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Effect of Multinational Corporate on Community Development in Nigeria: An Assessment

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Abstract
The study conceptualized Multinational Corporation and community development (MCS) in Nigeria. The study remarks that, the economic life of the host communities in Niger Delta states have been devastated by oil exploration activities. Moreover it also discovered that, the development activities of the oil companies do not tickle down to the grassroots for whom they were intended and the so called development activities of the oil companies are to further gain access to more operation area rather than intended to aid the people. It also finds out that the oil companies have no long term developmental plan for the area, they operate. Thus the paper recommends a revision of the revenue sharing formular whereby the people manage their resources and pay dividend to the federal government. The another, therefore recommended that a strong legislations should be enacted to a compel multination to obey human rights laws in these communities in Niger Delta states and finally advocated that transparency should be employed in choosing the community in Niger Delta States.
Keywords: Multinational, Corporation, community, development, Nigeria

Introduction
The multinational corporations have been acclaimed as agents of development and a few scholars, has argued that these corporate are weapons of exploitation. Meanwhile, multinational corporations have distinct capabilities which can be put to the service of development. Their ability to tap financial, physical and human resources around the world and combine their economic planning potentials with their capability to development and apply new technology and skill have proved to be outstanding.

In fact, by late 1960's serious misgivings and concerns has been expressed about the economic, social and political consequences of the multinational corporation in Latin America, Africa and other third world countries. These concerns inspired a deluge of publications and literatures as well as initiatives designed to curb the activities of the MULTINATIONAL CORPORATIONS at the national and international levels.

Basically, the Marxist hold that view that multinational corporations are agents of under-development. They further argued that the operations of MULTINATIONAL CORPORATIONS is not beneficial to their host communities more fundamentally these scholars maintained that they do not promote equal relationship. However, in this study we shall reflect an the dependency school of thought which argues that development or its converse are two sides of the same coin. In order words, the same process that produces development for one region also produces the converse under-development for another. The basic monosition of the dependency school include:

The believe that if the so-called under-developed countries were allows to follow their natural development process and pace, they would have become developed countries but this was not to be as capitalism on arrival to these under-developed countries arrested their development and from then on they (under developed countries) have been spiraling downward. According to Frank, the utilization of the economic surplus had stimulated development in the developed world and under-development in the Third World. In his view, the world capitalist system was classified into two groups, the metropolis represent by the developed world and the satellite for developing economics. The metropolis exploits the resources of the satellite for their own development at the detriment of the satellite countries. The exploitative relationship, he noted transcends all spheres of international, national and local societies.

According to Rodney (1972), the most insignificant technology trends of our days is the increasing degree to which new technology views as the basis of the underdeveloped economic colonies. The advanced Multinational Corporations have only diffused technology where employment in the third world countries serves the interest of their home countries and this has only helped to block the technology in the recipient Third World countries.

Mydra (1971) believes that, there has been inflow as a result of the "trade gap but when the outflow is subtracted, direct foreign investment via Multinational Corporations has amounted to nothing and has not recorded mobilizing effect on the world indeed when we subtract what is invested in the petroleum industry and the other enterprises for which the demand is rapidly rising, these investments are of less dependency that there is a commitment that under-development are different aspects of the same universal process, and that development cannot be considered as the original condition in an evolutionary process, and that development is not, only an external phenomenon but also internal manifestations.

A Brief History of Multinational Corporation Nigeria

The history of Multinational Corporations in Nigeria can be traced back to the post slave trade era. The development of "legitimate" trade was the final phase of private and official British efforts to find a positive alternative to the traffic in slaves. The principal communities of legitimate trade were palm oil and palm kernels. Which were used in Europe to make soap and as lubricants for machinery before petroleum products were developed for that purpose. Although this trade grew to significant proportions, palm oil exports alone were worth one million pound a year by 1804. It was concentrated near the coast, where palm grew in abundance.

