

THE APPRAISAL OF MULTI-NATIONAL
CORPORATION TO THE CONTRIBUTION OF
COMMUNITY DEVELOPMENT
(A CASE STUDY OF EXXON MOBIL OIL COMPANY, EKET)
AKWA-IBOM STATE

BY

VICTOR NSE EKPENYONG

BA/02008/210

DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF MANAGEMENT AND SOCIAL SCIENCES
CARITAS UNIVERSITY, AMORJI NIKE, ENUGU
ENUGU STATE.

AUGUST. 2012.

TITLE PAGE

THE APPRAISAL OF MULTI-NATIONAL CORPORATION TO THE
CONTRIBUTION OF COMMUNITY DEVELOPMENT

(A CASE STUDY OF EXXON MOBIL OIL COMPANY, EKET)

AKWA-IBOM STATE

BY

VICTOR NSE EKPENYONG

BA/2008/210

A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
BUSINESS ADMINISTRATION, CARITAS UNIVERSITY, AMORJI

NIKE,

ENUGU STATE.

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE

AWARD OF BACHELOR OF SCIENCE (B.Sc)

DEGREE IN BUSINESS ADMINISTRATION

AUGUST, 2012.

CERTIFICATION

This is to certify that this project the Appraisal of Multinational Corporation to the contribution of community Development has been written by me Victor nse Ekpenyong with registration No BA/2008/210 A student of Business Administration department, read and Graded in Partial fulfillment of the requirements for the award of Bachelor of Science (B.Sc) Degree in Business Administration, Caritas University, Amorji Nike, Enugu State.

Mr.Walter Ani

Project Supervisor

Date

Prof. G.U . NWANGUMA

Head of Department

Date

DEDICATION

This book is dedicated first of all to the Almighty God. The author and finisher of my faith. I also dedicate this project to my lovely parents Hon./Mrs. Nse Bassey Ekpenyong for their enduring encouragement and financial support during my academic pursuit in Caritas University.

Ii

ACKNOWLEDGEMENT

My special gratitude and Appreciation goes to my supervisor Mr. Walter Ani and my Head of Department Professor G.U. Nwaguma for their moral support, precise guidance and Didactic Criticisms throughout the tough period of writing this project.

I also want to thank other Senior Lecturers who have been of help greatly to me especially Mr. Melletus Agbo Mr. Kenneth Ezeudo, Mr. Ubawike and the rest of other Departmental lecturers.

Finally, I cannot forget to acknowledge my beloved parent Hon. Mr. /Mrs. Nse Bassey Ekpenyong and my brothers and sister, Victoria, Anietie, Joy Emmanuella because they have given me the necessary support during my period operating these project. I also want to thank my friends especially Miss Precious, Desmond Agbor, Uduak Esong, John Urah they have really proved their worth.

ABSTRACT

Multinational Corporation is now globally accepted business firms which have adopted various cultures and take responsibility for her host community socially. The appraisal of multinational corporation to the contribution of community development became necessary to evaluate the extend of exploration carried out by multinational corporations in Nigeria. A review of related literature was carried out to give the study. The required theoretical background, available statistics from the natural population commission indicate that Eket community have an estimate of one thousand six hundred and ten people (101,610) and the sample size is made up of hundred respondents (100),the method employed in collecting data was the questionnaire. (4) Four hypotheses were formulated and tested for the study using simple percentage (%) statistical method of data analysis, on the basis of the analyses some findings were recorded as follows: It was discovered that the multinational corporation rather abuse human right and pollute environment instead of developing the host community. Following the findings recorded some useful recommendation were proffered for the resolution of the problems identified in the study. It suggested that in order to make the people fell statistical; the firm has to provide much to the needs they want. To also widen the scope of here social responsibility to provide employment and hasten community development. It is concluded that is the law of the land is not properly put into use; Multinational Corporation will not contribute towards the development of her host community.

TABLE OF CONTENT

Title page - - - - -	i
Certification - - - - -	ii
Dedication - - - - -	iii
Acknowledgement - - - - -	iv
Abstract - - - - -	v
Table of content - - - - -	vi

CHAPTER ONE: INTRODUCTION

1.1 Background of the study - -	1
1.2 Statement of the problem - - -	1
1.3 Objectives/purpose of the study - - -	4
1.4 Research question/hypothesis - - - -	4
1.5 Significance of the study - - - - -	5
1.6 Limitations of the study -	8
1.7 Definition of the terms - - - - -	8

Chapter references

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Theoretical frame work for the study- - - -	11
---	----

2.2. Historical background - - - 11
2.3 Current literature on theories postulated alone - - 14

Chapter references

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research design - - - - - 44
3.2 Sources of data - - - - - 44
3.2.1 Secondary sources - - - - - 44
3.3 The population of the study - - - - 45
3.4 Sample design and population of the sample size. - 45
3.5 Methods of data collection - - - - - 46
3.5.1 Questionnaire design, Distribution and collection of
Responses- - - - - 46
3.5.2 Secondary method of data collection - - - 46
3.6 Methods of data Presentation and Analysis chapter
references -

CHAPTER FOUR: DATA PRESENTATION AND Analysis

4.1 Data presentation - - - - - 48

4.1.2 Demographic characteristics - - 49

4.2 Presentation according to key research questions - 51

4.3 Analysis based on research hypothesis - - - 54

Chapter References

CHAPTER FIVE: SUMMARY OF FINDINGS,
RECOMMENDATIONS, AND CONCLUSION.

5.1 Summary of Findings - - - - - 57

5.2 Recommendations - - - - - 57

5.3 Conclusions - - - - - 57

References - - - 61

Appendix - - - - - 63

VIII

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY:

Multinational Corporation is used by people both in the business and non business sectors, to some people it means a Fairly big firm that has about five or six branches in a state, while others see it as a big firm that has branches in all the states or divisions of a country. According to Prasad & Shetty, (1976) “Multinational corporations are firms that operate effectively under different national sovereignties”. They further stress that multinational corporations are such firms that must cope with wide variations in economic conditions, different values and cultural systems and wide geographical separation.

This definition, multinational corporations are large firms that operate in different parts of the world, but most of the times have one acclaimed headquarters, situated in a place it was first established. There are various multinational corporations both in Nigeria and abroad.

However, For the purpose of this research works, the researcher is using Exxonmobil oil producing Nigeria at Eket, Akwa-Ibom State. it is of note to

mention that multinational corporations operating in foreign hands must respect the tunes and dictates of the host government or face expropriation. By the nature of their operation, multinational corporations must cope not only with more complex organizational structure but with far more elaborate and sensitive array of environment variables than domestic operations have these corporations are seen as giants amongst economic entities and primarily because of their size, economic power, efficiency, stability, dynamism, flexibility and quite often a technological oligopoly. Elwood (1979), said that the size and scope of multinational corporations within many developing nations often bring about significant social changes that disrupt or counteract social programmes and goals of host government.

Multinational corporations are known for their exploitative tendencies in developing countries. There has been lots of accusation by concerned African countries that these corporations are only out to suck dry the natural and human resources of poor African countries without correspondingly compensating them or showing appreciation in return. Despite the fact that these corporations exploit these African countries and realize huge profits from their business operations, it is difficult for saying they satisfy the yearnings and aspiration of the communities where they operate in terms of business social responsibility.

Offlang (1980) asserts that, going by the concept of imperialism and dependency as characterized by the exploitation of the developing countries by the west and as manifested by the infiltration of western capital into poor African countries,

one can categorically say that the contribution of these multinational corporations to the community development is not encouraging. This is evidenced by public out-cry for compensation by

2

Communities where these corporation are operating due to the fact that these communities provide the needed raw materials for that operation.

At times these communities after waiting patiently for these corporations to meet their social demands without any response, take the law into their hands to show their resentments. It is noted to stress that the oil producing communities are the ones which are supposed to benefit more. From Multinational Corporation involve in oil exploration in such areas. In fact these oil exploration corporations should provide lots of social amenities like pipe bore water, electricity, good roads, recreational facilities and host of others to these communities. The corporation social activities to these communities should extend to the areas of employment, scholarship and other incentives.

In further expressing my view on the fact that the oil producing communities should benefit more from oil exploration multinational corporations that are operating in such of the pollution and other hazards caused these communities due to oil drilling. These are cases, which due to oil spillage a lot of aquatic animals die and the seawater becomes bad and poisonous thereby causing untold hardship on such communities.

1.2. STATEMENT OF THE PROBLEM

As a result of the hazards and exploitation of multinational corporations on the communities in which they are operating, it is important for them to show a serious concern in terms of being socially responsible to these communities.

