

Oil Companies Corporate Social Responsibility and Conflict Resolution for Sustainable Community Development in Rivers State, Nigeria

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Abstract

This study discusses the Corporate Social Responsibilities of oil companies as instrument for conflict resolution towards sustainable community development in their host communities in Rivers state Nigeria. Two major oil companies (SPDC and NAOC) were involved in the study. Seven hundred and thirty-one individual were randomly selected to participate in the study. The instrument for data collection was a questionnaire designed on a 4-point modified Likert Rating Scale. The instrument recorded reliability co-efficient of 0.79 before it was administered on the respondents through the help of four trained research assistants. Findings from the study revealed that CSRs of SPDC is not well felt in her host communities and that NAOC has a slightly better CSR efforts in her host communities. The study also revealed that oil companies in Rivers state are not making maximum use of CSR to promote sustainable community development in their host communities. Based on these findings, it is concluded that oil companies in Nigeria are shying away from the use of CSR to promote sustainable community development in their host communities. The study also concludes that selective community development projects by the oil companies only when there is conflict to be resolved or agitation to douse is not a good approach that can achieve sustainable community development in the oil producing communities. The authors therefore recommend among others, that government should put machineries in place to have a holistic review of the CSR policy of the oil companies in Nigeria.

Introduction

Corporate Social Responsibility (CSR) states that organisation should consider the interest of the society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities as well as the environment. Corporate social responsibility goes beyond statutory obligations to comply with legislations but voluntarily taking further steps to improve the quality of life for the employees, the local communities and the society at large.

According to Kaliski (2007) social responsibility is an ethical theory which shows that an entity whether government, private corporation or individual has a responsibility to the entity. He states further that social responsibility is voluntary and it goes beyond what is called for by law. For multinational corporations like Shell Petroleum Development Company (SPDC) and Nigeria Agip Oil Company (NAOC), Reynard and Fortes (2002) observed that CSR is often an outcome of public pressure arising from their operations in developing countries in relation to human right, environmental pollution and labour issues.

To them, CSR is a process driven by globalisation and it holds companies or organisations responsible to the people they affect with their operations.

The oil industry in Nigeria is predominantly located in the Niger Delta Region. Most of the inhabitants of this region are highly dependent on the natural environment for their livelihood through fishing and crop farming. However, oil exploration and exploitation by SPDC, NAOC and other oil companies in the region had lot of negative environmental, political and socio-economic influence on the communities. For instance, explosive used by the companies in their exploration activities always destroy aquatic life and crack buildings, oil spillage from broken pipes often flow into the lands, rivers, swamps and creeks. Also, oil spillages usually cause extensive damages to crops, farmlands and make the soil sterile and unproductive.

Environmental degradation is very obvious in the states of the Niger Delta, the consequence of which is pervasive problem of poverty among the grassroot communities. This has resulted into the development of a sense of deprivation and perception of alienation within the oil producing communities.

The activities of the oil industry in Nigeria are dominated by the SPDC and NAOC. These oil companies operate under a joint venture agreement with the Federal Government of Nigeria (FGN) represented by the Nigeria National Petroleum Corporation (NNPC). SPDC is the largest oil and gas exploration and production company in Nigeria. It is the operator of a joint venture in which NNPC holds 55% share, SPDC 30%, ELF 10% and NAOC 5%. SPDC diary (1998) revealed that the company produces half of Nigeria's oil from more than 90 oil fields mostly in Rivers state and supplies 95% of the country's commercial gas reserves. The SPDC involves an estimated land area of about 6,200 kilometre of pipelines, more than 1000 oil wells, 87 production stations 9 gas plants and large terminals at Forcados and Bonny. Nigeria Agip Oil Company (NAOC) started operation in Nigeria in 1970. The FGN through the NNPC has a share of 55% in NAOC. NAOC has two terminals in Brass. The terminals handle treatment, storage and shipment of crude oil overseas.

According to Hara (2001) Rivers state is a major contributor to the Nigeria economy as host to majority of the oil companies in Nigeria. However her contribution to the national economy has not translated to corresponding physical and human development in the state. Despite the fact that the people and their communities suffer and make lot of sacrifices for the production of oil that Nigeria depends upon for a significant percentage of her national income; the people of Rivers state often complaint of deprivation, marginalisation, environmental pollution and general neglect by both the government and the oil companies involved in exploration and exploitation in their communities. Specifically, many communities and individuals have spoken against the activities of the SPDC and NAOC in their areas of operation in Rivers state. The people believed that these oil companies are not doing enough to improve the communities and her people. The low development level of physical and human resources, especially the lack of basic social amenities in almost all the oil producing communities often lead to violent conflicts between the indigenes of the oil producing communities and the oil companies. To put an end to these conflicts through the rapid development of the oil

producing communities and to make the oil companies partake actively in the development process of their host communities, the principle of CSR was introduced. This principle of CSR imposes some responsibilities that would make the oil companies return some of their profits to the communities in terms of physical and human resource development. Both the SPDC and NAOC have for sometimes been involved in the practice of CSR to tackle the problem of violent conflict between them and their host communities and to ensure sustainable community development in the oil producing communities. The process and extent to which SPDC and NAOC use CSR to resolve conflicts towards sustainable community development in their host communities is the concern of this study.