Therein, the trade forced major economic and social changes in the interior, although it hardly undermined slavery and the slave trade. In contrary, the incidence of slavery in local societies actually increased. We understand from the history that most palm oil came from Igbo land, where palm trees formed a canopy over the densely inhabited area of the Ngwa, Nri, Akwa and other Igbo communities. Palm oil was used locally for cooking, the kernels were a source of food, trees were tapped for palm wine and the fronds were used for building materials. It was relatively simple adjustment from many Igbo families to transport the oil to rivers and streams that led to the Niger Delta for sale to European merchants. The rapid expansion in exports, occurred precisely at the time slave exports collapsed. Instead, slaves were redirected into the domestic economy especially to grow the staple food crops, yams, in Northern Igbo land for marketing throughout the palm-tree belt. At before, Aro merchants dominated the trade including the sale of slaves within Igbo land as well as palm product to the coast. They maintained their central role in the confederation that governed the region.

The Niger Delta and Calabar which one had been known for the export of slaves, now became famous for the export of palm oil, so much so that the Delta States streams were given the name "oil rivers". The basic units in each town were "houses" family-operated entities that were also the focus of loyalty for those employed in them. A "houses" included family of the trade, both his retainers and slaves. As its head, the master trader taxes other traders who were members of his "house" and was obligated to maintain a war vessel, which was a large dugout canoe that could hold several tones of cargo and dozens to crew, for the defense of the harbor, whenever a trader could afford to keep a raw canoe, he was expected to form his own "house". Economic competition among these "houses" was so fierce that trade often erupted into armed battle between the large canoes. Accordingly, as the volume of trade increased, the British government responded to repeated requests of merchants to appoint a consult for the Bight of Benin and Biafra, jurisdiction stretching from Dahomey to Cameroon. Bee Croft was the British representative to Fernando Po, whe0re the British Navy's prevention squadron was stationed.

Basically, the legitimate trades in commodities attracted a number of rough hewn British merchants to the Nigeria River, as well as some men who had been formerly engaged in the slave trade but who change their line of wear. The large companies that subsequently opened depots in the Delta cities and Lagos were as ruthlessly competitive as a Delta towns themselves and frequently used force to compel potential suppliers to agree to contracts and to meet their demands. The most important of these trading companies whose activities had far-reaching consequences for Nigeria, was the United Africa Company (UAC), formed by George Goldie in 1879. In 1886, Goldie's consortium was chartered by the British government as Royal Niger Company and granted broad concessionary powers in the territory of the basin of the Niger. Needless to say, this concession emanated from Britain not from any authority in Nigeria.

Generally in 1914, colonial minerals ordinance granted the monopoly of oil concessions in Nigeria to British or British allied capital (Lohamari, 1979). This provided the legal framework for the exclusion of Nigerians from any meaningful participation in the industry and in 1938 served as the basis for the granting of an oil granting of an oil exploration license to Mobil covering the entire mainland of Nigeria, an are of 367,000 square miles (Shatzi, 1969). Royal Dutch/Shell was later give out a portion of this area allowing other small oil companies viz the Italian Company, Agip oil, Mobil, Chevron, France's ELF-Acquaintance (commonly known as ELF) and Texaco, to commence exploration in Nigeria. Shell D'Archy discovered the first commercial oil field in the country at Oloibiri and Ijaw settlement in Rivers State, in 1956 and it opened an oil well there and in April of the same year, it changed its name from Shell D' Archy to Shll-BP Petroleum Development Company of Nigeria Limited and two years later, February 17, 1958, Nigeria witnessed her first shipment of oil out of the country. The Royal Niger Company later became UTC and UAC, UTC incorporate d in 1969 as Union Trading Company Limited, metamorphosed into UTC Nigeria Limited in 1978, as the scope of its business expanded beyond trading into industrial ventures. The UTC group has a well established branch network all over the country and is one of the largest conglomerates. Its interests include departmental stores automobiles repair garages, and the sales of machinery and equipment. Additionally the group is active in the farming and agricultural development automotive batteries, food and wood processing. The company was listed on the Nigerian stock Exchange on 31st January, 1972.

