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# Oil/Gas Corporations and Host Communities Relationship: An Evaluation and Management of CSR Instrument in Selected Host Communities of Rivers State (2000 - 2019)

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**Abstract:** Relationship between oil/gas corporations (OGCs) and host communities (HCs) in the Niger Delta region of Nigeria has been dominated by issues of corporate social responsibility (CSR) and land ownership. This situation has thrown up challenges in effective corporate relationship, CSR management and host community development with heavy backlash on environmental, human and socio-economic developments. Despite efforts by parties in relationship to better manage CSR challenges, conflicts and crises have continued unabated and unmitigated. This research adopted the descriptive qualitative approach in data and samples collection and presentation. Questionnaire instrument based on a 4point Likert scale was adopted to obtain primary data. Sample population is 207, 870 and 400 questionnaires were distributed with 350 validly returned. Probability sampling technique is utilised to select host communities based on a simple random, cluster and stratification method. Oil/gas corporations were selected by a purposive non-probability method. The Null method is adopted in stating hypotheses while quantitative Chi-test run on SPSS software was used to analyse questionnaire responses against stated hypotheses. Research outcomes indicated strong evidence of failure of CSR projects, conflict escalation in relationship; recurring landownership and related revenue, benefits and rights issues; cases of environmental pollution and impact remediation; systemic corruption and lack of sustainability of development efforts and projects. Study recommends respect for equity, partnership and transparency; checks on corruption indices; land ownership, use and rights reforms; pollution reduction and standard impact remediation; and application of an integrated socio-economic and human capital development framework.

**Keywords:** Host Communities, Oil/Gas Corporations, Relationship, Corporate Social Responsibility, Conflict, Development

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## 1. Introduction

### 1.1. Background

Issues arising from the application of corporate social responsibility (CSR) functions coupled with the question of land ownership, rights, revenue and benefits have largely dominated relationship between oil/gas corporations (OGCs) and host communities (HCs) in the last two decades. Ebner & Baumgartner [13] and Idemudia [19] are in agreement that CSR functions and host community development have emerged as twin concepts and instruments of social change, economic and sustainable development in the new

dispensation of development and is fast gaining interest and importance among business, government and development partners. CSR activity is the involvement of corporations (corporate business) in relationship and development of host community of geographic location where the business is located. This function is outside of statutory requirements and charges in taxes, bonuses, royalties and other financial compliances made to government by corporations as required by law. The Financial Times Lexicon defined CSR as “a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders” ([ft.com/lexicon](http://ft.com/lexicon)). CSR functions have provided

communities with roads, town halls, power plants to supply rural electricity and water; gave educational scholarships and built / renovated schools; built/ renovated health facilities, executed free healthcare and welfare programmes; executed erosion control and land reclamation projects etc. Blowfield & Frynas [10] posited that emerging CSR places emphasis on inclusion, deliberate actions and sustainable development and such that uphold respect for right to business and globally acceptable Health - Safety - Environment (HSE) standards and practices.

The Niger Delta Region where Rivers State is located is host to most of the oil/gas companies who are engaged in oil and gas exploration, production, refining, exportation and other ancillary services that have necessitated their involvement in a relationship with host communities. The major multinational and foreign owned oil/gas corporations (OGCs) in the region include Shell Production Development Company of Nigeria (SPDC), Total E & P Nigeria Limited, Nigeria Agip Oil Company, Exxon Mobil Unlimited and Chevron Nigeria Limited and they have operated for six (6) decades in the region exploring for and exploiting oil/gas. Government entrance and ownership of an oil/gas business started in early 1970s with the establishment of the Nigeria National Oil Company (NNOC) which is now transformed into the Nigeria National Petroleum Corporation (NNPC). Among other ventures in the sector owned by government are the Nigeria Petroleum Development Company (NPDC), Nigeria Liquefied Natural Gas (NLNG) Company Limited and the three refineries in Port Harcourt, Warri and Kaduna. Eleme Indorama Petrochemical Nigeria Limited is jointly owned by the Federal and Rivers State governments, private investors and host community shareholding. The indigenous oil/gas operators include South Atlantic Petroleum Limited, Belema Oil Production Nigeria Limited, Amni Petroleum Nigeria Limited and Green Energy International Limited among others.