However, it is difficult for one to say that a particular corporation

has contributed adequately to the development of a particular

Community because development encompasses many things ranging from the provision of infrastructural facilities, employment, scholarships and a lot more.

Communities cry out of neglect, lack of appreciation and insufficient compensation by corporations that are operating in their areas.

The corporations on their part refute this claim by saying that they have responded adequately to their social needs. The researcher also notices a problem of disparity between the corporation and the community as to who has fulfilled his promise of providing social infrastructures and economic benefit (or) whether the community is satisfied with what the corporation has so far done to the community.

1.3. OBJECTIVE OF THE STUDY;

The main objective of the research work is to appraise the contributions of Multinational Corporation towards community development.

The specific objectives of the study are:

- a. To analyse the difference in opinion between the corporations and host Community.
- b. To evaluate the level of social responsibility Carried out by Exxonmobil Oil Producing Nigeria.Plc in Eket.
- c. To determine to what extend Exxonmobil have Contributed towards the development of Eket.
- D To investigate what the corporation has actually done in the community in terms of infrastructural growth.
- e. To examine the benefit of Exxonmobil to the people of Eket.
- f. To highlight the problems caused to Eket community and environment due to the existence of Exxonmobil.
- g. A suggestion that Exxonmobil should principally develop Eket as her host community.

1.4. SIGNIFICANT OF THE STUDY

The study focuses on the contribution of Multinational Corporation to host community when properly articulated, it will be of tremendous benefit to many interest groups Exxonmobil and the people of Eket are at variance over the issue of the firms satisfying them infrastructural and otherwise. The people feel the corporation has not adequately compensated them and as such their yearnings and aspirations are yet to be satisfied. The study would be useful to engender

efficient and effective human relation among staff of the corporation and host community, the study will help to discover the corporation and the people because of the difference in their claims. This study will be useful to erase the disparity, call for a compromise, and also counter the possibility of frequent contribution between both parties.

However, the researcher is convinced that not only the people of Eket, the government of the Federal Republic of Nigeria and staff of Exxonmobil but also the general leader would find this study valuable. The research work will be beneficial to researchers and prospective researchers in the area of the study. It will serve as a guide for future researches.

1.5 SCOPE OF THE STUDY:

This research study is to assess the contribution of multinational corporations to community development by Exxonmobil to the people of Eket. It focuses attention on the provision of social amenities and other forms of assistance the firm assisted the people with, the study is limited to Eket Local Government Area of Akwa-Ibom State, and covers the firm's social responsibilities to the people.

REFERENCES

Elwood, M. (1979) Accounting Problems of Multinationals Enterprise.

Lexington Books, D.C. Health and Co. U.S.A.

Ofiong, D.A. (1989) Community And Change in some traditional

Societies of Nigeria Ahmadu Bello University Press Ltd. Zaria, Nigeria.

Shetty, K. F & Prasad, S.B.: (1976), Air Introduction to Multinational

Management Prentice Had Inc. New Jersey.

1.6 RESEARCH QUESTIONS

To enable the study to achieve the stated objectives, the

Underlisted research questions were formulated.

1. Has Exxonmobil provided social amenities to the people of Eket?
2. What Economic benefit Exxonmobil has to the Eket community?
3. Does the multinational consult the people of Eket base on their
4. How can Multinational Corporation contribute toadward Us community development?

1.7 RESEARCH HYPOTHESIS

To enable the researcher to achieve the stated objective, four hypotheses were formulated arid they are as follows;

(HO) That Exxonmobil has not provided social amenities for the people of Eket. -

(HL) That Exxonmobil has provided social amenities for the people of Eket.

2. (HO) That Exxonmobil has not benefited the Eket community economically.

(HI) That Exxonmobil has benefited the Eket community economically.

3. (HO) That the multinational corporation does not consult the people of Eket based on their needs. (HI) That the multinational corporations consult the people of Eket based on their needs.

4. (HO) That multinational corporation has not contributed towards the development of their host community.

(HI) That multinational corporation has contributed towards the development o their host community.

1.8 LIMITATION OF THE STUDY

In the course of conducting the researcher came face to face with some practical problems. One of the constraints was uncooperative attitude of respondent as some respondent felt the question were made to expose the community's backwardness in terms of social/economic development. Certain information which ought to have appeared in this study were denied the researcher by the personnel of department of the corporation.

Another constraint was the task of moving from one community to another in order to administer the questionnaire, which was very strenuous due to distance and transportation difficulties. It was also difficult to elicit information from illiterate villages whom in most case resisted interview.

The researcher did not find it easy to continue with the researcher work due to the large work in class. A research work of this magnitude requires quite a time for a meaningful work to be done.

1.9 DEFINITION TERMS

1. SPDC: Shell pipeline Development company
2. EIA: Environmental investigation Agency
3. MOSOP: Movement of the Survival of Ogoni people
4. MNE: Multi-National Enterprises
5. EPZ: Export Processing Zones
6. FDI: Foreign Direct Investment
7. R & D: Research and Development
8. CENDAL: Centre of the Development of Africa through law
9. PAT: Profit After tax
10. EKET: A local Government in Akwa-ibom state one of the resourcefully endowed regions of the state.
11. HETEROMORPHIC: It has to do with different in shapes, size, appearance or structures.
12. HOMEOMORPHIC: This is the mathematical relationship between geometric shapes.
13. MNC: Multinational corporations

14. POLYCENTRIC: it has to do with purchasing multi domestic strategies that treat each country as a separation competitor .
15. GEOCENTRIC: it has to do with making decision from a global perspective
16. NDA: Niger Delta Areas
17. MILITANTS: They are Ex-military men who come together to disturb the operations of the country through their terrorist Activities

CHAPTER 2

REVIEW OF LITERATURE

2.0 INTRODUCTION

This chapter is for the review of the relevant literature in order to ascertain what the various authors in multinational corporations and other related areas have to say about the contribution of multinational corporation to the development of community.

The review was conducted under the following sub-headings:

- Theoretical Framework
- Multinational Corporation
- Impact of Multinational Corporation to the Community.
- Social responsibility of Multinational Corporation
- Benefit of Multinational Corporation to the Nigerian Economy.

2.1 THEORETICAL FRAMEWORK

According to Thorelli (1979) multinational corporations have been accused of only being interested in profit making while a matter of social responsibility is incidental. He said a corporation, which is able to maximize profit for the investment of shareholders, is socially responsible to the shareholders. His view about social responsibility rest on the capacity of management being able to maximize profits for the shareholders who are the owners of the company.

Social responsibility could be understood as a situation where a fit in give somethings to a community as a result of taking something from her.

The Theoretical framework to be used in this study is the “theory of reciprocity”.

The theory is attributed to Alum Gouldner, according to Gouldner (1960) reciprocity connotes that each party has rights and duties iii any social exchange.

In elaborating this statement, he noted were there only rights on the one side and duties on the other, there need be no exchange whatsoever, stated differently, it would seem that there can be stable patterns of reciprocity qua exchange only in so Far each party had both rights and dutie. The point here is that social exchange is observed as the consequence of the existence of a generalized moral norm of reciprocity which defines certain actions and obligations as repayments for benefits revenue.

Gouldner further stated that this norm of reciprocity connotes two things:

1. To he helpful to those who have been helpful, and
2. Not to inflict harm on those who have been helpful the

Conceptual clarification of reciprocity in social life, according to

Guoldner and notably Humans, imply that reciprocity must entail an exchange of equivalents.

This equivalence is in two forms:

- (a) Heterornorphic
- (b) Homeomorphic

The former explains that though the subject or exchange may be in kind, their value should be equal to the transacting parties; the latter explains that things to be exchanged should be concretely alike or identical in form, either with respect to the things exchanged or the circumstances under which they are exchanged.

Commenting more on the norm of reciprocity, the theory explains “it is obviously inexpedient for creditors to break off relationships with those who have outstanding obligations to them. It may also be inexpedient for debtors to do so because their creditor may not allow them to run up a bill of social indebtedness”

In addition, it is morally improper under the norm of reciprocity, to break off relationship or to launch hostilities against those to whom you are still indebted.

Gouldner (1960) further argued that unequal exchange may be an important normatively sanctioned process and not necessarily exploitation of the weak by the powerful and a source of system instability. The norm of reciprocity safeguards powerful people against the temptations of their own status.

