ENVIRONMENTAL DEGRADATION, TRANSNATIONAL CORPORATIONS (TNCS) AND DEVELOPMENT EQUATION IN THE NIGER DELTA

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Abstract

Against the need to address developmental challenges in Nigeria, this study focusing on the Niger Delta andusing the Stakeholder theory as a framework for analysis examined how TNCshinder the development in the NigerDelta region through environmental degradation. Data collected through secondary sources revealed that activities and operations of oil TNCs negatively affect the environment. The findings of the study show that their unsafe operations destroy people's means of livelihood, damage the health of the environment and negatively impact the economic growth and development of the region. What is sadder in this situation is that the government has not been effective in monitoring and regulating their activities to minimize the negative impact of their operations on the environment, it is in this regard that it is recommended among other things, that government must insist that TNCs adopt international best practices and innovation in their operations, and beyond political speeches and conference communiqué government must

also be proactive in enacting and implementing relevant environmental laws and policies that will help in minimizing the harm done to the environment.

Keywords: Environment, TNCs, development, Nigeria, Niger and Delta.

Introduction

The safety of the environment is imperative for man as well as other living organisms on planet earth. The reasons for this are not far-fetched, apart from the fact that man's continuous survival and existence is at the mercy of the health and safety of the environment, the wealth, prosperity, and development of a nation are also determined by the environment (Aluko, 2004). It is the environment that provides the basic necessity of all living organisms including man. Food, shelter, clothing, and other forms of nourishment are usually provided by the environment. It is for this reason that whatsoever affect the environment affects everybody. Scholars like (Opukri and Ibaba, 2008) have lamented over the increasing activities of oil Transactional Corporations (TNCs) in developing countries like Nigeria and the negative impact of their operations on the environment, the case in point is the Ogoni region and other part of the Delta where environmental degradation by oil TNCs have reduced their chances of achieving economic prosperity and development.

In Nigeria, the coming of oil TNCs dates back to the colonial period. History has it that oil was discovered in commercial quantities in Oloibiri, present-day Bayelsa State, in 1956. The first export of the product in a foreign land was in 1958 (Pyasbara, 2010:15). Since then, oil TNCs have been accused of playing roles that are detrimental to the development of their host, this includes but is not limited to environmental degradation and serving as agents of imperialism (Akpofure, 2008; Nwaorgu 1981; Opukri and Ibaba, 2008). It is argued that years of oil drilling have made the environment useless, and have

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denied many the harvest of nature, such as freshwater. Also, the means of sustenance of many households have been damaged, for which big oil, government, and other stakeholders are indeed expected to help salvage the situation (Bayode, Adewunmi&Odunwole, 2011).

Environmental degradation is one of the major threats to our world today. It is one of the ten threats mentioned by the United Nations (Tyagi, Garg&.Paudel, 2014). No doubt, the business of oil exploration and exploitation by oil TNCs has its hazard and negative consequences, of which environmental degradation is one of them. In Nigeria, degradation of agricultural land, forest deforestation, and biodiversity depletion, such as environmental pollution-air and water pollution are part of the negative consequences of oil TNCs operations in the Delta region (Eregha and Irughe, 2009:15; Bayode, Adewunmi&Odunwole 2011:23). It is, however, worrisome that oil TNCs have continued to deny the negative impact of their operations which affect the people, environment and development of the Niger Delta region. Worst still, the corporate social responsibility engaged by these corporations does not address these environmental issues rather they are palliative steps to maintain social licenses to continue in their business.

In consideration of the foregoing, the questions that beg for an answer are: How is the operation of oil TNCs affecting the environment of the Delta region? Do environmental factors have any implications for the development aspiration of a people? What could be done towards salvaging this situation? This study utilized qualitative data and content analysis to examine how environmental degradation resulting from the

operations of oil TNCs affects the development of the Delta region, and measures that could be put in place to reduce the negative impact of oil TNCs operations on the environment.

The remaining components of this study are structured in five parts. At the end of this introduction is the methodology. The next session seeks to conceptualize Transnational Corporations, Environmental degradation, and Development. The third part provides a theoretical legitimacy to the study. The fourth section seeks to explain how environmental degradation resulting from the operations of oil TNCs affects the development aspiration of their host countries using Nigeria as a case in point. In the fifth section, some recommendations are provided, and some conclusions are drawn.