Okodudu [24], held that the interplay between oil/gas corporations with host communities in the discharge of CSR initiatives have thrown up new challenges in relationship that have today impacted on overall development in the region. Positive contributions have been made in the areas of rural infrastructure, welfare programmes and human capacity development. Conflicts and crises according to Ajoda - Adebajoko [3] have however been on the increase with an intractable escalation within the last two decades. A topical and international case is the crisis between Shell Production Development Company (SPDC) of Nigeria and the Ogoni people of Rivers State south-south Nigeria, resulting in SPDC abandonment of her facilities and operations in the area since 1993. The aftermath of this scenario is the increase in community internal crises, environmental pollution, land and ecosystem degradations, decapitation of local sources of livelihood of the people and insecurity of live and properties. This trend is characteristic of the region though with varying degrees amongst communities where OGCs operate. Ugochukwu & Jurgen [26] have held the view that

oil/gas exploration, production, storage, refining, pipeline and export line networks and activities by nature of its operation have a negative impact on the environment of host communities.

Primary stakeholders such as the government, communities and oil/gas corporations have been at the receiving end of the negative impacts of the failure in CSR function and relationship between HCs and OGCs. Ironically, increasing CSR funding of programmes and projects by OGCs in HCs according to Amuyou et al. [7] have not yielded the desired results in harmonious relationship. Ekekwe [15] earlier corroborated this trend as a paradox and an anomaly. This has unfortunately become the new face of company - community relations in the sector as efforts by corporations and government to eliminate these challenges have not produced equivalent positive and sustainable results. Akpan [6] further held that emerging relationship have witnessed vociferous and intractable attacks leading into new conflicts and crises with consequent security challenges.

Corporate Social Responsibility function has grown to be a nice to do and a strong instrument of development but it is yet non-definitive in nature and scope, more ethical than statutory, a position held by Frederiksen & Nielson [16]. It rests more in the corners of corporate bodies who are the dispensers. Equally, CSR has evolved tremendously to a recognised instrument of community development in the relationship between OGCs and oil/gas host communities in the Nigerian case. Kpolovie & Sado [20] postulated that conflict is a naturally occurring and an inherent element in any relationship and this have characterised relationship between oil/gas corporations and host communities. It is this status that has confounded the emerging face of CSR in the region. In effort to address and manage conflicts, CSR engagements are presently reached, written and documented as Memorandum of Understanding (MoU) agreements with stated and enforceable commitments and obligations by parties hence making it a quasi-legal responsibility.

### ***1.2. Statement of the Problem***

The Petroleum Industry (Oil Minerals) Act of 1969 and its subsequent amendments have vested the oil mineral licensing rights, taxes and royalties on the Federal government leaving the people who own the land (the native, host community) to paltry patronage on surface economic assets. According to Ako [5], the 1978 Land Use Decree of the Federal government also vests the power to grant or revoke ownership certificate on land to the territorial State vested on the State Governor. Host community have alleged denial of land ownership and rights, a situation they have fingered as the major cause of resistances, crises and conflicts in the region. Thus CSR activities by OGCs have rested on shaky grounds of claims of marginalisation and deprivation by host communities. Odera & Scott [23] held that host communities have alleged that oil/gas corporations see CSR initiatives as a philanthropy and donation with oil/gas

giants exercising near absolute authority over all aspects of the oil/gas business and relationship to the detriment of host communities.

There is also the problem of integrity, transparency and accountability in relationship. Adangor [1] has described this status as breeding injustice which is a noted catalyst to conflicts and crises. Parties have accused each other of insincerity in dealings leading to suspicion and failure in agreements. According to Bennett [8], the case of the Niger Delta region is a failure of the integrity test in relationship with consequent development failures. Further, the laws have concentrated efforts at the establishment of the operative guidelines and agencies for exploration and production (E & P) business not on the relationship and benefits of oil/gas host communities. HCs have considered these State policies as clear acts of marginalisation leading to agitations for resource control and fiscal Federalism, a position canvassed by Dafinone [11]. These agitations have negatively affected relationship and CSR initiatives. It is the expectation of host communities and other stakeholders in the sector that the passage of the Petroleum Industry Governance Bill will unbundle the oil/gas business and create room for host community participation and beneficiation.