Specifically, the study aims to expose the CSR practices of SPDC and NAOC and to establish the extent to which each of them use CSR as an instrument for conflict resolution towards sustainable community development.

Research Questions

Based on the objectives of the study, the following research questions were posed.

1. What are the CSRs of SPDC and NAOC for community development in their host communities in Rivers state?
2. Do SPDC and NAOC use CSR to resolve conflicts between them and their host communities?
3. Do the CSRs of SPDC and NAOC promote sustainable community development in Rivers state?

Methodology

This study adopts the survey research design. The population of the study is one thousand eight hundred and seventy-two (1872) individuals. This number comprised one thousand five hundred and thirty-three (1533) members of the community development committee in the host communities and two hundred and fourteen (214) community development liaison officers of SPDC and NAOC respectively. The multi-stage sampling technique was used to select the sample for the study. The random sampling technique was used to select eight (8) from the twenty-three local governments in Rivers state. All the CDC members and CLOs in the eight local governments were involved in the study. Thus, six hundred and two (602) CDC members and one hundred and seventeen (117) CLOs were involved in the study. The random sampling technique was also used to select 25% of the staff in the corporate community Relation Departments (CCRD) of the two companies under study. This gives seven (7) for SPDC and five (5) for NAOC. Thus a total of seven hundred and thirty-one individuals participated in the study. The instrument for data collection was a questionnaire titled Questionnaire on CSRs of SPDC and NAOC. The instrument was designed on a 4-point modified Likert Rating Scale. The instrument recorded a reliability index of 0.79 before it was administered on the respondents through the help of four trained research assistants. Out of the seven hundred and thirty-one (731) questionnaire sent to the field, seven hundred and eighteen were returned. However, eight (8) were not properly filled and were discarded leaving seven hundred and ten (710) correctly filled questionnaire analysed for the study. The mean and standard deviation

methods were used to analyse the data collected for the study. A criterion mean of 2.5 was used as the basis for acceptance or rejection of items tested in each research question.

Data Analysis

Research Question 1: What are the corporate social responsibilities of SPDC and NAOC for sustainable community development in their host communities in Rivers state?

Table 1: Mean and Standard Deviation on CSR of SPDC and NAOC for Sustainable Development in Rivers State.

S/N	ITEMS	SPDC				NAOC			
		\bar{x}	SD	RANK	RMK	\bar{x}	SD	RANK	RMK
1.	Oil producing communities in Rivers State benefit from electricity provided by oil companies.	2.74	0.71	1	Accepted	3.52	0.30	2	Accepted
2.	Oil companies in Rivers State provided portable water for their host communities through CSR	2.23	0.77	5	Rejected	3.59	0.58	1	Accepted
3.	Oil companies in Rivers State are involved in manpower devt for youths in their host communities	2.31	0.84	4	Rejected	2.80	0.93	4	Accepted
4.	Oil companies often provide scholarship for youths in educational institutions	2.73	0.73	2	Accepted	2.54	0.66	5	Accepted
5.	Oil companies provide health facilities to improve standard of health in host communities	2.04	0.80	6	Rejected	2.18	0.84	9	Rejected
6.	Oil companies are involved in construction of feeder roads in their host communities	2.56	0.75	3	Accepted	3.19	0.85	3	Accepted
7.	Oil companies provide blocks of classrooms for schools in our communities	1.98	0.78	7	Rejected	2.25	0.83	8	Rejected
8.	Oil companies provide equipment and facilities for schools in their host communities	1.89	0.80	10	Rejected	2.49	0.74	6	Rejected

9.	Oil companies provide agricultural inputs and facilities for farmers in their host communities	1.82	0.81	10	Rejected	2.49	0.74	6	Rejected
10.	Oil companies often provide civic centres and halls for their host communities	1.89	0.80	8	Rejected	2.29	0.98	7	Rejected
	TOTAL	2.22	0.78		Rejected	2.69	0.77		Accepted