Multinational Corporate and Development in Nigeria

The study evaluates the Multinational Corporations activities in the Third World, particularly in Nigeria.

However, what seem to be in limited quantity are recent in-depth investment studies; multinational corporations activities in Nigeria and Niger Delta region in particular.

According to Lachr and Rachur (1973) developing countries experience strains in their economic development because of the Multinational Corporations activities. Moreover, they argued that certain benefits actually accrue to Africa countries when they attract Multinational Corporations such as increased productivity, provision of employment opportunities and transfer of technology and favourably import on balance of payments.

Williams as Staish (1973) also observed that, the Multinational Corporations operations in the Third World including Nigeria are good indication because they (Multinational Corporations) can easily borrow from international capital market for sustainable development as against Africa state and their experiences. In addition, where Multinational Corporations are not available the host nation would need patients consulting feeds and management contracts, which may be highly exorbitant and a drain on their external reserve".

Berger and Herrick (1970) noted that, it is wrong to claim that Multinational Corporations exploit the underdeveloped countries. This is because, if capital is invested so as to yield both principal and interest, then one should expected the out flow of investment income representing principal and interest to exceed the inflow. Therefore, if Multinational Corporations is not under any legal obligation to make input towards the development of the host nation or disassociate Multinational Corporations from the blame of contributing towards the underdevelopment of the host communities rather the state should be vehemently blamed for not making serious effort to develop these communities and Niger Delta which is the host of the oil companies in Nigeria.

Vernon (1971) has maintained that the dependent status of local entrepreneur in developing nations has drastically changed in the last three decades. According to him, up to the Second World War, the local businessman in the Latin America, Asia and North Africa largely served as adjunct and partners of foreign entrepreneurs. The Second World War Vernon remarked, was the turning point, it made local in several developing nations self-reliant by cutting of their overseas sources of supply of foreign market. Since then, the local entrepreneurs have started asserting their independence. Therefore, the Second World War promoted the emergence of Multinational Corporations who actually transformed the developing countries into world markets, and developing products that are of world class e.g. oil. According to Fred (1995:18) multinational corporations are business organization with all levels and degree of business interests all over the world. The export, manufacture, import and sell a variety of goods and services worldwide. He also maintained that, multinational corporations know no political boundaries. And they do business on a worldwide basis and scale. He went further to view Multinational Corporations as agent that see the world as one market, therefore, Multinational Corporations has reduced the entire world to one common time in any part of the world, the operate beyond their national boundaries while, having their headquarters in the countries. They have monopoly of world capital, technology and market ideology.

However, multinational corporations operating in the third world countries have helped extend to these societies the benefit of technological revolutions already being enjoyed in the Western world. He went further to ca that Multinational Corporations had provided employment opportunities for the nationals of the host countries, thereby alleviating the appalling unemployment and other social conditions prevailing among them. He lamented on the failure of the state to regulate the exploitation tendency of multinational corporations. In his words, "but this is only one part of the corporate responsibility jingo" Behind, this façade of asterism lies an orgy of exploitation and expropriation of not only the material resources of the people but a worrisome tale of environment devastation and degradation, corporate neglect of fundamental social responsibilities culminating in the midst of plenty (Epelle,2004).

Basically, the result is mutual distrust between the locals and the oil multinationals, with the state pitching its support with the later and marshalling its instruments of mass intimidation to coerce the former into acquiescence.

In this study, the significance of this work lies in the underlying explanation to why the Nigerian state, conduces to the exploitation of its people by oil Multinational Corporations operating in the countries. It argues that it is the weak and rentier status of the state harm strings its operations and precludes it from acting delusively against the multinationals. The Multinational Corporations hold' the view that if host communities are developed then the future sound danger to them.