Host communities have also alleged the absence of an articulated sustainable development master plan for the communities and the region as responsible for development failure and consequent conflicts and crises. The much expected NDDC Master Plan envisioned in her establishment Act of 2000 has not been launched nor taken off till the end of October, 2020. Communities have pointed to the statutory oil/gas financial allocations to affected States and to the Niger Delta Development Commission as acutely being mismanaged. Cases of chieftaincy tussles and youth restiveness, and the scramble for control of oil wealth observed among host communities in the region has not helped corporate relationship, internal cohesion, security of live and properties, and development.

These pockets of lapses and gaps have remained unresolved and unmitigated over the years and today they have grown within the last two decades to points of intractability with catastrophic consequences in relationship. Efforts by parties and stakeholders to improve relationship and enhance positive development have continued without corresponding results. Some of this new challenges are the Stay at Home mantra, air job, poor supervision and execution of CSR projects, resulting in motley uncompleted and abandoned projects etc all of which are products of unethical collaboration between company staff and community leaders. The antics of some community leaders to appropriate community resources and perpetuate in office have added a dangerous dimension to peaceful and productive relationship. This work therefore is to evaluate the efficacy of the CSR instrument and the prevailing failure in relationship between OGCs and HCs in selected oil/gas producing communities of Rivers State with a view to proffering solutions.

## 2. Study Methods

### 2.1. Study Location and Scope

This research is located in Rivers State of Nigeria and utilised the already established three geo-political senatorial administrative districts in the State, selecting one local government area in each senatorial district and one oil/gas producing cluster communities for survey in each of the three selected local government areas. The population of study is 5,198,716 (source: 2006 National Population Commission Estimate) while the three selected oil/gas cluster communities gave a population of 207, 870 constituting of Egi Cluster Communities in Ogba/Egbema/Ndoni LGA in Rivers West senatorial district, Bonny Cluster Communities in Bonny LGA in Rivers East senatorial district, and Eleme Cluster Communities in Eleme LGA in Rivers South East senatorial district. Surveyed oil/gas corporations are Total E & P Nigeria Limited in Egi cluster (Oml58) communities, Nigeria Liquefied Natural Gas Company in Bonny cluster communities, and Eleme - Indorama Petrochemical Company Limited in Eleme cluster communities.

### 2.2. Research Design

This work adopted the use and administration of questionnaire for survey in obtaining primary data thus upholding a descriptive, qualitative research method. Responses are matched on a 4 - point Likert Scale of Strongly Agree, Agree, Disagree and Strongly Disagree later aggregated into an AGREE or DISAGREE option for ease of computation. Questionnaire responses were matched with stated hypotheses in the evaluation.

### 2.3. Sample Size and Sampling Technique

A structured questionnaire instrument comprising of 7 headed and categorised issue items with a total of fifty-four ((54) questions raised from the basic issues of research were administered. From the survey population of 207, 870 a sample size of 399.23 was derived by Taro Yamane formula as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where N = Population size of selected communities of study (207, 870 persons).

n = Sought sample size and e = the chosen level of significance of sample population at 0.05 which is 99.95% chances of appearance.

And so

$$n = \frac{207,870}{1 + 207,870(0.0025)} = \frac{207,870.00}{520.67} = 399.23$$

The sample size obtained for the survey is 399.23 hence 400 questionnaires were distributed out of which 350 were validly returned representing 87.5% achievement. The purposive method was adopted in the choice of questionnaire method (instrument) due to the nature of surveyed population

which consists of large and contiguous segments of community people and interests in the oil/gas sector, and the dynamic nature of human sociology and ecology of the region. May [21] postulated the use of a descriptive and qualitative approach for a survey such as this for the reason that the primary data has to do with changing human values, sociology and ecology that do not easily subscribe to scientific experimentation and statistical correlations. Simple numerical tables and percentages have been utilised to discuss, express and present results and findings. The Chi-test tool, a quantitative instrument was utilised to analyse the variance of respondent returns with stated hypotheses.

**2.4. Research Hypotheses**

The Null Hypothesis (Ho) is adopted in relating correspondent responses to the 54 research questions raised in the questionnaire. The stated hypotheses are:

Null Hypothesis (Ho) 1: Complaints of marginalisation and deprivations of equitable revenue and benefits by host communities against operating oil/gas corporations is not related to the unending agitations for resource control among such communities in Rivers State and the Niger Delta region.

Null Hypothesis (Ho) 2: Increases in CSR initiatives and funding eg provision of roads, water and rural power, health facilities, infrastructure, educational scholarships etc by oil/gas corporations has not in any way impacted adversely on corporate relationship and development in host community.

