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Environmental Issues and Corporate Social Responsibility: The Nigeria Experience

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ABSTRACT This paper focuses on environmental degradation and the need for corporate organisations to fulfill their social responsibilities. Using the systems theory, the interdependence among the environment, organisation and sustainable development was examined. The systems theory was modified to emphasize the need for corporate firms to foresee potential environmental consequences of a given activity, process or product from the planning stage with a view to ensuring the implementation of adequate and timely response strategies. Some prevalent environmental problems in Nigeria were also examined. Environmental Audit was discussed to enable organisations assess the impact of their activities on the environment. The sixteen principles of environmental management were also highlighted and suggestions on how Nigeria can achieve a healthy and pollution free environment were made.

INTRODUCTION

The quest for industrialisation and sustained development in Nigeria and the attendant improvement in the quality of life of the populace has taken its toll on the environment (Aina, 1998). The effects of different industrial sector activity on the environment vary enormously but it is an incontrovertible statement that damage is being done to the environment worldwide.

Environmental concerns rarely formed an integral part of development plans, particularly in Third World Countries like Nigeria. The realisa-tion that sustainable development can only be achieved through an interdependence between economic growth and environmental quality has compelled some governments to now regard the environment as a valued and an integral part of economic growth. Subsequently, environmental problems are now at the forefront of international and domestic as well as local governments' agenda.

However, environmental policies are rarely enforced in some Third World Countries. The inability of government to implement stringent environmental regulations is compounded by the fact that the goals of most corporate organisations are purely economic. Little attention is devoted to their social responsibilities. How organisations achieve their goals are issues of great social importance, but organisations are more concern-ed about the elements in their environment that are necessary to their success and less about the social and ethical implications of their actions (Koontz and Weihrich, 1988).

There is now a growing interest on environ-mental issues, but organisational researchers and scholars rarely discuss environmental issues and corporate social responsibility. Issues of dis-course have always been ethics, organisational structures and processes, the impact of the environment on organisation, etc. Thus, there is a dearth of literature on the impact of corporate activities on the environment.

This paper attempts to discuss the inter-dependence among the environment, organi-sation and sustainable developmental, nature of some environmental degradation in Nigeria, corporate social responsibility, environmental audit and corporate environmental management strategies.

The Interdependence among the Environment, Organisation and Sustainable Development

By environment one means the total surroundings of external conditions within which an organisation or committee of organisations exists. In general sense environment embraces anything that is external to humans in their immediate or remote surroundings that they interact with or that impinge on their welfare .The word environment includes complex element of cultural landscape such as settlements, roads, farms, etc that are made by man as well as the natural elements such as lakes, mountains, climates and weather (Ajayi and Adesina, 2005).

According to Ikporukpo (2001) environment is the totality of human surroundings, hence human environment is derived from physical environment. Human environment is regarded as human construct created by man in their struggle for survival and resistance on earth crust at times called the inhabited environment. This is usually classified based on certain criteria, such as population size, economic activities and special characteristics. The relationship between physical and human environment are not mutually exclusive. In other words, human environment is a modification of physical environment. This is done through primary, secondary, tertiary, and quaternary production activities. Since man operates on the earth surface he needs to be reckoned with (Ajayi and Adesina, 2005). Environmental degradation is largely caused by man's activities and it can also be a consequence of man's hazard. The result is that the natural processes of ecosystem are altered and possibly damaged irreparably. When the environment becomes degraded, all forms of life are threatened (Farinloye, 2006).

Also, Osibanjo (1998) refers to the environment as "man's immediate surrounding's (that is, water, air, land, including associated living and non-living resources) which provides life support system for mankind". These definitions imply that the environment provides the natural resources on which national economics are built and sustained.

For conceptual analysis, the ethical, social, political, technological, legal, etc environments can be distinguished. The social environment consists of attitudes, desires, expectations, degrees of intelligence and education, beliefs and customs of people in a society or group. The political and legal environment refers to laws, regulations and government agencies. The ethical environment, which can be subsumed under the social environment, includes sets of generally accepted and practiced standards of personal conduct (Koontz and Weihrich, 1988).