It motivates and regulates reciprocity as an exchange pattern, serving to inhibit the emergence of exploitative relations which would undermine the social system and the very power arrangement which had made exploitation possible. On the basis of this theory, it is to be assumed that forms and communities or their operations benefit from each other, hence reciprocity explains the basis on the actions and obligations as repayments for the

benefit receiver from each other. Terms of the exchange of equivalence which the theory stresses, it would be incorrect to say that the exchanges between multinational corporations and the communities of their operations have always been equivalent either in value or otherwise.

These multinationals with their exploitative tendencies always gain more and give out little to compensate these poor communities. This is why sometimes, these communities do confront them and demand for more compensation that is equivalent in value for the gain the firms get from them.

2.3 CURRENT LITERATURE REVIEW ON THEORIES POSTULATED WHAT IS A MULTINATIONAL. CORPORATION

A multinational corporation is that, socially responsible is one which is able to meet the social demands of the society and the responsiveness is determined by the number of physical projects, it is able to execute in that society. (Francko, 1976). Going by this assertion, once a corporation is able to contribute to community development, such a corporation is socially responsive.

A multinational corporation is against enterprise spanning many countries and arranging its operation on a global sealed. They (MNC's) multinational corporations operate production facilities in a number of different countries. It is a business from with extensive international operations in more than one foreign country. Premist MNCs fund in annual fortune Business weak and Wall Street rural listing of the world's largest firm include general. 14

electric. Exxon mobil, and AT & T from the United State of America.

A few authors have written on social responsibility of firms. These authors in their various writings have given their perceiving about

it. Business social responsibility is controversial issue because it means different things to different people. It is important to mean on that the social responsibility of firms may not be the same. One firm might be socially responsible by enhancing the educational system of the community in which it is operating, while another might be socially responsible by improving the living standard of the members of the community in which it is operating.

According to Thorelli (1979) multinational corporation paratine have been accused of only being interested in profit making while a master of social responsibility B incidental. He said a corporation which is able to maximize profit for the investment of shareholders is socially responsible to the shareholders. His view about social responsible rests on the capacity of management being able to maximize profits for the shareholders who are the owners of the company. Social responsibility could be understand as a situation where a firm give somethings to a community as a result of taking something from her.

According to Turnet (1973), it is mandatory for a firm to compensate a locality because of what it derives from he. however, he says the management of Ford motor company is

Socially responsible for the Furtherance of academic advancement

of its lost community. He has this to say “For company in Mexico and Argentina has persuaded its dealers to build and maintain schools for which the government provides the teachers.

He sees the motor company as being socially responsive in the rea of education.

Turnet (1973), went further to say that multinationals should promote the interest of third world nations in the area of academics to him”.

“Multinational corporations should know that the problem of Education in the third world lies in the provision of basic facilities and enhancing that syllabuses and relevant to the needs to that contrary” He went further to say that, “A crucial battle in the third world today is to make the multinationals more socially responsible to development needs that cannot be measured in commercial terms”.

The social demands of a society are numbers ranging from provision of employments good quality produce, moderate prices of goods, provision of infrastructural facilities and a, lot more. Sulton (1965) on his view said a corporation that is socially responsible is the type that is responsible for balancing the claims and rights of many diverse groups, amongst than are the employed customers, supplier and the local community rather than .enhancing the wealth of shareholders In other words such a corporation is established to promote the public good In addition

He noted that the responsiveness of such a corporation is determined by the satisfaction these varied group drive. His view seems to agree with Sulton's the only difference is that he strongly stressed that when a firm is seem to be socially responsible while on his part went further to mention the various groups in the society that should benefit from a firms social responsibility. The philosophic according to Mckie (1974), might be called the classified view, the managerial view, the public view and the radical view

The classical view holds that the primary criteria of business performance are academic efficiency and growth in the production of goods and services, all of which are manifested by the acquisition of profits. That the pursuit of self-interest by a business was the most effectively way to enhance the public good. This view asserts that a business need not recognize any responsibility to the public to accomplish its goals.

The managerial view asserts that a part from interest, management should give concern to labour problems, social problems and other problems of the society. This view also depicts the manger of a larger corporation as being responsible for balancing the claims and rights of many diverse groups such as the employees, customers, suppliers etc rather than enhancing the Wealth of shareholders.

The public view of large corporations as institutions exercising enormous power over that of the society, so great that it must be counter balanced by whatever is required to protect the public implies in other words no matter how powerful large corporations with these powers must be equated by whatever device to make them socially responsible to the public. The radical view depicts corporate executives as being incapable of exercising social responsibility and therefore implies a need for public ownership and control of all business enterprise. Still on the issue of business social responsibility (Inyang, 1991) in class lecture asserted that foreign firms operating in Nigeria should not only be interested in making profits but should also take part in developing the communities of their own operation.

From all that has been written, it is important for foreign firms operating this runny hi in sunny responsible to the communities of their operator because 01: the exploitation and gains they derive from these communities

TYPES OF MULTINATIONAL COMPANIES

A typical MNC's operates in many countries but has corporate headquarters in one host country. Gillete, Royal Dutch/shell etc are examples. Although, they are true multinationals & derive substantial sales & profits from int'l sources, these companies also maintain strong national identifications. The ways in which.

MNC's operate globally can vary considerably- An Ethnocentric MNC's Ethnocentric strict headquarters control over foreign operations, countries to operate abroad, largely the way it does at home and often creates local resentment by failing to respect local needs and customs.

(a) Polycentric Multinational Company: It gives foreign operations more operating freedom respect market differences among countries and pursues "multi domestic strategies that treat each country as a separate competitive domain for such things as product design and advertising companies.

(b) Geocentric Companies: Seek total integration of global operations, try to operate across borders without home based prejudices, make major decision from a global perspective, distribute work among worldwide points of excellence, and employ senior executives from many different countries.

Many of the world's MNC's are becoming increasingly polycentric and geocentric in business practice and strategy. As the global economy grows more competitive multinationals are acting more like transnational corporations that operate worldwide without being identified with one national "Home" executives with transnational view. They view the entire world as the domain for acquiring resources, locating production facilities marketing goods and services and for brand image.

IMPACT OF MULTINATIONAL CORPORATION TO THE COMMUNITY:

Privatization is cloaked in the ideology of the free market and laissez faire economics. In fact, privatization is the instrument of massive intervention in the

affairs of the poor controls by Multinational capital. Nigeria is among the countries that have the worst human right record in Africa with over 12 million people displaced and over 4 million killings from 1993. This is a result of the application for a totalitarian and oppressive economic model.

The oil companies operating in Nigeria maintain that mental standards, and that the impact of oil on the environment of the Niger Delta is minimal, shell for example, has stated that most of the environmental problems which have been pointed and are not the result of oil operations. But Ken Saro-Wiwa, spokes person to the movement for the survival of the Ogari people (Mosop) until he was hanged on November low 1995, maintained that the environment in Oganiland and other oil- producing communities has been completely devastated by three decades of reckless oil exploration or ecological war is killing at every level. Human life, flora, fauna, the air fall at its feet, and finally, the land itself die.

Environmental groups know that the oil companies operate double standards, using practices in Nigeria that would never be permitted in worth America or Europe. The oil industries “own evaluations of environmental damage, when required by the Environmental Investigation Agency (EIA) are inadequate. A Dutch biologist confirmed major problems with most of the environmental studies carried out in the Niger Delta; they are done by Nigerian University or private consultancies, which have generally a low scientific level and little technical/industrial expertise. In 1994, the Body shop international commissioned a review of two studies for pipeline projects, one made by the special pipeline

development company (SPDC) and the other by the Environmental Investigation Agency (EIA). It stated that, while SPDC's consultants had tried to be thorough, the assessments were lengthy and generally poorly constricted. The review concludes that despite some sections of high quality the report showed serious defects. Above all, the studies would not consider alternatives. Significant issues had been overlooked or deferred to date.

As a result of deficiencies in studies and the paucity of independent academic research. There is little publicly available hard information on the state of the environment in the Delta or the impact that oil production in Nigeria has had problems identified include.

- * Floating and coastal erosion
- * Sedimentation and siltation
- * Degradation and depletion of water and coastal resources
- * Land degradation
- * Oil pollution
- * Health problems, and
- * Low agricultural production, as well as social economic problems.
- * Lack of community participation and weak or nonexistent laws and regulations.