Null Hypothesis (Ho) 3: The present land use policy in the country and issues of environmental impacts due to oil/gas corporations' operations does not adversely affect relationship between parties, and the development of host communities.

Null Hypothesis (Ho) 4: The absence of an operative Petroleum Industry Governance Act for over 20years up to 2020 in the oil/gas industry of Nigeria does not have an adverse impact on relationship between oil/gas corporations and host communities.

**3. Study Results (Outcomes)**

A presentation of bio-demographic data correspondent responses based on sex, age, survey group, educational qualification, nationality and occupation is shown in Tables 1 to 6 below.

**3.1. Bio-Demographic Data**

*Table 1. Distribution of respondents by Sex.*

SEX	N	PERCENTAGE
MALE	220	62.86%
FEMALE	130	37.14%
TOTAL:	350	100%

Source: Researcher Field Work, 2020.

Out of 350 valid returns, 220 (62.86%) males and 130 (37.14%) females responded respectively.

*Table 2. Distribution of respondents by Age bracket.*

Age bracket	N	PERCENTAGE
20-29	80	22.85%
30-39	40	11.43%
40-49	50	14.29%
50-59	70	20.00%
60-69	60	17.14%
70+	50	14.29%
TOTAL:	350	100%

Source: Researcher Field Work, 2020.

Out of the 350 valid returns, 80 no. came from age bracket 20-29yrs (22.85%) of total responses; 40 no. (11.43%) came from 30-39yrs age bracket; 50 no. (14.29%) came from 40-49yrs; 70 no. (20%) came from 40-49yrs of age; 60 no. (17.14%) came from 60-69yrs of age while 50 no. (14.29%) came from age bracket of 70yrs and above.

*Table 3. Distribution of respondents by Group (Corporate or Community).*

Group	N	PERCENTAGE
MNC	45	12.86%
HC	305	87.14%
TOTAL:	350	100%

Source: Researcher Field Work, 2020.

Out of the 350 validly returned responses, 45 no. (12.86%) was from the selected oil/gas corporations personnel while 305 no. (87.14%) was from selected cluster Host Communities.

*Table 4. Distribution of respondents by Educational Qualification.*

Educ. Qualif.	No.	PERCENTAGE
O/L	98	28.0%
DIPLOMA	42	12.0%
BACHELOR	165	47.14%
MASTERS	30	8.57%
DOCTORATE	11	3.14%
Others	4	1.14%
TOTAL	350	100%

Source: Researcher Field Work, 2020.

Table 4 above indicates that out of the 350 valid returns, 98 no. (28.09%) came from the O/L category; 42 no. (12.0%) from Diploma category; 165 no. (47.14%) from Bachelor degree; 30 no. (8.57%) from Master degree; 11 no. (3.14%) from doctorate degree category and 4 no. (1.14%) from professional groups.

*Table 5. Distribution of respondents by Nationality.*

Nationality	N	PERCENTAGE
Nigerian	337	96.28%
Africans	10	2.86%
Other	3	0.86%
TOTAL:	350	100%

Source: Researcher Field Work, 2020.

Table 5 above indicates that out of the 350 valid returns, 337 no. (96.28%) were Nigerians while 10 no. were Africans (2.86%) and the rest 3 no. number from others (0.86%).

*Table 6. Distribution of respondents by Occupation.*

Occupation	N	PERCENTAGE
Student	48	13.71 %
Employed	93	26.57%
Self Employed	67	19.15%
Un employed	142	40.57%
TOTAL:	350	100%

Source: Researcher Field Work, 2020.

Table 6 above shows that out of the 350 valid returns, 48 no. representing 13.71% came from student category; 93 no. (26.57%) from the employed; 67 no. (19.15%) came from the self - employed category while 142 no. (40.57%) came from the unemployed category.