The sustainability of the environment has been stressed to be of utmost importance in achieving sustainable development. McCarthy (1992) defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". He explains further that sustainable development "implies radically new economic policies for the state and a change in habits for the individuals. It certainly means abandoning the pursuit of simple self-interest".

The Brundtland Report (World Commission on Environment and Development, 1987), commissioned by the United Nations to examine long-term environmental strategies, likewise argue that economic development and environmental protection could be made compatible, but that this would require radical change in economic practices throughout the World (Welford and Stranchan, 2005).

Welford (1993) contends that sustainable development involves three closely connected issues and associated conditions:

- Environment: The environmental stock must not be treated as a free good but must rather be protected, which implies minimal use of non-renewable resources and minimal emission of pollutants.
- Equity: Recent discourses on gender and development have revealed that gender disparities in economic opportunities, education, health services, nutritution etc, greatly contribute to poverty in developing nations. Gender equity is significant to achieving sustainable development.
- Futurity: Futurity implies that society, business organisations and individuals must not operate under competitive pressures to achieve short-term goals which endanger long-term environmental protection and intergenerational development. Rather, business policy needs to be proactive and not reactive such that intergenerational considerations and long-term environmental protection are observed.

The Brundtland Report concludes that these three conditions are not being met as non-renewable resources are being depleted. In Nigeria for instance, Shell Petroleum Development Corporation (SPDC) extracts about 12,000 barrels of crude oil per day.

Sustainable development poses a challenge to industry to produce higher levels of output using lower levels of input and generating less waste. In the context of the systems theory, the flow of inputs and outputs is the basic start point which describes an organisation. Organisation takes resources (input- human and natural resources) from the larger system (environment), processes these resources and returns them in changed form (output). Thus, organsiations are open systems, which receives inputs or energy from their environment, convert these resources into outputs into their environment, as shown in figure 1.

However, organisations must not merely produce products and services to satisfy their numerous clients, they must also produce actions that will ensure the protection of the environment. As argued by the functionalists and structural – functionalists (Auguste Comte, Herbert Spencer, Talcott Parsons etc) from whom the system theory originates from, any organ (industry) of the body (society) must contribute towards the maintenance of the organism (Haralambos and Holborn, 2004). Like most organisational theories, the systems theory does not indicate how activities of business firms can impact negatively on the environment or what strategies can be adopted to curb environmental degradation. This the authors have done by indicating potential negative impacts on the environment that may result from organisation's activity. Wastes that may be generated and the need to incorporate environmental management strategies in their feedback of information and results are equally incorporated into the model in figure 1. This will make organisations environmentally conscious and bring organisation strategies in line with environmental sustainability

Environmental Degradation in Nigeria

Environmental degradation means to make the environment worse in quality or to pollute it. Pollution as "any introduction by man, directly or indirectly, of substances, or energy into the environment resulting in deleterious effect of such a nature as to endanger human health, harm living resources, ecosystem and material property and impair amenities or interfere with other legitimate uses of the environment (Ajayi and Adesina, 2005; Slack, 2006).

Sources of pollution are numerous, but most are human related. There are also instances where pollutions are caused by an act of God. However, such acts mostly occur as a cumulative effect of human action. Examples are hurricanes, earthquakes / sunnamis, volcanic eruptions etc.

Environmental pollution can be classified into domestic and global varieties. The former includes water contamination, air pollution, unsafe disposal of solid and hazardous waste, soil degradation, deforestation, etc. The global variety affects the upper atmosphere causing atmospheric ozone

