responsibility means participating in community affairs by making paternalistic, charitable contributions. Ted Turner’s sensational pledge of #1 billion dollars (#100 million dollars a year for 10 years) to the United Nations in October 1997 served as a gauntlet for other millionaire business leaders, challenging them to contribute in a similar fashion. The trend in America is grossly lacking in Nigeria. According to Peel (2009), Stiglitz (2002), Collier (2008) and Bolton (2008) multinational companies that operated in Nigeria before Nigeria’s independence and which are still operating in Nigeria presently, indigenous business persons in Nigeria and the Nigerian Government have kept Nigeria and Nigerians so impoverished that there is a high level mutation in crimes and criminals in Nigeria Creating room for high level of unprecedented corruption and other forms of social vices including mindless oil bunkery. The result is social, economic and political destabilization and conflict. Nwaeke (2005) Pointed

out that Nigerian business owners, corporations and their multinational counterparts should be potentially aware of how others operate in the foreign societies and economies and should borrow a leaf from them to create room for a more socially responsible society through charity, especially if such a practice is entrenched in their relationship with their operating communities based on an articulated memorandum of understanding. Charitable giving is not the only form that corporate social responsibility takes. Another form is what is known as the stewardship principle.

### **(b) The Stewardship Principle**

The views of Post, Lawrence and Weber (1999) are that many of today's corporate executives see themselves as stewards or trustees, who act in the general public's interest. Although their companies are privately owned and that they try to make profits for the stockholders, business leaders who follow the stewardship principle believe they have an obligation to see that everyone, particularly that in need, benefit from the company's actions. According to this view, corporate managers have been placed in a position of public trust. They control vast resources whose use can affect people in so many fundamental ways. Because they also exercise some crucial influence, they incur a responsibility to use those resources in ways that are good not just for stakeholders alone but for society in general. In this way, they have become stewards or trustees for society; as such they are expected to act with a special degree of social responsibility in making business decisions.

This kind of thinking will produce the modern theory of stakeholder management theory which states that corporate managers need to interact skillfully with all groups that have a stake in what the corporation does. If they do not do so, their organizations will not be fully effective economically or be fully accepted by the public as a socially responsible corporation. Steiner and Steiner (2000) call the stewardship principle the service principle. According to them, three interrelated themes emerged to justify the broader business social responsibility in the service principle dimension. First, managers are agents whose corporate roles put them in positions of power over the fate of not just stockholders, but of others such as customers, employees, and communities. This power implies a duty to promote the welfare of each entity. Second, managers believe that they have an obligation to balance the interests of every group in their social contract. They are in effect, coordinators who reconcile the competing claims of multiple interests. Many managers subscribe to the service principle, a principle with two distinct definitions. One definition is one of a near spiritual belief that business, by simply pursuing profit, has the power to redeem society by creating avenues for general welfare for members of their operating communities. Individual managers serve society by making each business successful and the aggregate effect of this is the eradication of social injustice, poverty and other ills. A second understanding of the service principle is

that companies and managers are still obligated to undertake social programmes to benefit or serve the public in a more responsible manner.

**(c) The Modern Forms of Corporate Social Responsibility**

Over the last 50 (fifty) years, the idea of business social responsibility has continued to evolve and broaden. The new view that total responsibility is broader than simple economic responsibility has become more compelling and more acceptable to managers and it is also more practiced.

The underlying cause of expanded social responsibility is the historical force of economic growth. Therefore, social responsibility arises from the impacts of corporations on society, and as corporations grow larger and larger, their impacts become greater. These impacts have become more visible in the 20<sup>th</sup> and 21<sup>st</sup> centuries than ever before. Two examples are pollution of the ecosystem and discrimination. Before the 1960s, both scientists and the public had limited understanding of carcinogens (cancer causing agents) in industrial waste, but statistics that would have shown racism in hiring and other corporate behaviours were not kept. Now they are very revealing.