### 3.2. Collated Questionnaire Returns

*Table 7. Responses from Oil/Gas Corporations (OGCs) Related Questions.*

S/N	Question	AGREE	DISAGREE
1	Are oil/gas corporations committed to sustainable development of host communities	130 (37.14%)	220 (62.86%)
2	Do oil/gas corporations have the capacity (technical and financial) to develop Host Community	250 (71.43%)	100 (28.57%)
3	Do oil/gas corporations have a sustainable development Master Plan for Host Community	140 (40%)	210 (60%)
4	Are oil/gas corporations fully registered with relevant Government organs and agencies	320 (91.43%)	30 (8.57%)
5	Do oil/gas corporations (OGCs) have respect for operating standards, agreements and regulations	70 (20%)	280 (80%)
6	Have OGCs made positive contributions to host community and national development	210 (60%)	140 (40%)
7	Do oil/gas corporations have respect for the culture, traditions and ethnography of host communities	240 (68.57%)	110 (31.43%)
8	Do OGCs uphold the tenets of transparency, integrity and accountability in corporate relationship with HCs	230 (65.71%)	120 (34.29%)
9	Do OGCs have the appropriate mechanism for resolving crisis with Host Communities	210 (60%)	140 (40%)
10	Do OGCs indulge in community issues and crisis eg in chieftaincy, governance and politics	140 (40%)	210 (60%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

*Table 8. Responses from Host Community (HC) Development Related Questions.*

Question	AGREE	DISAGREE
1 Has the use and implementation of MoU agreements between HCs and OGCs minimised the escalation of conflicts and crisis in HCs	230 (65.71%)	120 (34.29%)
2 Is a clearly stated out Host Community Development Concept incorporated in relationship agreements and structures for implementation between OGCs and HCs	310 (88.57%)	40 (11.43%)
3 Are host communities satisfied with OGC operations and CSR activities in relationship, and in development	90 (25.71%)	260 (74.29%)
4 Do HCs have cultural and ethnographic methods of internal conflict mediation and resolution	180 (51.43%)	170 (48.57%)
5 Do HCs have a voice in decision making process and implementation of CSR in host communities	170 (48.57%)	180 (51.43%)
6 Do host communities (HCs) treat projects sited in their domains by OGCs as their own ie take ownership	210 (60%)	140 (40%)
7 Do host communities contribute to OGC funding of projects in their communities	190 (54.29%)	160 (45.71%)
8 Is present land ownership and use laws, and benefit policies by government and OGCs acceptable by HCs	140 (40%)	210 (60%)
9 Is there a standard compensation system (template) for land acquisition and damages by OGCs to HCs	160 (45.71%)	190 (54.29%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

*Table 9. Responses from Corporate Social Responsibility (CSR) Related Questions.*

S/N	Question	AGREE	DISAGREE
1	Do the CSR initiatives of OGCs have the potential to move relations forward and develop HCs	270 (77.14%)	80 (22.89%)
2	Do parties in relationship fully understand their roles in the CSR-SD development package	135 (38.57%)	225 (64.29%)
3	Use of CSR functions has not helped to reduce the spate of conflict and crisis between OGCs and HCs	280 (80%)	70 (20%)
4	Are CSR initiatives obligatory or philanthropic? If obligatory AGREE, DISAGREE if philanthropic	260 (74.29%)	90 (25.71%)
5	Are CSR ventures adequately appreciated by HCs	175 (50%)	175 (50%)
6	Are Host Communities (HCs) technically fit to relate on equal basis of knowledge and capacity with OGCs	130 (37.14%)	220 (62.89%)
7	Increased funding and response in CSR activities by OGCs has not reflected in equal mutual relationship, peace, security and development of HCs	240 (68.57%)	110 (31.43%)
8	Can CSR function application by OGCs adequately address HC complaints of economic, infrastructural deficiency and environmental pollutions	90 (25.71%)	260 (74.29%)
9	Accusations of marginalisations and deprivations by HCs against OGCs has not affected increases in agitations and demand for resource control	110 (31.43%)	240 (68.57%)
10	Is there synergy between CSR and Sustainable Development in HC development strategy	85 (24.29%)	265 (75.71%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