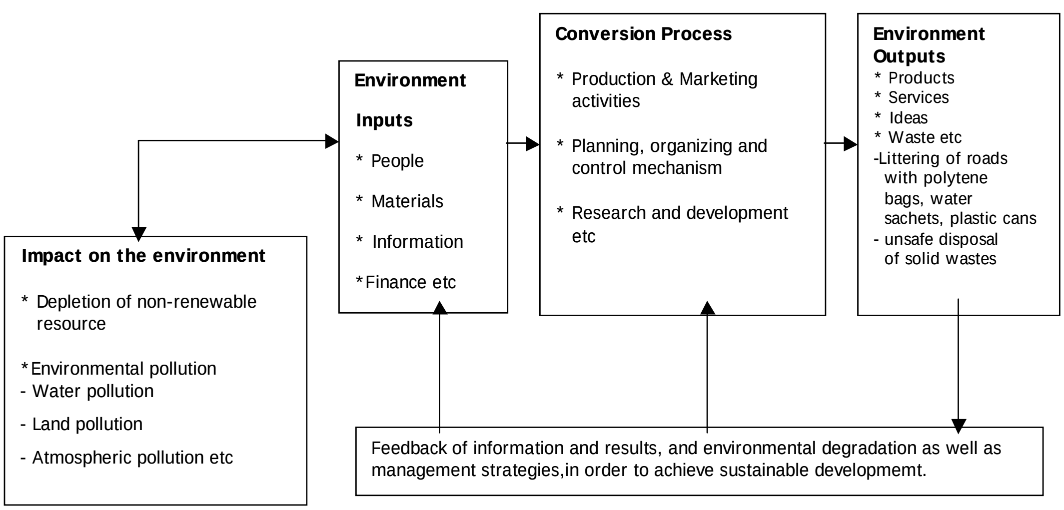

Fig. 1. The interdependence among the environment, organisation and sustainable development.
Source: Adapted from Cole (2004) and modified by the authors.

depletion. Domestic environmental pollution may assume global status as a result of its transboundary spillover into another country. An example is the dumping of toxic waste in developing countries by developed nations (Oyejide, 1998). This experience was encountered by Nigeria in June 1988 when Italy dumped about 4000 tons of toxic and hazardous wastes on the shores of Koko Port in Bendel State, now Delta State (Osibanjo, 1988; Simpson and Fagbohun, 1998; Atsegbua et al., 2004).

Several types of environmental pollution can be distinguished; air and atmospheric pollution, water pollution, marine pollution, land pollution and noise pollution (Atsegnua et al., 2004). Whichever way environmental degradation may be categorised, it is glaring that most environmental damage is the resultant effect of industrialisation. Industrialisation can be economically harmful when guided by less stringent environment protection regulations.

It is no longer news that Nigeria is at present beset with environmental challenges. For instance, oil pollution is an unavoidable phenomenon and a natural consequence of petroleum exploration. In the area of petroleum prospecting, the Nigeria Delta region of Nigeria for more than two decades have been experiencing oil spillage problems which have generated the problems of damage to marine wild life, modification of the ecosystem through species elimination and the delay in biota (fauna and Flora) succession; decrease in fishery resources; the loss of aesthetic values of natural beaches etc (Farinloye, 2006).

The magnitude of environmental degradation in the Niger Delta has led to restiveness among the indigenes of the area, particularly among the youths. Vehement protests against the activities of oil prospecting firms, less stringent environmental protection laws and lackadaisical attitude of the government led to the killing of ken Saro-Wiwa and the Ogoni Nine by the military regime of Late General Sanni Abacha. The killing has however not doused the restiveness in the region as formidable militant groups have emerged in the region. These groups have not only attacked oil installations but have also kidnapped both foreign and indigenous oil staff while demanding ransoms for their release (Ezeobi, 2006).

Other disturbing environmental problems in Nigeria major cities include:

- Dust emissions from cement plants
- Wood dust from saw mills
- Fumes and effluent from industries
- Littering of drainage systems and road sides by non-biodegradable household products such as polythene bags, water sachets, plastic containers etc.
- Rural-urban migration which has brought about stress on available infrastructural facilities such as electricity leading to irregular power supply which as compelled both residents and corporate organisations to turn to electricity generators. Excessive inhalation of fumes from industrial plants and household generators pose danger to human health. In addition, water pollution is a problem due to improper handling of sewage. Portable water is available to 78% of urban drivellers and 49% of rural population (Encyclopedia of Nations, 2006)
- Gas flaring which kills vegetation and suppress the growth of plants.
- In 2001, 26 of Nigeria's mammal species were threatened. Nine types of birds and 16 plants species were also endangered, due to deforestation.

(Encyclopedia of Nations, 2006).