Generally, the rentier state and Nigeria's oil multinational instead of Multinational Corporations performing its responsibilities which he outlined as provision of basic socio-economic amenities like gainful employment, good roads, electricity, portable water and schools to communities affected by their business activities rather it willfully destroy the ecosystem through oil spillage, exploitation of peasants, intimidation of local people and in a sense, the dislocation of people's culture and traditional health behavior. We further lamented the situation where after the granting of oil prospecting licenses (OPL) to Multinational Corporations and collection of rents from them by state UK fails to checkmate the operation to meet the basic obligation of providing basic social amenities. Finally, we argued that based on the above mentioned issues that state should as a matter of duty invest and provide the necessary basic amenities to the host communities of Multinational Corporations rather than pushing the blame to the Multinational Corporations .

Multinational Corporations and the Third World: The Radical Persuasion

This study evaluated the multinational corporations and socio-cultural impact of the multinational enterprises, stated that, Multinational Corporations or transactional enterprises (TNEs) are structurally organized on product division. Thus the status of the product rather than the destructive characteristics of the host countries is the basis for global strategy. More so, TNEs attract peasants to the urban areas in search of employment. It may be stressed here that while TNEs invariably create employment opportunities it does necessarily follow that employment would not have been created in their absence. In many cases, the TNEs have established their subsidiaries by buying local enterprises; more so, it is quite possible that the local entrepreneur might have established similar production facilities to those, which the TNEs created. Thus when one view this volume of problems faced by developing nations including Nigeria, therefore, their record does not seem so impressive. Likewise, in a Radio Nigeria programme, radio link monitored in Enugu on September 18th 2006, a contributor to the programme insisted that the reason why Nigerians are lazy today is because of the discovery of oil and subsequently the activities of multinational corporations.

Multinational corporations or TNEs responsible for wage differences between national enterprises and TNEs. Krishna continued “this is because, the average earning of the employees in the multination’s enterprises for exceed those of their earning of the counterparts in all other national firms. Wage differentials are results of economic disparities instead of being bridged they have actually increased over the last decade in most of the developing countries. Also, benefit of economic growth recorded the registered in many nations have not reached the needy segment of the population. Furthermore operations of TNEs create labour aristocrats, for example privileged sub-class of the working populace, which is linked to and dependent on the transnational economy. The implicit assumption of the above formulation is that the elite working class develops an interest in maintaining the status quo, since it is beneficial to it or at least perceived to be such, while there are occasions for tension and conflict between the elite labour force and TNEs1these relate to managerial structural transformation of the society.

Basically, in exposing the evils of Multinational Corporations or TNEs operation in the Third World countries, it is an unhappy fact that the development track pursued by the global corporation contributed more to the exacerbation of wor1d poverty, unemployment and inequality than the solution. More so the unfortunate role and increasing poverty around the world is due primarily to the dismal reality that global corporation and poor countries have different, indeed, conflicting interests, priorities and needs. Thus it is a reality that many official of underdeveloped countries lacking alternative development strategies prefer not to face in any time (Barmet and Muller, 1974).

However, the primary interest of Multinational Corporations is worldwide profit maximization. In addition, poor countries have been an indispensable source of finance capital for worldwide expansion of global corporation. The finance generated by the natural wealth of many countries of the underdeveloped world was not used to develop local factories, school and other structures for generating more wealth but was siphoned off to the developed world; first as plunder, then in the more respectable form of expansion of affluent societies. More of the capital left in the poor countries was in the control of a small local elite closely tied to foreign capitalist who knew how to consume it abroad for a good return in the business.

Rodney (1972) noted that UAC activities which is one of the Multinational Corporations in Nigeria are eloquent testimonies that Africa was being exploited by capital produced out of Africa labour and resource. For instance, when Uniliver Brothers took over Royal Nigeria Company in 1986 they became lives to one of the most notorious exploiters of 19th century Africa. The Royal Nigeria Company was a charted company with full governmental and police powers during the years of 1885-1897.