**Table 10.** Responses from Sustainable Development (SD) Related Questions.

Question	AGREE	DISAGREE
1 Present OGC initiatives are supportive of Sustainable Development of Host Community	90 (25.71%)	260 (74.29%)
2 Have OGCs fully adopted the Sustainability model in host Community development	80 (22.89%)	270 (77.14%)
3 Have HCs fully adopted the SD model in her strategies as stated in the SDG framework for 2015-2030	140 (40%)	210 (60%)
4 Are present MoU agreements between OGCs and HCs performing well	110 (31.43%)	240 (68.57%)
5 Does the global concept of sustainable development fit into the Niger Delta Region oil/gas sector scenario	120 (34.29%)	230 (65.71%)
6 Has the NDCC as an interventionist agency achieved set objectives in the development agenda of HCs	95 (27.14%)	255 (72.89%)
7 Do global or local climate changes affect the operation of oil/gas corporation	260 (74.29%)	90 (25.71%)
8 Can the Sustainability Model resolve issues of global and local climate changes in Host Communities	210 (60%)	140 (40%)
9 Can the sustainability model resolve CSR issues in relationship and development of HCs	250 (71.43%)	100 (28.57%)
10 Do huge financial expenditures by OGCs on social investments in HCs really deliver on CSR strategies and initiatives	90 (25.71%)	260 (74.29%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

**Table 11.** Responses from Industry Regulators / Interventionist Agencies Related Questions.

Question	AGREE	DISAGREE
1 Are Industry Regulators adequately equipped to perform their role as Industry watch dogs	120 (34.29%)	230 (65.71%)
2 Do OGCs and their operations effectively comply with Industry Regulations and Standards	80 (22.89%)	270 (77.14%)
3 Are there sanctions for non-compliance to Rules and Standards enforceable by Regulators on OGCs	205 (58.57%)	145 (41.43%)
4 Are there deficiencies in measures and standards for control and regulations by operators in oil/gas industry	280 (80%)	70 (20%)
5 Has industry regulation achieved its net goals and objectives for Sustainable Development of HCs	110 (31.43%)	240 (68.57%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

**Table 12.** Responses from Civil Society Organisations (CSO) /NGOs Related Questions.

Question	AGREE	DISAGREE
1 Are Civil society organisations (CSOs) and NGOs adequately performing their roles as civil watch dogs	60 (17.14%)	290 (82.89%)
2 Can CSO activities bring about positive change in relation between OGCs and HCs	205 (58.57%)	145 (41.43%)
3 Are CSOs handicapped in effective data / information collation and dissemination	290 (82.86%)	60 (17.14%)
4 Can CSO activities influence/change OGC orientation and possibly their operations	300 (85.71%)	50 (14.29%)
5 Can CSO activities influence / change HC orientation and possibly their modus operandi	310 (88.57%)	40 (11.43%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

**Table 13.** Responses from Government (GOVT) Agencies Related Questions.

Question	AGREE	DISAGREE
1 Has Government provided adequate and current legal framework for oil/gas operations	155 (44.28%)	195 (55.72%)
2 Have OGCs been compliant with statutory obligations to Government	110 (31.43%)	240 (68.57%)
3 Have Governments been compliant with statutory joint venture operations agreement with OGCs	90 (25.71%)	260 (74.29%)
4 Is Government effectively discharging her duties in the development of oil/gas host communities	100 (28.57%)	250 (71.43%)
5 Do Government play an arbiter or partisan role in OGC and HC relations (AGREE if arbiter, DISAGREE if partisan)	310 (88.57%)	40 (11.43%)

Source: Researcher Analysis of Returned Responses from Fieldwork, 2020.

### 3.3. Data Analysis

The Pearson Chi Square method was adopted for matching questionnaire responses with stated hypotheses using a corresponding frequency table run on SPSS software. The decision rule is that if the calculated value is less than the table (critical) value, the hypothesis is accepted but rejected where calculated value is greater than the table (critical) value. Critical value is at 5.991. The condition for acceptance is based on 0.05 significance level (ie 95.95% acceptance) and degree of freedom (df) of not more than 2.

#### 3.3.1. Analysis of Bio-Demographic Returns

From the bio-demographic data information obtained in returned questionnaires, facts and figures constituting critical factors in the consideration and weighting of correspondent responses were noted. From the nationality group, the

response is 96% Nigerian and 14% other nationals. The Host Community (HC) response is 87% to 13% corporate (oil/gas) responses. This two results also agree with basic assumptions of the work that host community people are more responding and offensive on oil/gas topical issues whereas the corporation personnel are more defensive. The results are discussed as follow:

Category by Sex: The 62.86% male respondents as shown in Table 1 is highly characteristic of the male dominance in oil/gas business and relationship especially at the point of land ownership, benefits and rights among surveyed communities. This finding is perfectly in agreement with the traditional and customary system of gerontocracy which vests ownership, inheritance and benefit rights of land on the male folk precluding female possession and rights among surveyed communities.