An early and influential statement of the modern idea of social responsibility was made in 1954 by an American, Blowhard R. Bowen in his book *Social Responsibilities of the Businessman*. Bowen defined social responsibility as “obligations . . . to pursue those policies, to make decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.” In the book, Bowen made a strong case that managers were increasingly aware of public expectations to act in ways that went beyond profit seeking and were, in fact, acting to meet these expectations. He made the basic arguments that underlie the current doctrine of corporate social responsibility such as, (1). Managers have an ethical duty to consider the broad social impacts of business decisions, (2). Businesses are reservoirs of skill and energy for improving civic life, (3). Corporations must use their power in keeping with a broad social contract, or lose their legitimacy, (4). It is in the enlightened self – interest of business to improve society, and (5). Voluntary services may head off negative public attitudes and undesirable regulations. Bowen’s book remains an excellent encapsulation of the modern justification for corporate social responsibility. But from the perspectives of Post, Lawrence and Weber (1999), two principles have evolved to form the modern idea of corporate social responsibility. These are corporate philanthropy and corporate employee volunteerism.

- (a) Corporate philanthropy is the modern expression of the charity principle discussed earlier while the stewardship principle is given meaning today as corporate managers try to recognize that business and society are intentioned

and interdependent. This mutuality of interests places a responsibility on business to exercise care and social concern in formulating policies and conducting business operations. Many organizations foster modern day corporate philanthropy by:

- i. Working with their members to integrate a full range of socially responsible practices into the strategic, long – term vision of the organization. They recognize the best practices of their members in the areas of the workplace, the community and the environment and continue to encourage them to keep up with such best practices.
- ii. Forming the Cygnus Group: This group helps businesses integrate environmental concepts into their strategic planning, marketing and communications activities. It is a pioneer in the use of the internet for business information retrieval, analysis and dissemination and these encourage profitability, stability and global expansion.
- iii. Forming a business council for sustainable development especially in the Gulf of Mexico. This was established by a group of Mexican and American corporate leaders to promote new partnerships, develop policy initiatives, and undertake regional sustainable development endeavours to support sound and sustained economic growth. Similar organizations are operational in most regions of the world for the mutual benefit of both business industry and society.
- iv. Encouraging the establishment of the Prince of Wales Business Leaders Forum: This was established in 1990 to provide a focus for international business leaders who recognize that good corporate citizenship is important to global business success. It includes an international charity organization supported by businesses from North America, Europe and the far East.

The social priorities focused on by the committee for Economic Development (CED), a group of about 200 top level business executives are equally encouraging. These priorities are focused on economic growth and operational efficiency: improving productivity, cooperating with governments, Education; giving aid to schools and universities; Employment and Training: training disadvantaged workers and retraining displaced workers for continued livelihood; Civil Rights and equal opportunity issues: ensuring equal job opportunities and building inner city industries to encourage a near full employment situation. Urban Renewal and Development: building low income housing for citizens and improving transportation systems in rural and urban centres; Pollution Abatement: installing pollution control and developing recycling programmes; Conservation and Recreation: Protecting plant and

animal ecology and restoring depleted land to be used; Medical care: helping community health planning and designing low cost medical care programmes for citizens; and Governance: improving management and modernizing and reorganizing; and reorganizing government for it to meet the specific developmental needs of her citizens.

The focus of corporate philanthropists in Nigeria should be based on how to improve the general standard of the nation's educational system, health care services by building the state of the art hospitals in the various states of the country, improving the judicial system, fight corruption, cultism, drug and alcohol abuse among the teeming teenage population of our society. Equally of importance are the intrinsic HIV/AIDS education and treatment, establishment of recreational and tourists centres and the upgrading of Nigeria's power generation capacity and water supply facilities. Means of stopping gas flaring should be established. Programmes for clearing industrial wastes and oil spills should be put in place and the attitudes of multinationals towards members of their host communities should be friendly. And generally, there should be a tripartied agreement on how to share and distribute income generated from their various operations in LDCS and scientific agriculture and industrialization should be given a prominent place in the scheme of things in Nigeria, to mention but a few.

- (b) Corporate employee volunteerism: This is a relatively new phenomenon. Many corporations have developed charitable contribution programmes but left employee involvement in community services up to the individuals. But in early 1970s, corporations began to see community service as a way to improve their images both internally and externally as well as to serve the communities in which businesses operate. These volunteer programmes involving workplace employees take the following forms:
- i. The team model form: Here, a team of employees plan and implement group volunteer activities.
  - ii. The volunteer clearing house model: here, a full time coordinator or a part time employee provides volunteer opportunities to employees.

Employee Volunteer programmes, according to Post, Lawrence and Weber (1999), help corporations attract and retain good employees. Volunteerism helps develop characteristics such as creativity, trust, teamwork and persistence. It also builds skills and attitudes that foster commitment, company loyalty and job satisfaction. Morale is as much as three times higher in organizations with volunteer programmes than in those that do not have such programmes. There is also a positive association between employees involved in corporate volunteer programmes and better physical health, mental health, and social interaction. There is equally a clear

link between volunteerism and return on assets, return on investment and employee productivity. A company with a strong community involvement programme is likely to score high in profitability and employee morale.