Conceptual Issues

Given the fact that concepts in the Social or Behavioural Sciences are always subjected to different meanings or interpretations, depending on the ideological disposition of the analyst, a brief clarification of the key concepts that appear in this study is justifiable. The term TNCs which is used interchangeably with MNCs can be defined from different perspectives depending on the background and the orientation, and discipline of the analyst- Law, Sociology, History, Business Administration, Political Science, and so on. According to Gilpin (1987) cited in (Nwaorgu 2006) TNCs is seen as:

> … a multinational corporation…most frequently… entails foreign direct investment by the corporation and the ownership

> of economic units (services, extractive industries, or manufacturing plants) in several countries. Such direct investment (in contrast to portfolio investment) means the extension of managerial control across national boundaries…They have integrated the world economy more extensively than ever in the past, and they have taken global economic inter-dependence beyond the realms of trade and money into the area of industrial production (P.231).

Ibaba (2005: 167) supports this view when he defines MNCs or TNCs as "a business empire characterized by a parent company and numerous subsidiaries. The parent or mother company is usually located in the centre of imperialism in Europe and America, while the subsidiaries are established in less developed countries, such as those in Africa". Kim (2000:80) however sees MNCs as "large entities having a global presence and reach". In addition, MNCs are also known to have control over production facilities and huge capital wherever it is found and across national boundaries (Aja, 2001; Daniel, 1980; Nwankwo, 1981; and Todaro, 1997).

Writing on the origin of MNCs in Nigeria, Aja (2001) traces it to the European Trading Company. According to him: "Historically, the root of modern MNCs date back to European trading companies, it started prominently with the Dutch East India Trading Company in the 19th

Century, Industrial revolution and capitalism in Europe, the exports of capital and productive technology to pre-industrial territories of Africa, Asia, and Latin America were championed by the biggest industrial powers". As regards Nigeria, Onimode (1983:137) asserted:

> …Since independence in 1960 Multinational Corporations have emerged as the powerful catalysts of multilateral imperialism in Nigeria. They are the Trojan Horses whose monopoly capital and advanced technology, backed by enormous political pressure from their home governments, constitute the dominant mechanism of integration… into the international system of capitalist domination

Nwaorgu (2006:65) has also identified three major categories in which TNCs can be classified. The first is the 'horizontally Integrated Multinational Corporations' which specialize in the production of goods. The second one is the 'Vertically Integrated Multinational Corporations' According to him, the goal here is to produce goods that will help to service other countries where the MNCs engage in production and finally, the 'Diversified Multinational Corporations' which is concerned with managing production in countries where they have invested.

The next concept worthy of clarification is "Development". Defining development seems to be a herculean task, as it is one of the concepts in the Social Sciences that has been subjected to various definitions by both development scholars and practitioners. Seers (1969) provided a clear

guide to the proper understanding of the concept of development through the three fundamental questions he posed at the Eleventh World Conference of the Society for International Development, he had argued that to know the status of development of a country, three fundamental questions must be asked and answered: "What is happening to poverty, unemployment, and inequality?" His view is an express manifestation that, development is with people. Simply put, when we talk about development, it must be targeted at advancing the economic and social milieu of the people, including their material well–being.

The last concept that will be examined is environmental degradation. Rani (2016:130) defined environmental degradation as "the deterioration of the environment through depletion of resources such as air, water, and soil; the destruction of ecosystems and the extinction of wildlife". The United Nations International Strategy for Disaster Reduction after cautioning that environmental degradation consists one of the ten major threats globally, went ahead to define it as "the reduction of the capacity of the environment to meet social and ecological objectives, and needs". Implicit in these definitions is that when an environment is degraded both the natural resources and the physical environment are depleted. The resources which are affected include but are not limited to plants, air, soil, water, wildlife, animals, as well as, micro-organisms.

Theoretical framework

There are two contending theories that try to explain the activities of modern Transnational Corporations in the global economy: (Shareholder and Stakeholder theories). Scholars and practitioners take different positions regarding the role of corporations in developing

countries. These two theories have conflictual and contrasting formulations. This study adopts key formulations of the Stakeholder Theory. However, discussing both theories will enhance and deepen our understanding of the issues being discussed.