The analysis of data on research question one as contained in table 1 revealed that in SPDC host communities, out of ten items proposed, respondents accepted three and rejected seven while in NAOC host communities, respondents accepted five and rejected five. With a grand mean of 2.22 recorded in SPDC communities it is clear that SPDC is not deeply involved in CSR in her host communities. However, in NAOC communities, a grand mean of 2.69 was recorded. Though not very strong, the grand mean is above the criterion mean of 2.5 and it is good enough to state that NAOC is involved in CSR activities in her host communities. A critical observation of the contents of table 1 reveals that the few CSRs involved in by SPDC are provision of electricity, award of scholarship for youths in educational institutions and construction of feeder roads while the CSRs of NAOC are provision of electricity, provision of portable water, manpower development, award of scholarships and construction of feeder roads in her host communities.

Research Question 2: Do the SPDC and NAOC use CSR to resolve conflict between the company and the host community?

Table 2: Mean and Standard Deviation on Usage of CSR by Oil Companies to Resolve

Conflict between them and their Host Communities.

S/N	ITEMS	SPDC				NAOC			
		χ	SD	RANK	RMK	χ	SD	RANK	RMK
1.	Oil companies organized meeting to resolve misunderstanding between them and the host communities	2.74	0.71	5	Accepted	3.52	0.72	1	Accepted
2.	Project executed by oil companies are always of high standard and this reduces agitation.	2.23	0.77	7	Rejected	2.77	0.76	4	Accepted
3.	Host communities are always involved in planning for oil companies community projects	2.56	0.76	4	Rejected	2.58	0.92	7	Accepted

4.	Oil companies in our communities regularly organize talk on peace maintenance for us.	2.68	0.68	2	Accepted	2.63	0.98	5	Accepted
5.	Oil companies always provide infrastructure in the host communities to reduce hostility	2.19	0.78	8	Rejected	2.86	0.87	2	Accepted
6.	Oil companies provide opportunities for adequate dialogue and communication.	2.11	0.73	6	Accepted	2.21	0.67	8	Rejected
7.	Oil companies provide poverty alleviation programmes for people of the host communities and this reduces agitation.	2.64	0.67	3	Rejected	2.61	0.89	6	Accepted
8.	Oil companies adopt alternative conflict resolution as CSR to resolve conflict between them and the host community	2.81	0.69	1	Rejected	2.79	0.87	3	Accepted
	TOTAL	2.51	0.72		Accepted	2.79	0.85		Accepted

Table 2 above deals with the analysis of data on research question two. The analysis reveals that both SPDC and NAOC use CSR to resolve conflicts in their host communities. In SPDC communities respondents accepted five items from the eight proposed while respondents in NAOC communities accepted seven and rejected only one. With a grand mean of 2.51 and 2.79 recorded in SPDC and NAOC host communities respectively, we can conveniently say that both SPDC and NAOC engage in the use of CSR to resolve conflict between them and their host communities.

Research Question 3: Do CSR of SPDC and NAOC promote sustainable community development in their host communities.

Table 3: Mean and Standard Deviation on Usage of CSR by Oil Companies to promote Sustainable Community Development in their Host Communities.

S/N	ITEMS	SPDC				NAOC			
		χ	SD	RANK	RMK	χ	SD	RANK	RMK
1.	Oil companies in Rivers State regularly engage in community development project.	2.17	0.84	6	Rejected	1.89	0.89	6	Rejected
2.	Community development projects of oil companies are often based on the needs of the host communities.	2.52	0.76	1	Accepted	2.85	0.85	1	Accepted

3.	Oil companies always allow community people to adequately participate in planning and implementation.	2.52	0.79	2	Accepted	2.62	0.81	4	Accepted
4.	Oil companies in Rivers State engage in adequate maintenance of completed community development projects.	2.46	0.81	5	Rejected	2.82	0.92	2	Accepted
5.	Completed community development projects are always put to effective use by host communities.	2.57	0.78	3	Accepted	2.80	0.84	3	Accepted
6.	Community development projects of oil companies have significantly improved livelihood in their host communities.	2.35	0.67	4	Rejected	2.45	0.71	5	Rejected
	TOTAL	2.47	0.79		Rejected	2.52	0.85		Accepted

The analysis of data on research question 3 as contained in table three reveals that in SPDC host communities respondents accepted three out of the six items proposed while respondents in NAOC host communities accepted four and rejected two out of the six items proposed. A grand mean of 2.47 recorded in SPDC communities shows that SPDC do not fully engage in the use of CSR to promote sustainable community development in her host communities. However, a grand mean of 2.52 recorded for NAOC is above the criterion mean of 2.5. Though not very strong, since it is above the criterion mean, we can safely say that the NAOC engage in the use of CSR to promote sustainable community development in her host communities.