Corporate Social Responsibility

The concept of social responsibility is an important aspect of corporate organisation's mission received a major impetus from Bowen (1953) who posits that Business firms' mission should not be exclusively economistic but that the social implications of their decisions should be taken into cognizance. A related concept is social responsiveness suggested by Davis and Frederick (1984) which implies "the ability of a corporation to relate its operations and policies to the social environment in ways that are mutually beneficial to the company and to society". According to Slack (2006) the concept encompasses a broad range of activities that corporations may engage in , with varying degree of enthusiasm, to demonstrate that they are addressing important human rights, environmental, and labour issues – many of which have been brought to their attention by activist groups.

There are arguments for and against corporate organisations involvement in social responsibilities. The arguments for, however out-number the arguments against. Koontz and Weihrich

(1988) listed eleven arguments in favour of social involvement of corporate organisations and seven arguments to the contrary. A major argument for corporate social responsibility is that the creation of a better social environment benefits both society and business. Society benefits through better economic conditions and employment opportunities, while corporate organisations gain from a better community, since the community is the source of its human and natural resources and the consumer of its products and services. In contrast, one of the arguments against states that the primary task of business is to maximize profit which can be achieved by strictly focusing on economic activities as social involvement could reduce economic efficiency of a corporate organisation. Any way the pendulum swings, the need for corporate organisations to be responsive to their social responsibilities should be considered a matter of great social importance.

Approaches to Corporate Social Responsibility

Cole (2004) contends that organisations can be encouraged in two major ways to be responsive to their social responsibilities. There is also a third approach by Ogundele (2005) which is a product of the Nigerian experience. The three approaches will be discussed.

- ***Laissez–faire or Voluntary Approach**:* According to this approach an organisation's desire to discharge it social responsibility may be altruistic in nature or motivated by self-interest. Generally, a middle of the road approach is often preferred as a firm cannot afford to be totally motivated by either altruism or selfish interest.
- ***State Intervention of the Force of Law Approach**:* This approach argues that the state may intervene through the enactment of certain regulations to compel organisations to fulfill their social responsibilities for the development of the community in which they operate.
- ***Coercive Approach by the Local Community**:* This approach posits that in view of a government's inability to either coerce or persuade corporations operating in a particular locality to discharge their social responsibility in a commensurate measure to the damage wrecked on the environment, the inhabitants of such a community may adopt certain extra – judicial strategies to ensure compliance. For example, as earlier mentioned in the oil producing region of Nigeria, militant groups have emerged and their strategies range from kidnap of oil staff, incessant vandalization of oil installations to forceful and physical occupation of the premises of multinational corporations located in the area.

The discharge and non-discharge of social responsibility by corporate organisations involves some costs for the parties concerned, but the cost of non-discharge have been found to have tremendous negative impacts on the host community, which far outweighed the cost borne (e.g forceful stoppage of work, loss of man-hour, threat to life) by the organisation. As an illustration, can a host community be adequately compensated for the loss of a means of livelihood, health hazards, death, destruction of natural resources of the forest and wildlife? Where such organisations appear to adhere, the cost analysis as noted by Ogundele (2005) represents "surface" treatment of enormous responsibilities. He further explained that protection of life and properties, improved public image as well as future existence could be guaranteed organisations if they do not shirk their social responsibilities.

Environmental Auditing

The discourse on corporate social responsibility raises the question of how social performance can be evaluated. A similar concept is social audit coined by Bowen (1953). Raymond and Dan (1973) defined social audit as "a commitment to systematic assessment of and reporting on some meaningful, definable domain of the company's activities that have social impact". Welford and Strachan (2005) adopted the concept of environmental auditing which they contend, "consist of a regular, independent, systematic, documented and objective evaluation of the environmental performance of an organisation. It should measure how well organisations, management and equipment are performing with the aim of helping management to safeguard the environment. It also provides information which can be used in the control of environmental practices and in assessing compliance with organisation policies, which include meeting regulatory requirements".

The ultimate aim of environmental auditing is to safeguard the environment and minimize the risks to human health. Auditing alone is not sufficient to protect the environment from degradation but it is a powerful managerial tool. A successful environmental audit requires managers to establish a baseline against which to measure future audit. Such an exercise is referred to as environmental review which is intended to provide an initial assessment of the environmental performance of the organisation. On the other hand, the audit measures the attainment or non-attainment of some target objectives.