### **Governance, Memorandum of Understanding and Corporate Social Responsibility**

Governance and the political process seem to have also been weakened by the presence of natural resources and multinational corporations in a country. Drawing on some analytical tools from political science, psychology and other social sciences there exist some groupings to which political and behavioural activities may be classified. These are mature democracies, fractional democracies, paternalistic autocracies, predatory autocracies and reformist autocracies (Eifert et al 2003). These groupings reflect qualitative distinctions in the stability of political and behavioural frameworks, the legitimating of authority and the role of state institutions in distributing or utilizing resource revenues fairly.

The grouping most conducive to stable institutions and which allows for a fair distribution and utilization of resource revenues is that of mature democracies. This grouping is characterized by political stability and institutional accountability which encourage policy makers to think rationally and in the long – term as economic performance becomes a control element to competition for political power and resource control. Policy decisions are generally based on transparent information while property rights are clearly defined. These features give citizens the opportunity to provide a critical counterbalance to the influence of interests benefiting from government policies. Norway, the state of Alaska in the U.S.A and Alberta province in Canada are examples of areas in this grouping. Norway, as a country, has a prudent financial position through proper accountability system, a very high government saving rates, a rising foreign assets base (to spread benefits of her natural resources over time) and is resisting potential damage to her non – oil tradable sectors from the Dutch disease.

Under fractional democracies, political parties are weak and are formed around charismatic leaders. Electoral institutions are fragile. Political support derives some form of system patronage. The short – horizon politics of competition for power and state allocated resources give rise to unstable policy regimes and non – transparent mechanisms for allocating resource revenues. Economic returns to state investments are often low because political strategies allow for the provision of goods to narrow interests. Bureaucracies, political elites and the military often succeed in earmarking state spending for their use. Income distribution is consequently unequal. Social consensus and cohesion are elusive. Ecuador Colombia and Venezuela are examples of such fractional democracies.

Paternalistic autocracies and reformist autocracies are types which, though lack a broad democratic base of power, have been developmental in outlook. Development programmes implemented over the past three decades have recorded some considerable successes in terms of being welfare enhancing. Examples of such countries in these categories are Saudi Arabia, Kuwait, Small Gulf States, and Indonesia, respectively.

Predatory autocracies are not based on broad democratic or public support. Military power and the support of a narrow – minded elite are the basis for authority. State power faces few constraints or counterbalance influence. The exploitation of public resources for the gain of the elite is embedded in institutionalized practices. Such regimes are non – transparent and corrupt at large. Nigeria under successive military rulers since 1966 and even under her nascent democracy is an example of this regime type.

Based on the above analysis, the government which generates long – horizon ability to reach consensus and allows for transparency is capable of delivering on benefits of her natural resource wealth. Mature democratic, reformist and paternalistic regimes are having such tendencies.

Natural resource revenues have weakened governance in one notable respect. Rents generated by these natural resources have over - whelmed citizens and have created a concentration in revenue patterns. Throughout history governments have to exercise caution in imposing taxes because they have realized that their subjects who cannot tolerate it beyond a certain point will revolt. But one virtue of taxation is that it can create good and responsive governance. In the case of states in Nigeria on some political antecedence, internally generated revenue accounts far less than 25 percent of all states revenue. A consequence of this over – dependence on the federation account allocations is that state and local governments do not feel accountable to their citizens in the area of a broad – based social responsibility indices because they do not spend “tax – payers” money for any major project, instead some of the states borrow or raise bonds in this respect. This has reduced their ability or the necessity to mobilize the stakeholders for any developmental projects. If tax – driven spending has been commonplace as it is in the United States of America, for example, this would have suggestively made public spending more developmental and accountability prone and the general Nigerian environment would have been enjoying the benefits of socially responsible governance.