Astonishingly, despite decades of oil exploration and production, neither the oil companies nor the Nigerian government have funded scientific research that would allow an objective assessment of the damage caused by oil

exploration and production. Shell, contracted a project of oil exploration and production in Nigeria, expected to its revenues, British government has used its influences to back Nigeria military to form death squads and is directly linked to the killing of many innocent Nigerians and the murder of Ken-Sarowiwa and eight others organics, this is now well known. This equation between the domination of the oil multinationals and repression by military and civilian requires as the case happen in Nigeria today, with disastrous consequence in environmental destruction and human rights violation. Privatization has brought forth criminality; power In Nigeria is now share between the economic elite, the military high commands and the mafia who all together under United States of America (USA) and European Union guidance to spawn various forms of paramilitary death squad "militants". This is the result of multinational corporations with huge consequence on community and human rights.

IMPACT OF MULTINATIONAL ON THE ENVIRONMENT

Ken Saro Wiwa, spoke person for the Movement of the Survival of the Ogoni People MOSOP, (1995), maintained that the environment In Ogoni and other Niger Delta area has been completely devastated by decades of reckless oil exploration or ecological warfare by SHELL and other multinationals. And ecological war is highly lethal, the move so as, as it is unconventional. It is homicidal in effect. Human life, flora, fauna, the air, fall at its fact, and finally, the land itself dies. The environmental impact assessment concluded that, although some section of the reports were of high quality, there were serious

defects. Overall, the environmental statements fell well short of what would be required in any developed country.

The impact that oil production in Nigeria has had, problems identified includes, flooding and coastal erosion, sedimentation and siltation, degradation and depletion of water and coastal resources land degradation, oil pollution. Health problems and low agricultural production, as well as social economic problems lack of community participation. The method of clearing oil spills is not regarded as satisfactory by international standard, and in this case additionally appears to have been carried out in a negligent manner, allowing a serious fire to occur, confirmed by oil expert that Shell contractors set baize on heap contaminated materials of oil spill that cause serious damage; the procedures used were not in compliance with their requirement. Substantial loses are suffered as a result by several members of the community. Similarly, since in most areas o the Niger Delta drinking water is drawn straight from streams and creeks, with no other option available to the local people, spill can cause sever problems to the population dependent water source affected, even if it disperses rapidly and the water soon returns to its previous condition; crude oil contains thousands of different chemicals, many of them toxic and some known to be carcinogenic with no determined safe threshold for human exposure. Following a Mobil spill, it was reported that several communities affected were been hospitalized as a result of drinking contaminated water, also death of children caused by drinking polluted water; Even local residents complains that fish taste of paraffin (kerosene),

indicating hydrocarbon contamination. Sample of water taken from Ogoni land, where there was no oil production for '1yrs was taken to U.S for analyze, the water have 18ppm of hydrocarbon in the water, 360 times the level allowed in drinking water in Europe and so many case of such exist in other part of the oil region of Nigeria. The bottom line is the oil companies have never tried to find out what the effect oil spill is. Other affect of multinational are that, with the influx of comparatively rich, and almost all a male workers from the well paid oil industries, has also increased prostitution in previously isolated and stable communities. In densely populated or environmentally sensitive arrears, where explosions are not practical, vibration trucks are used rather than dynamite, which is used in remote arrears, however, several villages in Nigeria where dynamite had taken place very close to human habitation, in some cases reportedly causing cracks in the walls of houses nearby. Road and canals built by the oil companies can also be destructive in more direct way than simply by promolln”“he mixed ecology depends on the number of cases, road on causeways across seasonally flooding plains,

whose ecology depends on the changing hydrological conditions. The drainage or the area is affected, causing a permanent flooding on one side or the road and drying out of other. As a result, trees died, fishing ponds are destroyed, and seasonal fishing completely disrupted, often destroyed a significant percentage of the income derived by local communities from the entire livelihood of some families. Willbros West Africa Inc. a contractor to oil industry with head quarters in the U.S that have been involved in number of incidents where protesters at work they have been carrying out, were assaulted and killed by Nigerian Security Forces.

According to local people, the cause way initially had no passages for water to pass underneath, blocking the drainage channel. They were poorly constructed or designed, trees and other vegetation over a wide area dies from water logging and seasonal fishing grounds have been destroyed, causing substantial economic damage to those whose lands are affected. The culverts cut, young people drowned by the turbulence caused by the draining of lakes that develop. Farmers in Obite, Omoku, River State, in the Obagi/Omoku oil Reid operated by Elf/Agip, also complained of flooding.

Gas flaring in Nigeria, it is noted that Nigeria flares gas than any country in the world: Due to the low efficiency of many of the flares much of the gas is released as methane (which has high warning potential), rather than carbon dioxide. At the

same time, the low-lying Niger Delta is particularly vulnerable to the potential effects of sea level rising. Other problem of gas flaring are that air, leaf and soil temperatures are increasing up to over eight or hundred meters from the stack and species composition of vegetation is also affected. The most noticeable generally unremarked effect of the oil producing region, the night sky is lit up by flares, that in the rainy season, reflect luridly from cloud, it is also noticed that nautical animals are disturbed by this light, and leave the area, making hunting difficult. All these are done without recognizing Nigerian government on gas flaring since they can buy their way by imperialistic policies against 3' world countries, without minding the environmental effect of the habitant of the area. The destruction of crops, artificial fishpond use for fish farming (Economically valuable trees, including those growing wild but owned by particular families), and other income generating assets. Even a small leak can thus wipe out a year food supply for a family, with it wiping out from products sold for cash. The consequences of such loss of livelihood range from children missing their school fees, to virtual destitution. Above all, the multinational also falsely claim sabotage to most of the oil spill, to prosecution of local people who cried to the environment degradation, and this people are charged of offence liable on conviction to be sentenced to imprisonment for life or death penalty

26

MULTINATIONAL ABUSE RIGHTS

Shell has engage in the use of Paramilitary to attack the oil producing communities just to subdue them, and continue their environmental damages for their economic interest. Chevron Nigeria gave out its helicopters and boats to Nigeria military to crack down civil populace of oil.

The national states are the medium and guarantor For the Implementation of the needs of the multinational concerns, the Imperialist state of the multinationals. The influences exercised by the monopolist fractions of capital on the processes of the strategies decisions, as made by Nigeria is full of sad stories. Instead of development, better life and economic growth, we saw underdevelopment, environmental degradation and human rights violations.

SPILLS

In many cases it is clear that land affected by oil spills is not properly or promptly rehabilitated. For example, in July 1997, an oil spill happened at the shell flow station at Kolo Creek. The company meant to resolve it by collecting the contaminated soil in pits. One year later, during flood season, rising waters washed the pit area and the absorbed oil spread again; local people First thought a new spili had happened. There have been many similar cases in zones of oil exploration. Every time, the lives of local people are destabilized and their means of survival put into jeopardy.

Clearing spills by bulldozing the affected earth away and dumping it into pits is not regarded as satisfactory by international standards. In Kolo Creek, moreover, it was obviously done in a negligent manner; Shell was ordered to contaminated

by oil spills and set it on fire. This technique does not meet international standards either. Again, it is the local people who have to bear the damage.

Since in most areas of the Delta drinking water is drawn straight from streams and creeks, with no other option available to local people, any spill is dangerous, even if it disperses rapidly and the water soon returns to its previous condition. Crude oil contains thousands of different chemicals, many of them toxic, and some known to be promoting cancer even at very low concentrations. Following a Mobil oil spill in January 1998, people of several neighbouring communities had to be hospitalized after drinking water; residents complained that fish is tasting of kerosene, which is a clue to hydrocarbon contamination.

In many villages near oil installations, even when there has been no recent spill, an oily sheen can be seen on water surfaces; in fresh water areas, it is usually this same water people use for drinking and washing. In April 1997, samples of water used for drinking and washing by local people of the Niger Delta area were analysed in the U.S.A. in this part of Ogoni land, there had been no oil production for the past four

28

years. The measurements revealed a level of hydrocarbons of 18ppm (Parts per million), 360 times more than drinking water is allowed to contain in Europe. Many such cases have been reported from the oil-producing regions of Nigeria. The oil companies themselves have never tried hard to find out what the

effects of oil spills are: the assessments they did were of little used and regularly came too late.

In the long term, spills can be devastating for those directly affected, especially in dry land or fresh water swamp areas, where the effects are concentrated in particular locations. Oil leaks are usually from high pressure pipelines, and therefore spurt out over a wider area, destroying crops, artificial fish ponds used for fish farming, economic trees' (i.e.) economically valuable trees including those- growing wild but owned by particular families) and other income generating assets. Even a small leak can thus wipe out the income equivalent to a year's food supply for a whole family. The consequences of such loss of livelihood range from children missing school because their parents can no longer afford their schools fees, to virtual destitution.