Discussion of findings

This study examines the Corporate Social Responsibilities of SPDC and NAOC as an instrument for conflict resolution towards community development in host communities in Rivers State, Nigeria. Findings from research question one reveals that SPDC is not involved in CSR in her host communities. This finding is in line with Okoko (2003) who claimed that despite the claim of SPDC that much money is being expended on the development of the host communities through her CSR, there is virtually nothing on ground to show for the efforts. This Okoko (2003) claimed may be due to high level of corruption among oil companies official, contractors and community leaders which has been found to be responsible for execution of sub-standard community development projects whose impact is not felt by the people. The finding of this study also corroborates the views of Onyeozu (2007) that grievances and conflict between host communities and the oil companies results from host communities' and lack of concern for their welfare and development of their communities. The finding of this study is also in line with the comments on the Nigeria Television Authority (2011) in a documentary on development in the Niger Delta that non-passage of the Oil Industry Bill by the Nigeria National Assembly is a way of promoting

conflict in the host communities, since it allows the oil companies to escape from a mandatory commitment to the development of the host communities.

Findings from research question two reveals that oil companies in Rivers state use CSR to resolve conflict in their host communities. This is in line with Nyemetu in Omotola (2006) that oil companies in the Niger Delta have been using what can be referred to as 'token Pacifism' in form of payment of compensation and initiation of community development projects to pacify communities in grievances and conflict with them. The finding on research question two is also in line with SPDC (2004) when the company claimed that a change in development strategy from ordinary community development to sustainable community development in 2004 was to reduce agitations and conflicts in the host communities and to harness efforts and expenditure towards supporting host communities to improve and maintain their capabilities to generate and sustain their own socio-economic development and quality of life.

The findings from research question three reveals that oil companies in Rivers state are not using CSR to promote sustainable community development. While result from SPDC host communities reveals a negative response, result from NAOC reveals a slightly positive response. However, since the SPDC is the major oil company in Nigeria and specifically in Rivers state, the slightly positive response is not strong enough to generalise that oil companies in Rivers state use CSR to promote sustainable community development. This finding is in line with Jike (2004) who reported that community development activities of SPDC is a mismatch between SPDC corporate policy on sustainable development and their actual implementation at the community levels. Jike (2004) claimed that community development activities of SPDC have not addressed key areas of sustainability issues such as programme integration, active beneficiaries' involvement and duplication of efforts in other communities. He further claimed that taking partial rather than holistic approach by the oil companies, their community development activities have failed to produce the desired development result that are sustainable in nature.

Conclusion and Recommendations

This study discusses the Corporate Social Responsibilities of oil companies as an instrument for conflict resolution towards sustainable community development in their host communities in Rivers state. Two major oil companies (SPDC and NAOC) were involved in the study. Findings from the study revealed that CSR of SPDC; the biggest oil company in Nigeria, is not well felt in her host communities and NAOC has a slightly better CSR efforts in her host communities. The study also revealed that the oil companies always use the CSR to douse agitation and resolve conflicts in the host communities. The study also shows that oil companies in Rivers state are not making maximum use of CSR to promote sustainable community development in their host communities.

Based on these findings, this study concludes that oil companies in Nigeria are shying away from the use of CSR to promote sustainable community development in their host communities. The study also concludes that selective community development projects by the oil companies only when there is conflict to resolve or agitation to douse is not a good

approach that can achieve sustainable community development in the oil producing communities in Rivers state.

Derived from the conclusion, the following are recommended for improved usage of CSR as instrument for resolution of conflict towards sustainable community development in the host communities in Rivers state and oil producing communities in the Niger Delta Region in general.

1. Nigeria government should put machineries in place to have a holistic review of the CSR policy of the oil companies in Nigeria.
2. The Nigeria National Assembly should consider as a matter of national interest, the passage of the Petroleum industry Bill into law. The civil society organisations have a significant role to play in this direction.
3. Oil companies in Nigeria should recognise their responsibilities, expectation of their host communities and develop partnership as preferred model for sustainable community development activities for peaceful co-existence.
4. Government in Nigeria should provide enabling policies for development of the oil producing communities through CSR.
5. Joint monitoring team should be established to oversee the CSR efforts of the oil companies for their host communities in relation to conflict resolution and sustainable community development.
6. Adequate education should be given to the residents of the host communities on their rights, privileges and limitations to enable them be good host to the oil companies by providing safe and conflict free environment for cordial host community-oil company relations.

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