Another aspect in which resource revenues have weakened political institutions in Nigeria is that it has created a predatory state which abhors counter pressure. In a bid to resist or prevent counter pressure, political repression has become the order of our time and the feature in the Nigerian nationality since the days of Adaka Boro – a feature which later climaxed in the hanging of Ken Saro – Wiwa

in 1995. It has also been a feature of Nigeria's fractional democracy, as exemplified in the Odi and Umuechem towns massacre of 1999 and 1990, respectively. The absence of counter pressure to cancel out – rent seeking behaviour in the Nigerian polity has resulted to the emergence of non – democratically accountable executives, inefficient tax as a means of generating revenue, and legal authorities as well as a non – independent judiciary system. Given the existence of the non – developmental regime types and weak institutional features in Nigeria in general and the Niger Delta Region as well as the Northern states of the Federation in particular, it is little surprising that Human Rights Watch (2003) notes that little of the money paid by the federal government, state and local governments from the federation account is actually spent on genuine development projects, there appears to be virtually no control or proper audit over spending by local and state governments. This has become a phenomenon at the federal level. There is now the issue of fuel subsidy removal and its enigmatic effects all over the country while little or no attention is paid to the general plights of the Nigerian people via a well drawn memorandum of understanding and an articulate social responsibility programmes to curb the excesses of social vices, discontents and national and political instability.

### **Summary and Conclusion**

An outcome of the indicators of developmental failures in the country as a result of lack of accountable governance and well planned social responsibility programmes is in the political arena: the activities of militant groups in the Niger Delta Region as well as the emergence of the destructive stances of the Boko Haram sect in Northern Nigeria, and the endemic corruption in the political circle. In the Natural environment there are the Coster/River bank erosion, flooding, sedimentation / slit substances, exotic (water hyacinth). In the developmental related problems there are and degradation / soil fertility loss, agricultural decline / shortened fallow system, Delta forest loss (mangrove), biodiversity depletion, fisheries decline, oil spillage, gas flaring, sewage and waste water situation and other industrial waste dumps. While in the socio – economic problems; there are poverty, gross unemployment, community – oil company conflicts, intercommunity conflicts, conflict over land, inadequate compensation, community displacement, decay in societal values, poor transportation, high cost of fuel, housing pressure / infrastructure, poor electric power distribution, etc.

Nigerians are seen to be highly flummoxed over their hopeless experiences in their fatherland. The reason for the gross contrapulation of Nigeria's social, economic and political situations, as a Less Developed Country, is that the corporate social responsibility factors or dimensions of multinational corporations' operations in the country are being professionally contrived and are not based on well guided memorandum of understanding which spells out explicitly the fundamental needs of

the people and ways that they should be attended to or resolved. As a result, the actions of these corporations are lackadaisical and skewed towards gross immorality, recklessness and utter neglect.

There is constant and repeated gas flaring; water, air, and land pollution is an endemic problem and there are no policies established to clean our polluted areas. Policies on disposal of industrial wastes are not put in place and average Nigerians do not know what constitutes an industrial waste and how detrimental it is to their lives and the eco-system in general. This is so because our universities and laboratories are poorly equipped to determine these inconsistencies and their effects on us generally. Pure scientific research is lacking and the multinational corporations have failed to support us in the area of pure scientific research. They seem to continue to sponsor the overthrow of governments that seem to be well guided on their national (internal) and foreign policy imperatives and the killings of outspoken citizens of the country seem to be a reoccurring decimal. They encourage piracy, and oil bunkery. The unprecedented spate of our currency devaluation for their economic benefits speaks volumes. If the natural resources with which developmental programmes and projects are based in their parent countries, come from the LDCS what reason do they have not to pay adequately for them and still extend more gratis by way of improved employment of our citizens, infrastructural developments, encourage capacity utilization and human capital development instead of manipulating our circumstances and leaving us in the deldrum and continue to rejoice over our backwardness. What reasons are there for us to suffer the humiliations of the Kalabar; Nembe, Bodo City, K-Dere, B-Dere, Eleme, Ebocha, Obrikom, Twon Brass, and Obagi Oil Spills, to mention but a few. Why should the turn – around maintenance of our refineries be their absolute prerogative? Why the Odi and Umechem unsult and crises? Why the Koko and Umuegbulu Etche industrial waste dumps without proper clarifications of their effects on our lives. Why must irresponsible air, water and land pollution through gas flaring and oil spills continue without adequate compensation and means of cleaning them? Why must our married and unmarried women suffer sexual abuses in our communities as a result of the wealthy oil company workers' immoral acts? Why is Nigeria lacking in infrastructural developments? One would believe that if the corporate social responsibility imperatives of these multinational oil companies and their counterpart construction companies are tied to an explicit and implicit memorandum of understanding these social vices would stop and Nigeria will become a far (more) better place to live in developmental contexts.

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