Multinationals blame most of the oil spills on sabotage. They are pressing for criminal prosecution of local people who cry out loud against environmental degradation, calling for charges that entail life imprisonment or the death penalty.

In the wake of the Jesse pipeline explosion, the Nigerian government itself,

29

siding with the oil companies, claimed sabotage of the pipeline was the cause, and called for prosecution. The then head of State Gen. Abdul Salami Abubakar visited the scene where over one thousand people lost their lives. He declared that vandalism was responsible for this, and no compensation would be paid to the victims.

Roads and canals built by the oil companies promote the mixed blessing of human access but can be destructive in more ways. A number of roads has been built on causeway across seasonally flooded plains, whose ecology depends on the changing hydrological conditions. This makes it a duty to build proper culverts under causeways. If not, as often was the case, the drainage of the area is blocked, causing permanent flooding on one side of the road and the drying out on the other. As a result, trees die, fishponds are destroyed and seasonal fishing disrupted, cutting a significant percentage of locals' income or even the entire livelihood of families.

A typical case is that of Gbaran oil field in River State. In 1991, a causeway to carry a road to the well heads was built on behalf of the SPDC by willbros West Africa Inc., a US-based contractor to the oil industry. According to local people, the causeway initially had no passages for water to cross underneath, blocking the drainage channel; passages were added later, but either insufficiently designed or poorly constructed, so that the drainage of the area is still disturbed.

30

Here too, tree and other vegetation over a wide area have died from water logging, and seasonal fishing ground have been destroyed, to substantial economic damage for local people. As culvert were cut, the lake that had built up gushed through them; several young people drowned in the arising turbulence.

Farmers in Obite, Omoku River State in the Obagi/Omoku oil field operated by ELF and AGIP, also complained of flooding.

Canals are another factor that can disrupt delicate hydrological system, especially when they are constructed in the border zone between fresh water and brackish water in the riverine areas. Such disruption can destroy long established fishing grounds. A canal dug by Chevron near the remote village of Awoye, Ilaje/Ese-Odo Local Government Area, Ondo State, has reportedly caused or accelerated erosion by sea water, and has also destroyed the local hydrological system by allowing salt water into a fresh water area, creating a salt water marsh in place of fresh water swamp of much higher biodiversity. As a consequence, traditional fishing grounds and sources of drinking water have been wiped out. The damage is described by one expert on the Niger Delta Environment as “one of the most extreme cases of habitat destruction in their Delta”.

Dredging destroys the ecology of the dredged area as well as of the area where the spoils are dumped. Although dredged materials is in principle dumped on land, some of it will inevitably slip back into the water, increasing turbidity, reducing

31

sunlight penetration and thus la it life, and possibly driving away Fish.

GAS FLARING

Nigeria flares more gas than any other country in the world:

approximately 75% of the “associated gas” which is produced as a by-product of crude oil extraction from reservoirs in which oil and gas are mixed. Flaring in Nigeria contributes a measurable percentage of the world’s total emissions of greenhouse gases; due to the low efficiency of many of the flares much of the gas is released as methane, which has an even higher “global warming” potential than carbon dioxide. At the same time, the low-lying Niger Delta is particularly vulnerable to the potential effects of sea level rising, which is a feared consequence of global warming. Another problem of gas flaring is that air, leaf and soil temperatures are rising in a range of up to eighty or even one hundred metres from the stack, leading to a shift in the species profile of the local vegetation.

The most noticeable yet generally unremarked effect of the flares is light pollution: across the oil producing regions, the night sky is lit up by flares that, in the rainy season, reflect brightly from clouds. Villagers close to flares complain that nocturnal animals are disturbed by this light and leave the area, making hunting more difficult.

32

The existing Nigerian legislation on gas flaring is generally not respected by oil companies. Their policy is to ensure themselves impunity by bribing officials up to the highest ranks in government, and carry on with the procedures just described, without regard to the area’s environment and people.

SOCIAL RESPONSIBILITY OF MULTINATIONAL CORPORATIONS.

The Failings of our economics, the death technological know-how and of high caliber quality managerial manpower after over 40 years of our independence make us begin to examine and question the roles and contributions of the several foreign companies and multinational corporations that have been operating in Nigeria and in most of Africa for several decades. Are they here to help us develop our countries/continent or have they come simply to exploit us and our resources? These states of affairs make us to also question the roles of all African governments pre-colonial and post-colonial. Africa is endowed with enormous resources which have been in constant state of exploitation and extraction since colonial era and into the Post colonial era and yet the continent and her people remain backward and poverty stricken. Why? With privatization in full swing and the 1994 GAT/WTO agreements in force, there is no doubt that many more companies will continue to locate in African countries. The question becomes more and more fundamental and relationships have to be clearly and openly defined with guarantees for review and revision as we gain experience. This applies to all segments of 33

The economy that are being opened for international investment and partnerships.

THE IMPACT AND CHARACTERISTICS OF MULTINATIONAL ENTERPRISES

For a proper understanding of the fundamental issues a number of salient points regarding the impact and characteristics of multinational needs to be made;

By any standard or definition, MNEs (Multinational Enterprises) are major employers of labour. ILO studies of the mid-1980s that about 65 million people were employed by MNEs worldwide of which some 43 million were in their respective home countries, while 22 million were employed outside their home countries. About 7 million of those employed outside the home countries of the MNEs were in the developing countries as per a further ILO study in 1988. Multinational banks employ another 5 million people of which 10% are located abroad. On the whole MNEs account for 70 million employed people worldwide. The upsurge in EDIs (Foreign Direct investment) which took the form of reshuffling of ownership by mergers and acquisitions only had effect of “employment acquiring” rather than “employment-creating” impact. The growth of EPZ (Export Processing Zones) partially supplanted employment in labour intensive production in industrialized regions. (Aurelio Parisotto) — Multinationals and Employment — ILO. Thus MNEs are crucial in our everyday lives.

34

Apart from employment creation MNEs play leading role in technology transfer and its diffusion world wide. As MNEs streamline, rationalize and relocate plants in host countries taking advantage of comparative advantages and the need to

reach key markets within the shortest possible time lapse so is technology transferred and diffused world wide. Examples are Bangalore in India which has become a centre for-computer manufacture and assembly; Hong Kong, Singapore, Thailand and other South East Asian countries which have become part of the manufacturing chain for Japanese factories who find manufacturing costs at home uncompetitive.

Economists also have long recognized the crucial role of technological change as a major catalyst/determinant of economic development. They also recognize that technical progress is exogenously given. It is further recognized that:

(i) Since the typical developing country relies heavily on the import of foreign technology, the foreign trade sector is the channel through p which both embodied and disembodied technology are introduced and diffused;

(H) Given that foreign aid can at best finance a small fraction of import technology, on a long term basis, the only sustainable mechanism for initiating and maintaining an on-going process of technical progress is to embark on an outward-looking trade promotion

35

programme For industrialization, this generate foreign exchange with which machinery and modern technology are imported;

(iii) The pace and momentum of export expansion will in turn, be facilitated by technological innovations, Once set in motion, this process will generate long — term dynamics of its own.

In present day studies, &e proportion of imported capital goods to total imports is taken as an index of imported technology. This is because:

(a) Modern technology is embodied in the machinery and equipment imported from abroad.

(h) Secondly, the installation and operation of such machinery and requires special skill and often brings about changes in organization and management, thus disembodied technical progress in the form of improvement in organization, management and skill reflects the amount of capital goods imported.

(c) Thirdly, the import of even the same type of machinery and equipment over time will contribute to technical progress as it helps to diffuse technical skills throughout the economy (see Ronald Hsiao Technical Change, Trade Promotion and Export — Led Industrialization in Hong Kong and South Korea -ILO)

In a developing economy like Nigeria and other Africa countries, MNEs occupy dominant positions in the organized private sector as employer of labour, importer of machinery, technology, skill and management techniques.

They are expected to be the main motivators in technological progress of the nation, and thus the prime movers in the technological and real development/growth of the nation. The reason is mainly because they possess the huge capital required for technology importation and they also possess the know-how through their parent companies. If African nations remain backward and undeveloped for the past 100 years or since their independence, there is the inference that among other things, the activities of the MNEs must have contributed to this backwardness. This can be better understood by analyzing the nature/types of MNEs and their function in host countries especially in developing African nations.

The typical multinational operating in Africa is either: An extractor of unprocessed mineral or agricultural resources for shipment to Europe and America; or a marketing satellite which sells products manufactured centrally, exported and sold on the Local Africa Market.

Miniature replica, being subsidiaries which produce (import substitution or assembly lines) and market all or part of the parent's product line mainly for the local Africa Market.

