

## **CHAPTER III**

### **ROYAL DUTCH SHELL CSR IN NIGERIA**

In this section, the author explains Royal Dutch Shell CSR in Nigeria which contains a description of CSR program as general, condition before CSR of Shell implemented, the reasons Shell chose Nigeria as one of the countries to do business. Then, the brief explanation of the CSR program in Nigeria following by the CSR area programs Royal Dutch Shell which has already been implemented in Nigeria.

#### **A. History of CSR Program as General**

Since a long time ago, Shell assigns the society to become a part of building their business. Based on the value and way of operating they are very concerned about the surrounding community. Besides, Shell was the first pioneer company to express and give transparency to trust through their General Business Principles (Wellink, 2014). Based on the principle Shell pledge to support the sustainable development, estimate the term either short or long time and integrating economic, environmental and social considerations into Shells decision making. One way to realize this, in the form of CSR. In the Shell itself, the CSR program is under the auspices of the name sustainability which relates to support the welfare of people in the country. For the Shell itself, the program is one of the most crucial things in running a business, that is by continuing to provide vital energy to the community. as well as the business they do. However, also to

maintain a high regard for being the well-being of people in the community and environmental sustainability. thus, program used as an act of obligation from the company to the community.

The program of sustainability is carried out in many countries where companies exist because this program is also a noble goal of the corporation to channel and achieve the vision and value which already set by the corporation. The method to achieve the goal is to incorporate all of the business operations by continuing to improve the company so that it is better to avoid errors and accidents that will harm people as well as the environment by continuing to maintain appropriate operational standards with the consideration of protection of all parts of the country involved.

In integrating sustainability for the company Corporate Social Responsibility programs, The company utilizes a staged process by conducting cohesive assessments on potential environmental, social and health impacts and specific risk assessments to take as consideration and engaging as well as assessing concerns from communities. With that further, it will assist the company in a handle and decrease impacts at all stages of the program. The results of these assessments save in a project management plan that is approved in advance by a business manager who has overall accountability for the Corporate Social Responsibility programs. Moreover, to ensure that this can be one of the programs, the monitoring and review will be carried out so that the program can be decided by including short- and long-term interests, and integrating economic, environmental and social considerations when making decisions. Another important thing with Shell is preparing all employees to help them understand and embed sustainability. Shell had specialists that work alongside teams to ensure that potential impacts on local communities and the environment in

consideration in Corporate Social Responsibility programs operations.

## **B. Condition Of Nigeria Before CSR**

Nigeria as a country has abundant natural resources such as oil, but it was not accordance with that to the situation. in fact, the vast profit from oil was so significant in contributing national revenue of Nigeria at that time within the amount 90% (Ijaya, 2014). However, before any company came to manage the natural resources there, the condition of the Nigerian country itself was very concerned, such as lousy environment, unlivable infrastructure, and services, high number unemployment, many people living in poverty (Amodu, 2018). In this case, the oil companies in Nigeria was moved to initiate in improving the welfare of the surrounding community and automatically supports the improvement of the community by providing programs that have a direct impact on the social sector such as providing employment, education and health services in the community (Akpan, 1999). This program was referring to as CSR which is Corporate social responsibility.

## **C. CSR in Nigeria**

This corporate responsibility program was mainly carried out to attract the sympathy of the people who are essential to facilitate the business operations of the company in the host country. This program is attained to support the progress of all kinds of aspects in the country represented by eradicating social problems such as poverty, natural damage and the aftermath of social inequality (Eweje, 2006)

The company's program was started from the beginning when they entered Nigeria in 1960 under the name Community Assistance (CA). Community Assistance (CA) is one of the basic CSR programs that companies do (Ogula, 2012). The first assistance was in the fields of education, health and also assistance for farmers at that time. This assistance program was also carried out to provide the basic needs of the Nigerian community for performing various businesses, such as providing scholarships for Nigerians, funding education, health needs, or programs that help farmers there. CA aim is to provide various features for local people with basic things. Then in 1998, CA became a Community Development (CD) program. The basis of this program is community empowerment, maintaining the relationship between the company and the community in realizing their desires.

Shortly after that, in early 2003 Shell has successfully implemented a model of sustainable community development in their CSR program which used until today. The basis of this program is similar to what has been done before, but this program mainly provides opportunities for the community to develop themselves with assistance from the Shell company. One of the ways that companies do this action is to make the community hold control to improve their standard of living with work in collaboration with Shell.

The model of sustainable community development concentrates regarding health and economic empowerment in line with improving the quality of people (Ite, 2007). Which means, not only trying to make the community increase its economic growth, but also help citizens of the Niger Delta individually. Shell even initiate awareness in this model by starting an environmental improvement program for

improving the quality of the environment there (Eweje G., 2006).