In theorizing about the Shareholder theory, it is imperative to start with the work of Smith (1776). In *An Inquiry into the Nature and Sources of Wealth of Nations,* Smith underscored the advantages associated with the 'invisible hand of the market' and the need not to interfere or involve other stakeholders impacted by business operations other than the shareholders. This is to say that the idea behind what is now known as shareholder theory has been in existence for the past 200 years. Branco and Rodrigues (2007:120) claimed that "this view, based on neoclassical economic theory, defines it (business) in purely economic profit-making terms, focusing on the profit of shareholders". Surprisingly, one of the major exponents of this view is a Nobel Prize recipient, Milton Friedman (Robins, 2008). Friedman, (1970) points out that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud". In his view, firms are in business to make profit for their shareholders and not to develop the society or in our context help in safeguarding the environment, which in his view is the duty of the government.

Thinking in this direction, Lantos (2001) has identified two viewpoints associated with this school of thought: the "pure profit-making view";

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and the "constrained profit-making view". The argument is that "business people have a lower set of moral standards than those in the rest of the society" (Branco and Rodrigues, 2007). This perspective (Constrained profit-making view) is associated with Friedman (1970) who believes that the 'social responsibility of business is to increase its profit'. This theory has been highly criticized for its failure to consider other principal stakeholders who are constantly affected by the business operations and who can alter the overall achievement of the firm.

The weaknesses associated with the Shareholder theory gave birth to the Stakeholder theory. According to Jamali (2008), the Stakeholder theory was popularized in the 1980s (Freeman, 1984; Freeman and Reed, 1983). Freeman's (1984) work has also been identified for its radical shift from the existing and dominant idea provided by the Shareholder theory. In theorizing about the Shareholder theory, Freeman (1984) in his seminal book *Strategic Management: A Stakeholder Approach*, defined a stakeholder as "any group or individual who can affect or is affected by the achievement of the organizational objectives". The stakeholder theory asserts that "the goal of any company is or should be the flourishing of the company and all its principal stakeholders" (Wehane and Freeman, 1999).

The idea behind this theory has been summarized thus "that to perform well, managers need to pay attention to a wide array of stakeholders, and that managers have obligations to stakeholders which include, but extend beyond, shareholders" (Jones et al., 2002:20). Similarly, three premises have also been identified within the stakeholder theory that

"organizations have stakeholder groups that affect and are affected by them; these interactions impact on specific shareholders and the organization; and perspectives of salient stakeholders affect the viability of strategic options" (Haberberg and Rieple, 2001:74).

In this regard, scholars have tried to classify stakeholders depending on their understanding and orientation. However, the classification by Clarkson (1995:107) has a wider recognition and acceptance. He distinguishes between primary and secondary stakeholders. Primary stakeholders are those "without whom continuing participation, the corporation cannot survive as a going concern (shareholders and investors, employees, customers and suppliers and also governments and communities". On the other hand, secondary stakeholders are those who influence or are affected by the corporation but are not engaged in transactions with the corporation.

Regrettably, the penchant for excessive profit by TNCs, greed, corruption, the nature and character of the Nigerian-state as well as, external influences and so on are among the factors that has made TNCs in Nigeria to adopt key formulations of the Shareholder theory instead of the Stakeholder theory. This explains why TNCs in Nigeria do not factor social and environmental concerns into their business decision-making and implementation. This gap account for the environmental degradation and injustices in Nigeria which have resulted in underdevelopment and poverty, the different corporate social responsibility model adopted by oil TNCs to address the situation are at best targeted at making the region conducive for continuous oil exploration and exploitation instead of

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addressing issues of environmental degradation.

Environmental Degradation and the Challenges of Development in Nigeria

Environmental degradation poses a serious threat or challenge to the development aspiration of the people of the third world countries where oil TNCs engage in oil exploration and exploitation. Their activities and operations in the environment have negatively affected the health and social-economic life of the totality of the people. In Nigeria, and the Niger Delta in particular, most people like farmers, fishermen, etc who depend on the environment for their daily recurrent needs and others who wait to purchase what has been harvested from the nature (environment) have been greatly affected by environmental degradation, which denies them their means of livelihood and income generation. According to a report by United Nations Development Programme, over seventy percent of those in Nigeria's Niger Delta depend on the natural environment for their survival (UNDP, 2006). The government depends on the resources of the environment for revenue and foreign exchange, and is also affected when harm is done to the environment; government revenue is reduced, among other consequences. The degradation of the planet by oil TNCs and the use of unhealthy and unprofessional practices have caused illnesses, death in children and adults**.** The exposure of toxic air chemicals to the environment has led to contamination of drinking water with several health consequences, the Ogoni region and other parts of the Delta remain a case in point. These challenges contribute to the death of millions of people recorded in developing countries annually. Again, there is a loss of biodiversity which is vital for preserving the stability of

the ecosystem by restoring nutrients and protecting water. This situation is best explained in the table below:

Table 1: Environmental Problems in Nigeria's Niger-Delta

ProblemType	ProblemSubset	Priority Ranking
Natural Environment	Coaster/Riverbankerosion	Moderate
	Flooding	High
	Sedimentation/Silt	Moderate
	Substance	Low
	Exotic (water hyacinth)	Low
DevelopmentRelated	Land degradation/Soil fertilityLoss	High
	Agriculturaldecline/ shortened fallow	High
	Deltaforestloss(Mangrove)	High
	Biodiversity depletion	High
	FisheryDecline	Moderate
	Oil spillage	High
	Gasflaring	Moderate
	Sewageand wastewater	Moderate
	Other Chemical	Moderate

Source: Okon and Egbon, 1999

The above table below showed the different environmental problems experienced in Nigeria's Delta region mainly as a result of oil extraction by TNCs. From the table, oil spillage, gas flaring, etc which are responsible for the major environmental degradation being experienced in Nigeria is high. The Second table below shows an analysis of oil spill in Nigeria's Niger Delta:

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Table 2: Analysis of Oil Spill in Nigeria's Niger-Delta

		Quantity Spilled(in	QuantityRecovered	QuantityLoss tothe
1976	128	26157	7135	19021.5
1977	104	32879.25	1703.01	31176.75
1978	154	489294.75	391445	97849.75
1979	157	94117.13	63481.2	630635.93
1980	241	600.511.02	42416.83	558094.2
1981	238	42722.5	5470.2	37252.3
1982	257	42841	2171.4	40669.6
1983	173	48351.3	6355.9	41995.4
1984	151	40209	1644.8	38564.2
1985	187	11876	1719.3	10157.3
1986	155	12905	522	12358
1987	129	31866	25757	25757
1988	208	9172	1955	7207
1989	228	5956	2153	3803
1990	166	14150.35	2785.96	12057.8
1991	258	108367.01	2785.96	105912.05
1992	378	51187.9	1476.7	49711.2
1993	453	8105.32	2937.08	6632.11
1994	495	35123.71	2335.93	32787.78
1995	417	63677.17	3110.02	60568.15
1996	158	39903667	1183807	38716.87
Total	**4647**	**2369470**	**549060.38**	**1820410.5**

Source: Uyigueand Agho, (2007)

The above table shows clearly that environmental degradation experienced in Nigeria's Delta region is mainly caused by the activities of

oil extraction by TNCs such as oil spillage, gas flaring, etc. Once the environment is degraded apart from the environment losing its value and nutrients, the cost of remediation and restoration to its natural state requires huge capital investment, which the host communities find difficult to finance from their limited resources. This situation exacerbates their underdevelopment experience and development aspiration.

Conclusion and Recommendations

This paper discussed how transnational corporations hinder the development ofNigeria's Niger Delta through environmental degradation. Oil spill, gas faring, and other unhealthy and unprofessional practices were identified to have degraded the environment of region thereby exacerbating the already existing development crisis. It is in this regard that it is recommended that priority and consideration should be given to the environment by TNCs, government, individuals, and other stakeholders beyond political speeches and conference statements. Additionally, civil society organizations that are known for their vital role in societal transformation must increase the campaign and awareness on the level of environmental degradation and continue to bring these issues before the attention of stakeholders and the international community. There are many ways to achieve this, one of which is collaboration with other CSOs and the media on environmental rights reporting. Communities affected by oil spillages and other forms of environmental degradation must stand up to their rights and hold the TNCs accountable. The government must also prioritize environmental issues and ensure communities, individuals, and transnational corporations adopt

international best practices and innovations that will minimize the level of harm done to the environment. Government must also implement relevant and existing environmental laws and policies.

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