SALIENT POINTS TO BE NOTED

These subsidiaries do not engage in the export of manufactured products from the African nations to other countries particularly to their home countries.

They do not engage in R&D (Research and Development) in Africa. In other words, no inventive or design process takes place in Africa. They lack independence or authority' to develop, manufacture and market any product line for global or regional markets.

They produce no parts for a vertically integrated global manufacturing chain nor are they part of a horizontal integrated manufacturing network. They are simply outlets for export from their home countries. Following from sub-paragraphs (3) and (4) above MNE's have indeed failed Africa in initiating and maintaining sustained technical progress based on outward-looking trade promotion programme for industrialization that generates inflow of Korea and the rest of the Far East, hence the backwardness of Africa economically and technologically.

For these reasons, it becomes necessary for African governments to re-decline their industrial policies and strategies so that MNEs operating in the continent become partners in the technological growth and development of the continent.

Raw materials exploited from our soil have to be processed here; components have to be made or manufactured here; designs have to be undertaken here and Finally Africa has to become as a matter of urgency an active participant in the export trade of goods and services to other parts of the

world. The linkages and advantages would be the accumulation of external reserves with which to

38

import new additional technology for further growth and development.

The Centre for the Development of Africa Through Law (CENDAL) is of the conviction that the pervasive exploitation of Nigeria and indeed Africa as a whole has to come to an end. It is for us the natives to identify the areas of such-exploitation and steps with the assistance of our respective governments (should they not be implicated) to plug such holes. Such exploitative practices take the forms of: Over invoicing, Transfer pricing.

Questionable technical assistance fees (where no real technical assistance was offered or if at all offered were not commensurate with the annual fees being charged). Excessive profits declared by loss making companies or by companies that are cash strapped but take over-drafts to pay dividends which are then remitted overseas (the overdrafts are never repaid but remain perpetual); Depleting reserves of corporations who are under pressure to pay dividends at all costs to ensure outward remittances. Blotted expatriate remuneration for services that could be carried out by Nigerians/Africans or designs that could be undertaken locally. The worst is that real training in know-how is never

encouraged; the same goes for high-level supervisory roles and corporate ni a ii a genie n t.

39

CORPORATE SAVINGS CULTURE VERSUS CAPITAL FLIGHT

CENDAL draws the attention of the reading public and the regulatory authorities to an article in the Business Times of week December 1-7, 2003 vol. 27, Number 51 by Stanley Oronsaye captioned “Multinationals deplete resources for dividend ... capital flight alleged”. Extracts from the article read as follows: “Quoted firms with foreign majority share holdings have perfected a trend in dividend declaration, which allows them to export huge sums in a strategy that analysts fear portends capital flight for the economy. The firms now declare huge dividends from their profits after tax (PAT), a development that makes them export virtually all the companies profits leaving next to nothing in their reserves. Experts also said the development may have been caused by the persistent depreciation of the Naira, while also pointing out that it amounted to loss of confidence in the economy on the part of the foreign majority shareholders of the affected companies for instance, Nestle Nigeria Plc., which is owned 62 percent by Nestle S.A. Switzerland, posted a turnover of N 19.5 billion in 2002 accounting year with profit after tax of N 3.18 billion. Out of this amount N 3.17 billion representing about N 2 billion of that amount out of the country. Nestle

has over the years earned a reputation for depleting its reserves to pay dividend apparently for what capital market watchers now pin down to capital flight”.

As regards Nigeria Breweries Plc., the paper continued “The trend is not any different in Nigerian Breweries Plc owned 54 percent by Heineken International B. V. of Holland. Out of a gross turnover of

40

N39 billion of 2002 after tax profit stood a N 9 billion out of which N7.9 billion was paid out as dividend. The percentage was much higher in 2001 where a turnover of N29.7 billion was declared with profit after tax of Nz1.54 billion out of which N4.25 billion was paid us dividend representing 93 percent compared to about 86 percent in 2002”.

Guinness Nigeria Plc apart from following the above pattern was very innovative. The writer went on “Guinness Nigeria Plc owned 54 percent by offshore investors posted a turn-over of N38.1 billion with a profit after tax of N6.64 billion with N5.6 billion paid out as dividend.

This is in addition to a provision that one percent of net sales value which amounted to N279.3 million be paid to Guinness overseas limited. The company also went a step further, declaring a bonus of two for every three shares held by shareholders while also paying dividend on the bonus, an initiative

unprecedented in the capital market”. Mobil Oil Nigeria Plc, Total Nigeria Plc and Unilever Nigeria Plc were also mentioned in the referenced publication.

CENDAL believes in and subscribes to shareholder democracy and freedom of enterprise with profits as the main motivation. But when we subject these levels of dividend declaration coupled with outward remittances upon a battered and beleaguered economy of a “their world” developing country by wealthy multinationals from

41

The richest countries in the world, then simply put, corporate Social Responsibility belongs to another world. It means we and our economies and countries are forever subjected to perpetual economic servitude with no hope of standing on our own level. CENDAL states that restraint and moderation will be better course of action and recommends that we return to the policies of the 1970’s and early 1980’s when even though We nation was at the height: of the oil boom, prudence prevailed with a dividend restraint policy which did not permit a dividend declaration of more than 60 percent. of after tax profit, caving ‘10 percent For reserves. The result was that there were huge cooperate saving which engineered massive industrial expansions and real growth in the economy. Looking back, companies like Unilever Plc, (Then called Lever Brothers Nigeria Plc), Nigerian Breweries Plc, Guinness Nigeria Plc, Mobil Oil Nigeria Plc to

mention a Few were able In expand and modernize their their operations and when the glut came in the late 1980s/90's, these same companies were far more able to weather the storm because, they not only had the reserves, but had built up strong industrial and manufacturing potentials to envy of thier competitors.

BENEFIT OF MULTINATIONAL CORPORATION TO THE NIGERIAN ECONOMY:

Multinational corporations as a global business entity has enormous benefits to the nations economy and likewise and adverse on the economy. Both the global corporations and the countries that host that foreign operations should mutually benefit from

42

any business relationship. The potential host country benefits foe example, Niger a benefits from multinational corporations in the following ways.

- Creation of effective market with diversified products.
- Provision of adequate fund in the Nigerian Financial system
- Corporate tax revenue -
- Increased employment opportunities
- Technology transfer
- The introduction of new industries
- Social responsibilities benefits

However, the adverse negative effect of multinational corporation to a Nigerian economy area;

Extract excessive profit Dominate the local economy Interference with the local government Do not respect local customs/ laws Fail to help domestic firms to develop

Multinational corporation also operate in different currencies as a result, they try the sale-guard he value of their money. When exchange rate is being altered, they try to adjust their prices to suit and earn more foreign reserve.

43

REFERENCES

Mickie. J (1974). Social Resronsibility. The Business Predicament. The brooking Institution Washington.

Turnet (1973), Multinational Comoanies and the third world Hill and Wang Ltd. New York.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 INTRODUCTION:

This chapter focuses on research methodology of the study. This methodology is broken down into the following headings:

Introduction, Research Design, Area of study, population, sample and sampling technique, instrumentation and procedures for data collection, validation of instrument, method of data analysis and Hypothesis testing, Design Rule.

3.1 RESEARCH DESIGN

The design relatively is descriptive in nature. It tries to explore the —contribution of multinational corporations to community development. The appropriate design adopted for assign collection of data, tabulation of data, meaningful analysis and generalization of finding. Kerthger (1973) observed that the survey studies large and small population, by selecting and studying samples chosen from the population to discover the relative incidence, distribution and inter-relation of sociology and physiological variables.

44

3.2. SOURCES OF DATA

To allow the collection of fairly reliable data that would satisfy the information needed for this work, the researcher tries to collect these data using two major sources.

3.2.2. SECONDARY SOURCES OF DATA

These sources unlike the primary source are the information already in existence. These could be regarded as information gotten through people's effort.

3.3. POPULATION OF THE STUDY

Eket community is made up of four clans. They are Eket Offiong, Okon Edet, Idua and Afaha, Available statistics from the natural population, commission indicate that Eket community have an estimate of one hundred and one thousand six hundred and ten (101,610) people. This figures were obtained from the 2006 population census conducted in Nigeria.

3.4. SAMPLE DESIGN AND POPULATION OF SAMPLE SIZE

As a sample six the researcher selected some clan head and young men and women within the age of 20 (twenty) and above to enable the researcher conduct the research. The sampling technique used was the random sampling which through this method Afaha and Eket Offiong were eventually selected at random out of the four existing clans in Eket.