The key objectives of environmental audit are to:

· Determine the performance of corporate environmental management system;
· Verify compliance with local, national and international health and safety regulations;
· Verify compliance with organisation's stated corporate policy;
· Develop internal procedures needed to achieve the organisation's environmental objectives;
· Minimize human exposure to risks from the environment and ensure adequate health and safety provision;
· Identify and assess risk resulting from environmental failure;
· Assess the impact on the local environmental of a particular plant or process by means of air, water and soil sampling.
· Advise an organisation on environmental improvements it can make

Undertaking an environmental audit involves cost and benefit. The organisation has to incur the cost of intial audit and the cost of compliance with it, while on other hand, the corporation enjoys: goodwill, avoidance of fines and litigation, improvement in environmental awareness at all levels etc.

Corporate Environmental Management Strategies

Organisations have realized that environmental issues need to be addressed for a number of reasons such as consumer pressure, legislation, ethics etc. To ensure adequate environmental management, Welford and Strachan (2005) propose that organisations should design environmental policy which would identify key performance areas and form a sound basis for setting corporate objectives. The scholars posed ten questions, answers to which will provide the organisation the basis of a strategic plan for the environment. Some of the questions include:

· Is the organisation meeting its environmental commitments?
· Is concern for the environment integral to each of the organisation's operations?
· Do managers and workers see environmental improvement as a goal and in what ways are personnel being encouraged to be more involved?
· Are there new product opportunities that the organisation could exploit which would have less negative environmental impact?
· What financial and organisational constraints are there that might prevent environmental improvement from taking place?

Moreover, the International Chamber of Commerce (ICC), Word Business Council for Sustainable Development (WBCSD) and Business Charter for sustainable Development identified sixteen key principles for Environmental management.

1. Corporate priority
2. Integrated management
3. Process improvement
4. Employee education
5. Prior assessment
6. Produces and services
7. Customer advice
8. Facilities and operations
9. Research
10 .Precautionary approach
11. Contractors and suppliers
12. Emergency preparedness
13. Transfer of technology
14. Contribution to the common effort
15. Openness to concerns
16. Compliance and reporting

(For further reading see Welford and Stranchan, 2000)

CONCLUSION

Since the 1990s, there has been recurring instability in the Nigeria Delta especially, which account for 90 percent of crude oil produced in the country and between 70 and 80 percent of the nation's annual revenue (Ezeobi, 2006). This had negatively on Gross Domestic Product and stymied growth in the sector. The disturbance had also led to an increase in unemployment and negated the drive for direct foreign investment, as the country is perceived as insecure. The restive youths and had routinely demanded increased employment of their own by the companies, provision of amenities, monetary compensation for drilling oil an their land, among other demands. Largely, the natives had been incensed by the failed expectations of wealth and development; that oil would end the squalor, unemployment and deprivation and that confront them. They share the same neighbourhoods with the staff of these companies who, unlike them, live in splendour. With government, which had failed to provide amenities for these communities and drive development far removed, the locals let out their frustrations on the companies, who are visible, easier to find, to intimidate and demonise. This is where the need for good corporate social responsibilities comes in. Through this the companies operating in the region will engage their host communities on permanent basis and discharge their corporate social responsibilities.

Effective and efficient environmental management strategies can only be achieved if humans will cultivate practices that will sustain the environment and abstain from that which deplete and degrade it.

Nigeria does have policies on environmental management (e.g. Federal Environmental Protection Agency Act, 1988; the Harmful Waste (special criminal provisions) Act of 1988; the National Policy on the Environment, 1989), etc. Theoretically, the laws appear laudable, but in practice leaves little to be desired as the provisions enshrined in the various instruments of intervention are rarely enforced; due to inadequate human resource; inadequate and mismanaged funds ,low degree of public awareness of environmental issues; corruption on the part of enforcement officers, among others.

Environmental studies should be part of secondary and tertiary institutions curriculum, which will reduce the level of ignorance about environmental issues. Organisational scholars and researches should widen their scope of research by focusing on environmental issues and research institutes are also to be encouraged to incorporate environmental research into their agenda.

Corporate organisations are subsystems of the larger society; they should therefore fulfill their social responsibilities by ensuring that their activities cause minimal harm to humans and the environment in which they operate.

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