During that period, the company exploited Nigeria ruthlessly. More so, the Royal Niger Company was itself a monopoly that had brought up smaller firms tracing their capital directly to slave trading. In the same vein, when UAC was brought out of the merger with the Eastern and African trading company, it was associated’ with some more capital that grew from a family free rooted in the European slave trade. The capital at the disposal of the big French trading firms (FAC and SCOA) can also be traced in the same way in Africa, more especially in Nigeria.

Frank (1966) is of the view that Multinational Corporations help in the form of loan and grant given to government of backward countries for the domestic changes that are mandatory if economic development is to be attained. He maintained that such help usually do more harm than good. Possibly permitting the importation of some foreign made machinery and equipment through the Multinational Corporations which in turn returned to thereby, defeating the purpose for which such grants were given for government or business sponsored investment project but not accompanied by any of the steps that are needed to assume healthy economic growth foreign assistance thus off spiral inflationary increasing and aggravating the existing social and economic tension in undeveloped countries.

Furthermore, Multinational Corporations are instrumental in creating enclaves of prosperity amidst poverty, especially in the extractive and agricultural sectors. The relative of affluence of their employees and petty entrepreneur who flourish around such enclaves offer sharp contract to the overall poverty of the surrounding areas. The picture, is typical of PortHarcourt, and Warri and when compared with Ghokana in

Ogoni land, Bonny or Orodje in the Niger Delta.

The National Academy of Science (1984) reported that, Multinational Corporations do not undertake significant research and development (R & D) activities in the host countries. Where the R & D facilities are sited developing countries in the host countries, the result discovered from researches are not fed to the national subsidiaries, but are directly and vertically related to the R& D using of the parent company outside the host nation.

Sauvant (1989) notes that, in the area of communication and culture, the Multinational Corporations or TNEs transit parent business culture to host communities, which actually divert the focus and pace of culture, economic and political life from the actual track and normally and indirectly affect negatively on the people of the host communities.

Besides, communications, the Multinational Corporations are responsible for transmission of music art, literature and film of the metropolitan nations. Such cultural diffusion and reproductions undermine the cultural identity in developing countries, including Nigeria. The masses and the elite come to realize life style, belief, value system, worldview and the art of metropolis nation. They begin to accept them uncritically and develop a feeling of inferiority about their own cultural system. Furthermore, in area of information by virtue of their origin and control by industrialized nations, News Agencies such as Associated Press (AP), CNN, US funded radio free Asia etc have been selective in their news coverage and have often articulated and propagated views of their home countries.

Generally, the inappropriateness of technology transferred by the Multinational Corporations to Nigeria and other third world countries, the so-called technology transfer has manifested in alien tastes and consumption pattern and habits that the Multinational Corporations bring in technology produced in environment and needs different from ours and that the technology is not integrated into the local culture and system of production; and it is thus unable to stimulate further local technological growth (Onimode, 1982).

Conclusion

From the above, we can agree that most multinational corporation, not embark on practicable developmental programmes in oil producing communities but believe that it is the constitutional duty of the government to provide social amenities to its citizens by whom it represent and collect taxes from, and therein considers its activities as more of business activities which is mainly profit oriented and not social services.

Generally, we have been able, in this paper, to conceptualise that, multinational corporations operating in the country are not assisting in providing amenities but it is mainly those ones that will enhance its operations and its image. It is agreeable that most efforts made by the oil companies develop the oil producing communities are rather frustrated by the leaders and youths who divert these projects or funds for private use, hence further worsening the situation of the communities. It is also noticeable that the unchecked attitude of the government to monitor the activities of oil multinationals and its developmental commitment to the host communities has assisted in engendering the oil producing communities towards under-development and expose the citizenry to environmental pollution and human right violation.

Recommendations

Based on the empirical study especially as it relates to multinational corporation on community development in Nigeria; an assessment of Niger Delta state: the following recommendations were made.

- A revision revenue of sharing formula whereby the people manage their resources and pay dividend to the federal government.
- A strong legislation should enacted to a compel multinational to obey human rights laws in their communities, in Niger Delta states.

Refereces

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