#### **D. The Royal Dutch Shell CSR programs has done in Nigeria.**

Shell Nigeria places itself as a company that prioritizes public interests that reflects in the mission and value used in the company. This commitment reflected from the programs that have been run by Shell to help and support progress in society. This program according to the principle of sustainable development. Then, the action used to make an influence in making better changes for people and establishing relationships with surrounding communities as initiators start. In deepen its role as part of Nigeria, Shell sought to give economic encouragement, the efforts at the economic empowerment of host communities by increasing the involvement of development in the society and economy of Nigeria (Amodu N., 2013).

The scope of Shell Nigeria's CSR activities covers:

##### **1. Health Care**

Health is one of the significant essential factors in ensuring the condition of the country, especially in Nigeria. Health is one of the most significant problems that often worried. The condition of a country is very vulnerable and easy to get contamination of diseases. for the reasons which makes health care one of the programs implemented by Shell

companies in Nigeria as one of act in prevention and maintaining health for the community, raising the image and works as evidence to be used as strategies for lifting the value of the company in their show the implementation of their value that prioritizes the community (Tehemar, 2012).

This health care can be obtained by all parts of the community, in this area Shell gladly to be able to manifest this program to overcome health problems in the community and definitely will give good result in saving people in need upon the country like Nigeria (The Guardian, 2018).

## **2. Education**

One of the important things for someone's long-term situation is Education because this is a necessary thing that exists in the people. within-person had a high level of intelligence they will gain the advantages that exist as an opportunity to have a better life than before. This fact was believed by Shell since long time ago the exact year was 1952. Shell in involvement, in this case, has an appropriate program in the name of Scholarship to help finance education for students who need especially those who are less fortunate in the field of financial support. This program is the standard program in CSR programs in a company because of the importance of people to have sufficient education standards to do work and to provide reasonably large help to improve the lives of students themselves who deserve the scholarship. By becoming part of this program, students can be aware of the importance of education to facilitate future career choices.

Shell strongly supports the development of community education in all parts of the country without exception to get the appropriate education for them. The

educational assistance in the form of this scholarship is offered at various levels, especially in the Secondary School Scholarship because free education assistance from the government is terminated at this stage. So to reduce the number of students who drop out of this time Shell provides opportunities with these scholarship specifications. Then, there are undergraduate scholarships that can be obtained by new students who want to enter university education level in the area where the Shell operates. However, it is not up to that point, and the Shell also provides a scholarship at the further level to reach the master degree to make it easier for them to gain skills to participate in promoting the development.

### **3. Local employment and enterprise**

Shell as a company has a role to participate in aiding the growth in local economic levels in the host country. for these specific areas namely Nigeria. In adding the participation can be done in various ways, which can provide direct employment, by cooperating with influential parts of Nigeria such as the government and associates to create jobs and support local businesses and also do training for workers to improve their abilities and their working knowledge.

#### **4.1 Shell LiveWIRE**

The Shell LiveWIRE is one of the Corporate social programs that focuses on assisting young startup entrepreneurs who in the age around 18-30. This program is a focus to motivate, support and realizing their business so that they can arouse the local economic level in Nigeria with increasing income and standard of living.

In this Shell program, it provides training and funds for Nigerian entrepreneurs in helping them start and flourish their

business. It can also be used as an option in determining career choices and then can open employment opportunities for other Nigerian people.



#### **4. Environment**

In nowadays era, environmental status is an essential measure in conducting business in the industry. The environment cannot be ignored and regarded as unimportant. The reason is environment maintains the company's operational sustainability. in an instance in Nigeria itself a country that is rich in oil resources is very closely related to this problems when carrying out oil exploration work that threatens environmental sustainability, which will hugely interfere with environmental stability and the lives of surrounding communities that still depend on the environment (Asuno, 1982).

Environment action is one of the choices to provoke the economic to move forward but still achieve a CSR company program. One way make the program success by improving operations and finding another method to get oil products and looking for new creative ideas. In supporting environmental sustainability and keeping jobs efficient are goals for CSR environment area. Many positive things that can be generated from this CSR such as high income and creating an excellent reputation for a company name. For this reason, Shell has an awareness to be responsible for work, to support innovations to reduce the impact of environmental pollution that will adversely affect the future. Shell also acknowledges the importance of the global warming effect and helps the community to maintain the preservation of the surrounding environment.

## **5.1 Freshwater**

The form of Shell participation to handle their use of water and its usage, Shell finds new technique and expertise to reduce the use of fresh water so that it is not wasted. Shell uses a new protocol to provide guidance in conducting work operations and determining ideals use of water that is suitable for their procedure. Shell modifies the consumption of fresh water with existing conditions because now water that has become limited, afterward lean to affect people in various parts of the country.

## **5.2 Preventing spills**

Shell is a company centralize in oil and gas, so automatically it will face problems such as Oil spills that give harm to the environment, and the surrounding community. To avoid this happening, the Shell has a sure way to overcome it by ensuring that the facilities are secure, well constructed, and routinely monitored, as well as maintain prime condition. The Shell also provides appropriate equipment and human experts to deal with any mishap of the spill that occurs.