Based on the exercise, Afaha and Eket Offiong constitute the area of study. The random sampling technique was practically used. The sample of the study is made up of one hundred

45

(100) respondents within the age bracket of (20) and above. The questionnaire was Administered randomly and 87 questionnaire was returned making 87% of the questionnaire.

3.5 METHOD OF DATA COLLECTION

Our effective collection of Data to satisfy the information needed for this work. Some certain methods were used which are:

- (1) Interviews
- (2) Observations
- (3) Questionnaires

3.5.1 QUESTIONNAIRE DESIGN DISTRIBUTION AND COLLECTION OF RESPONSES:

The questionnaire was carefully design to accommodate two sections; the first section is personal data while other deals with relevant aspect of the topic study.

The questions consist of simple Yes/No in administering the questionnaire.

3.5.2 SECONDARY METHOD OF DATA COLLECTION:

The secondary method of Data collection used are: review of related literature using textbooks, library, going through the journals, newspapers, publications.

3.6 METHODS OF DATA PRESENTATION AND ANALYSIS

There are various method used in presenting data on a project. These various methods are use of tables, chart. But for the sake of this work the researcher used table to represent data because of its presence to facilitate accurate analysis of data the researcher used percentage to analyze the data and chi-square method will be used to test hypothesis.

46

REFERENCES

Spencer, N & Talbot, A (1923) life in Southern Nigeria , London

Lawrence F. (1976) *The European Multinationals*. Harper and Rows Publisher, London.

CHAPTER 4

4.0 DATA PRESENTATION AND ANALYSIS INTRODUCTION

This chapter is deducted for the presentation, Analyses and interpretation of data in order to ascertain what the various respondent say about the study through the administered questionnaire the presentation, Analyses and interpretation is broken down into the following headings:

- Introduction
- Presentation Analyses with testing of hypotheses
- Discussing of findings.

4.1 DATA PRESENTATION

The presentation involves organizing, analyzing and interpretation of available information. However, data obtained from the field were organized into simple percentages. On this note, the information

- presented are those obtained from primary sources through questionnaire administered amongst the people of Eket.

For an individual or group to come out with any generalization about the contribution of multinational corporations to community development, it is imperative to investigate objectively the structure and composition of the entire community in terms of availability of. social infrastructure or amenities.

27-36

Source: Field Survey 2012

The table above indicates that people within the age bracket of 27 — 36 account for the highest percentage of respondents out of the population that were sampled. A total of 45 respondents were in this age bracket representing 45% of the sampled population. Those who were 47 and above had a total of 10 respondents representing just 10% of the entire sampled population.

Table 4.1.2 DEMOGRAPHIC CHARACTERISTICS

PERCENTAGE DISTRIBUTION RESPONDENTS BY SEX

SEX

J&O LIBER

—

PERCENTAGE (%)

Male

68

68

Female

32

32

TOTAL

100

100

SOURCE: FIELD SURVEY 2012

TABLE 4.1

PERCENTAGE DISTRIBUTION OF RESPONDENTS BY AGE

Age

Number

PERCENTAGE (%)

16-26

21

21

37-46

— 45 45

24

47 above

24

100 100

49

the table shows that most of the respondents were male in contrast female. Male have the highest number of respondents, out of one hundred (100) questionnaire

retrieved, males accounts for 68% of the entire number while the Females account For 32% of the total respondents.

TABLE 4:3 -

PERCENTAGE DISTRIBUTION OF RESPONDENTS BY
MARITAL STATUS

MARITAL STATUS - NUMBER PERCENTAGE (%) -

SINGLE 51 51

MARRIED '16 '16

TOTAL 100 100

SOURCE: FIELD SURVEY2012

the table above reveals that the single status respondents account Icr 51% of [lie entire sampled population while '16% of the respondents are married.

Table 1:1

PERCENTAGE DISTRIBUTION OF RESPONDENTS BY
EDUCATION.

EDUCATION ATTAINMENT OF NUMBER PERCENTAGE (%)

PRIMARY -

SECONDARY 33

TERTIARY 62 62

:TOTAL 100 100

SOURCE: FIELD SURVEY2012

5 0

The above table shows the level of educational attainment of respondents this implies that the level of education attained determines one's socio-economics standing. From the available information, it was discovered that those with secondary school certificate account for 38% while tertiary institutions account for the highest percentage of respondents.

4.2 PRESENTATION ACCORDING TO KEY RESEARCH QUESTIONS

Based on the research conducted, three (3) hypothesis were postulated, they were based on the contribution of multinational corporation to community development.

HYPOTHESIS (1)

The hypothesis was tested using simple percentage and it is reflected in question number (7) on the questionnaire. It reads:- That Exxon Mobil has not been providing social amenities to the people of Eket.

TABLE 4.5

PROVISION OF SOCIAL AMENITIES

RESPONSE

NUMBER OF

RESPONDENT

PERCENTAGE (°Io)

Electricity

46

46

pipe borne water Good roads

22

22

20

12

20

None of the above

12

TOTAL 100 100

L ____

SOURCE: FIELD SURVEY 2012

51

Form table 4.5, we observe that the indigenes of Eket lack social amenities. This is attested to by 46°/u of our respondents who said their community had not been electrified. A proportion of 22% of

the respondents equally complain of non existence of pipe borne water. Another proportion of 20% of the respondents had it that they lack good roads while 12% of the respondent its admitted that they lack all the various social amenities enlisted above.

Furthermore, the fact remains that multinational corporation like Exxon Mobil must attend to the various needs of their host community. From the table 4.5 it is obvious that hypothesis one(1) has not been disapproved.

HYPOTHESIS (2)

This was tested rising simple percentage and it is reflected in question number (8) of the questionnaire. It says: That the multinationals has not been consulting the people of Eket based on their areas of needs.

TABLE 4.6

RESPONSE TO QUESTION NO. (8)

I RESPONSE NUMBER OF PERCENTAGE (%)

RESPONDENTS

YES 15 15

NO 85 85.

TOTAL I 100

SOURCE: FIELD SURVEY 2012

52

From the table 4.6, it was discovered that 5% of the respondent indicates that the corporation one way or U re oU icr We consulted We indigenes as regards their areas of need.

Ironically, a large percentage of respondents, 85% emphasized on the negative attitude as regards organizing consultative forums with their host communities. This also indicates that hypothesis two (2) has not been disproved.

HYPOTHESIS (3)

The hypothesis was also tested using the simple percentage. Meanwhile, it is reflected in question number (9) on the questionnaire, it states:— That Exxon Mobil has not given adequate educational assistance to the people of Eket.

TABLE 4.7 Response to question NO. 9

RESPONSE NUMBER OF PERCENTAGE (Wa)

RESPONDENTS

YES 15 15

NO 85 85

TOTAL 100 100

SOURCE: FIELD SURVEY 2012 -

From table 1.7, we observe that 18% of the respondents attested to have accepted the fact that the corporation in its own little way had provided educational assistance to the indigenes of Eket. On a

contrary, large proportion of 82% of the respondent reveal that Exxon Mobile has not provided adequate educational assistance to the people of Eket. From this result it therefore implies that hypothesis three (3) has not been disapproved.

4.3 ANALYSIS BASED ON RESEARCH HYPOTHESIS

This research assess the contribution of multinational corporations to community development a case study of Exxon Mobil in Eket, Akwa Ibom State. The discovery was made possible when hypothesis (1) was tested. Hypothesis (1) was tested using simple percentage. It states that Exxon Mobil has not provided social amenities to the people of Eket. From the analysis, it was however confirmed to be true because a proportion of 46% of the respondents claimed that their community had not been electrified, while 22% complained of non-existence of pipe borne-water. Also 20% complained of good roads.

Further, the corporation has been in business in Eket for quite a long time. It has succeed in exploiting both human and natural resources and also realize enormous profit but in return given the people little. Be that as it may, there are

number of social amenities that are lacking in Eket of which the corporation is entitled to provide. Taking into cognizance the period the corporation had been in business operation in Eket.

—Similarly, it is expected that the corporation owe the community, the obligation to better the lot of the indigenes.

54

For instance, it is imperative that they are provided with electricity, pipe water and good roads. By so doing, it would augment government's effort in that direction and also enable the people to enjoy the adequacy of these facilities. In

as much as there are not much social amenities in Eket as provided by the corporation, the hypothesis has not been disapproved.

