

Oil Companies, Communities, and Social Responsibility

SOcial responsibility is a legitimate demand of the communities in which businesses reside. Perhaps oil companies and other operations that pose potential environmental hazards should be more vigilant than other organizations in showing social responsibility. As part of being socially responsible, many different kinds of organizations are conducting people-oriented programs for communities, including helping youths acquire vocational skills and offering them employment opportunities.

In fact, social responsibility is becoming an immutable corporate policy in many organizations all over the world. Just as people are expected to be good citizens, no less is expected of corporate bodies. A business and its external environment coexist in a symbiotic relationship. An enabling environment is one of peace and good neighborliness. In such an atmosphere, businesses can thrive and generate profits. In turn, social responsibility requires that some of the profits be ploughed back into the environment. That full circle helps maintain a state of social and psychological harmony between a community and the companies that operate within it. According to W.J. Stanton in *Fundamentals of Marketing* (McGraw-Hill), it is an irony for a healthy business to exist in a sick society.

Businesses operate under a sort of franchise bestowed by public opinion. People in the community can revoke that license, and so can the government acting in their behalf. In that sense, business operation is a social privilege, and no worthwhile privilege is without a price.

Opponents of those views argue that the only social responsibility of organizations is to maximize profits through the efficient use of available resources. Considered in that way, profits are the lifeblood of an enterprise, and any action that detracts from that is not in its best interest. The rationale is that as long as

profits are generated, a company can create more jobs and customers can benefit from a wider range of improved products. In addition, the government can collect more revenue, and society as a whole can benefit. Within that context, the extent of a company's involvement in social responsibility is fine, as long as the involvement doesn't hamper profits.

In Nigeria, a developing country, there is a growing awareness that companies should take responsibility for actions that affect their surrounding communities. Developing countries are saddled with problems that make for low standards of living in

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such areas as infrastructure, health care, and education. The implication is that corporations in such environments should be morally bound to recognize the problems and work to ameliorate them.

Nigeria, with a population of 85 million, is the most populous nation in Africa. Consequently, it has a lot of market potential. It produces a large quantity of commercial petroleum, the revenue from which has affected, negatively and positively, the quality of life and consumption patterns of many Nigerian citizens. The effects have caused changes that have had to be addressed.

Nigeria's petroleum resource has long attracted foreign corporations. Their good corporate citizenship has contributed to Nigeria's socio-economic development. Companies with

operations in Nigeria have awarded educational scholarships to deserving indigents and awarded "discretionary" work contracts to traditional tribal chiefs and rulers.

Five years ago in Nigeria, there was a sudden rise in the awareness of how businesses can harm the environment—precipitated in part by oil spills and pollution, and how they affected the health and lives of citizens. Pressure mounted for all companies that had located in Nigeria to do more than they had been doing for their host communities in order to justify their continued operation. That pressure resulted in innovations to corporate community-service programs.

Doing the right thing

Community-focused training. Historically, the inability of some companies to meet their social obligations created problems in some Nigerian communities. In some situations, youths took over the running of their communities as officers or members of community development committees. Problems arose when the youths' liberal dispositions were at odds with older citizens, whom the young people have accused of conniving with the companies to the detriment of the people. On some occasions, poor and unemployed youths, by threatening company property, tried to force companies to be more socially responsible.

In response, several companies, particularly those in the oil business, instituted training programs designed to educate surrounding communities on the need to protect not only the companies' community-oriented social projects, but also the companies' properties located in their areas. The education is delivered in seminars, in radio jingles, on television, and through credible traditional rulers. The seminars cover such topics as environmental safety and crisis tactics, such as what to do in the event of an oil spill.

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■ Industry Focus

Operational awareness. An operational-awareness seminar was designed specifically for local chieftains and opinion leaders to enlighten them on company activities. The companies took the chieftains and others on guided tours of various company locations so that the leaders would have information that they could share with the public—and perhaps put the companies in a more positive light.

Communal-crisis resolution. Instead of leaving crisis management to their public relations departments, some companies are training their employees and members of host communities how to resolve community crises. The training instructs people how to identify signs of an impending crisis, how to prevent crises, and how to resolve them.

Training for skills acquisition. The increased expectation of companies to take social responsibility has caused many to be involved conspicuously in people-oriented projects. The projects involve such activities as

- ◆ building classrooms
- ◆ providing pipe-borne water
- ◆ supplying electricity
- ◆ making roads motor-able
- ◆ equipping school laboratories and hospitals.

Those are amenities that people in developed countries tend to take for granted.

Despite the training efforts of some socially responsible companies, high unemployment among young people in Nigeria is still a big problem. Though some companies provide training in vocational skills, training without employment doesn't solve the problem.

Some companies have tried to close the gap by offering employment opportunities or supplying capital so that people can start their own small businesses and become self-employed.

Another solution is that Nigeria's federal government issued guidelines that require lower-level job positions to be filled by people in the host communities. That helps ensure that once people have participated in the training offered by companies located in Nigeria, the companies will hire them.

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The development of social responsibility in companies in Nigeria has created opportunities for training professionals. They have created programs designed to serve the special needs of Nigerian workers. And, in the next step, they have invited companies to sponsor candidates—employees or community opinion leaders—to participate in the training.

All businesses should be socially responsible—though, perhaps, those in developing countries should be more responsible. Another factor to consider is that a surrounding community is more likely to react negatively or overreact to environmental accidents such as oil spills when people perceive, rightly or wrongly, that a company has been operating hazily or unfairly.

In Nigeria, training and awareness programs for community leaders and youths are helping maintain the socio-psychological equilibrium between corporations and their host communities.

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