HYPOTHESIS (2)

Was equally tested using the percentage which states that the multinationals has not been consulting the people of Eket based on their areas of needs. Ironically, the analysis confirmed the hypothesis to be true. A total of 15 people who constitute 15% of the respondents indicate that the corporation in their little way had in the past consulted the communities as regards their areas needs while 85% emphasized the negative attitude when it comes to organizing consultative forums with their host communities. The indigenes in most cases are not conversant with the policies of the corporation as regards social responsibilities. On this note, indigenes and top management of the corporation are supposed to be meeting from time to time so as to fashion out ways in the area of the people's aspirations and needs to be precise. This also indicates that hypothesis two (2) has not been disapproved.

HYPOTHESIS (3)

Was tested using the simple percentage. It also states that Exxon Mobil has not given adequate educational assistance to the people of Eket. Incidentally, from the various views, 18% of the

respondents accepted the fact that the corporation in its capacity had provided educational assistance to some indigenes of their host communities. On the other hand, a proportion of 82% of the respondents claimed that the corporation has not provided adequate educational assistance to the indigenes. Educauon is one of the important institutions as regard human existence. Therefore, it is imperative that it -should be accorded with immense respect or priority. By implication, it is mandatory that the corporation provide laboratory equipment, texts books and computers, etc to various schools around the community.

Furthermore, the corporation ought to have carried out schools rehabilitation because some of the schools are in deplorable state hence seeking for attention. Indeed, it is not out of place to say that the corporation's assistance to the indigenes on education should cut across primary, secondary and tertiary levels.

REFERENCES

Udo, E.A. (1983), who are the Ibibio's Onitsha: African FEP Publisher Ltd, Lagos.

Udo, R. (1970) Geographical Region of Nigeria Heinemann Educational Books, Ibadan.

CHAPTER 5

5.0 SUMMARY CONCLUSION AND RECOMMENDATION

5.1. INTRODUCTION;

This chapter is devoted for the summary, conclusion and recommendation. The summary conclusion and recommendation are broken down into the following heading:

Summary of finding

Conclusion

Recommendation

5.2 SUMMARY OF FINDING

Multinational corporations are very large business enterprises that are mostly found operating in Africa countries. Their business operations are accompanied with exploitation of both human and natural resources of these poor African countries. The question asked was upon all these huge profit and exploitation

made by these multinationals, do they equally compensate the poor African communities where they operates in terms of satisfying their needs?

Therefore a general view of exploitations of African communities y these multinationals has been made in this study. However, spedal reference was accorded Exxonmobil unlimited, a multinational corporation operating in Eket, in trying to know

57

whether it has adequately compensated the people of Eket for operating in their communities. In line with this, the problem of the study has been spelt out, the objectives has also been outlined.

Also, a vivid ethnographic profile of the study area Eket, in Akwa Ibom State of Nigeria is provided. The- people's social organization and major economic activities is also highlighted. Since ExxonMobil producing is an oil exploring company, its business activities must have been causing Eket communities some hazards due to oil exploration. Therefore this research also focused on the Evolution of oil exploration in Nigeria. Hypothesis were formulated and were tested to reject or accept them. The hypothesis were all focused on verifying the extent of provision of social amenities to Eket communities by ExxonMobil. The findings made us to understand that ExxonMobil has not adequately compensated the people of Eket by satisfying them with social amenities.

53 CONCLUSION

In conclusion, based on the findings of the research, if ExxonMobil can endeavour to put the given suggestions into practice, the firm must have gone a long way to satisfy the yearnings and aspirations of Eket people and the periodic

confrontations by the people on the firm would be a things of the past and there would be a conducive atmosphere for the firm's smooth business operations.

58

4 RECOMMENDATIONS

One of the suggestion to be made is that ExxonMobil should endeavor to provide Eket communities with adequate social Amenibes. 1 he firm should see to it that the facilihes should be evenly distributed in all the communities or at least three quarters of the communities. Since it might look a little difficult to satisfy th numerous needs of the people, the researcher would suggest that the firm through its public Affairs Department should relate with the people to know what they want at any point in time and give them same. At times the people might be in need of good roads while the firm provides them with something else.

Commenting on the firm's assistance to the people on Education and employment, the following recommendations are made and they would prove useful. In the field of Education, the firm should endeavour to single handedly build a school for them, construct

more class room blocks, construct more storm drainages and provide more science equipments and library books to most of their secondary and primary schools.

As regards employment, the firm should do away with contract employment and convert it to permanent employment. The people of Eket have detested the contract employment so much. The firm should lay-off the few personnel that are not useful and retain the useful ones and thereby convert them to being permanent staff. By so doing, they would enjoy job security and full benefits when leaving the firm.

59

Finally, in as much as business ethics compels ExxonMobil to be socially responsible to all people of Ekele for operating in their community, the people should also through communal efforts help develop their communities without relying so much on ExxonMobil for every thing.

A.

60

REFEREENCE

Ekundare, A. (1988), *Economic History of Nigeria*. London.

Elwood, M. (1979), *Accounting problems of multinational enterprise*.

Lexington Books, D.C. Health and Co. United state of America:

Forde, D. & Jones, G. (1967), *The Ibo and Ibibio speaking people of*

South Eastern Nigeria, London

Francis, P. (1982), *The Economic power of Multinationals*, Hill and Wang Ltd,

New york:

Latham, A.J. (1973), *Old Calabar 1600-1891*. London:

Lawrence, F. (1976), *The European Multinationals* Harpers and Rows Publisher,

London:

Malinns, D. (1977), *Effect of Petroleum on arctic and sub arctic marine environment and organism*

Academic press Inc. New York:

Mickie, J. (1971), *Social Responsibility the Business Predicament the*

Brookings Institution, Washington:

Offiong, D. A. (1930), *Imperialism and Dependency. Fourth Dimension:*

Publishing Co. Ltd. Enugu

Offiong, D. A. (1939), *Continuity and change in some traditional*

Society of Nigeria.

Ahmadu Bello University Press Ltd. Zaria, Nigeria.

Rostow, W. W. (1971), *The economic take off into sustained growth*

Cambridge:

Shetty, K . F & Prasad, S.B: (1976), *An Introduction to multinational .*

management.

Prentice Hall Inc. New Jersey.

Spence, N & Talbot A. (1923), *Life in Southern Nigeria* London:

Turnel (1973), *Multinational company and the third world*

Hill & Wang Ltd. New York:

Udo, E. A (1983), *Who are the Ibibios* Onitsha

African FEP Publisher Ltd Lagos:

Udo, R. (1970), *Geographical region of Nigerian*

Heinemman Educational Books, Ibadan: -

APPENDIX I

Department of Business Administration

Caritas University

Amorji-Nike, Emene,

Enugu,

Enugu State.

School of Maritime Studies, *

Maritime Academy of Nigeria,

P.M.B. 1089

Oron,

Akwa-Ibom State.

Dear Respondent

This questionnaire is aimed at Eliciting Information that would help in ascertaining the appraisals of the contribution of Multinational Corporation to Community Development.

The information need is purely for Academic research and would remain strictly confidential.

However, this is to enable me fulfill the requirement for the Award of a Bachelor of Science (B.Sc) Degree in Business Administration, Caritas University Amorji-Nike, Enugu State.

Thanks for your Corporation.

Yours sincerely,

Victor .N. Ekpenyong

PARTA- PERSONAL DATA

Instruction: please tick () the appropriate box.

1. How old are you? 16-26 () 27-28 Q37-46 () 47-above ()
2. Sex: Male () female ()
3. Marital Status: Single () married () Divorce () widower ()
4. religion () Islam ()
5. Have you had any formal education? Yes C) No C)
6. are you an indigene of Eket Yes () No ()

PART B - QUESTIONNAIRE

7. Which of the following social amenities has Exxonmobil provided for your Community? (a) Electricity (b) Pipe born water
8. Has Exxonmobil been consulting the people of Eket based on their areas of needs? Yes () No ()
9. Has Exxonmobil giving Educational Assistance to the people of Eket? Yes ()
No ()
10. Which of the following assistance has Exxonmobile been giving to the people of Eket?
 - (a) Scholarship to students ()
 - (b) Training of Staff ()

(c) Establishment of schools C)

(d) Provision of books to schpols ()

64

11. Eket people claim the corporation has not responded adequately to their yearnings and aspirations but the corporation claims the opposite: What do you think is the cause of this disparity?.

12. What sis your view about the contract employment given by the corporation to its employees most especially Eket indigenes?

13. Would you like this type of employment to continue? Yes() No()

14. If in your opinion the corporation has not satisfied the people's yearning and aspirations, what did you suggest the firm should do so as to satisfy them?.

65