Category by Age Bracket: The return of 48.57% (approx.

49%) of youth respondents within the ages of 20 - 49 years as shown in Table 2 is indicative of the role played by youths in emerging relationship and conflicts between OGCs and HCs. The youth response leaves a diminishing 37.14% to the adult group and a paltry 14.29% to Elders confirming the active role played by the youth demographic group in decisions and actions relating to relationship and CSR delivery. This youth dominance has unfortunately manifested in increasing radicalism, restiveness, cultism, vandalism, violence, kidnappings, destruction of company and community assets etc. All of these have accounted for the failure of CSR projects to succeed and failure of development efforts in the region.

Category by Educational Qualification: The return of 47.14% by graduate / tertiary education group of the population as shown in Table 4 is indicative of the increasing interest of this educated and enlightened demographic group within surveyed population in oil/gas business and relationship. This group constitutes the unemployed graduates in the communities. They are not comfortable with the status quo and want to participate in leadership, governance, decision making and in the sharing of oil wealth. The import of this trend is a tendency to changes in approach in community leadership structure, sometimes completely radical and explosive on previously established modus operandi in relationship between OGCs and HCs. This desire has in most cases elicited resistances that have generated conflicts and crises in host communities that have affected relationship and effective CSR delivery.

Category by Occupation: The return of 40% responses as unemployed and 19% in the self-employed category within surveyed population as shown in Table 6 is highly indicative of the greater population being un-engaged and un-employed (about 59%), a potential danger to a peaceful and harmonious relationship between parties in the oil/gas sector and in the region. This army of unemployed population constitutes a platoon of unproductive humans that have become an available feedstock and catalyst for conflicts and crises, violence, insecurity and associated environmental and economic degradations witnessed among these communities.

### 3.3.2. Analysis of Hypothesis Tests

Hypothesis 1 (H01): Complaints of marginalisation and deprivations of equitable revenue and benefits by host communities against operating oil/gas corporations is not related to the unending agitations for resource control among such communities in Rivers State and the Niger Delta region.

Hypothesis 1 Summary of Pearson Chi Chart result: At 0.05 significance level and degree of freedom (df) 2, the  $\lambda^2$ -calculated value is 6.970 while the  $\lambda^2$ -critical value is 5.991. Since  $\lambda^2$ -calculated value is greater than the  $\lambda^2$ -critical value, the Null hypothesis is rejected indicating there is a relationship between oil/gas host communities complaints of marginalisation, deprivations of equitable revenue and benefits and the unending agitations for resource control in the Niger Delta region of Nigeria.

Hypothesis 2 (H02): Increases in CSR initiatives and funding eg provision of roads, water and rural power, health

facilities, infrastructure, educational scholarships etc by oil/gas corporations has not in any way impacted in adverse ratio with the state of corporate relationship and development in host community.

Hypothesis 2 Summary of Pearson Chi Chart Result: At 0.05 significance level and degree freedom (df) 2,  $\lambda^2$ -calculated value is 14.735 while the  $\lambda^2$ -critical value is 5.991. Since the  $\lambda^2$ -calculated is greater than the  $\lambda^2$ -critical value, the Null hypothesis is rejected, indicating that present CSR initiatives and funding by oil/gas corporations has not impacted in corresponding positive ratio with the state of corporate relationship and development in host community.

Hypothesis 3 (H03): The present land use policy in the country and issues of environmental impact due to oil/gas corporations' operations does not adversely affect relationship between parties, and the development of host communities.

Hypothesis 3 Summary of Pearson Chi Chart Result: At 0.05 significance level and degree of freedom (df) 2, the  $\lambda^2$ -calculated value is 8.973 while the  $\lambda^2$ -critical value is 5.991. Since the  $\lambda^2$ -calculated value (8.973) is greater than the  $\lambda^2$ -critical value (5.991), the Null hypothesis is rejected hence the present land use policy in the country and issues of environmental degradations and impacts due to oil/gas corporations' operations do adversely affect relationship between parties, and the development of host communities.

Hypothesis 4 (H04): The absence of an operative Petroleum Industry Governance Act for over 20 years up to 2020 in the oil/gas industry of Nigeria does not have an adverse impact on relationship between oil/gas corporations and host communities.

Hypothesis 4 Summary of Pearson Chi Chart Result: At 0.05 significance level and degree of freedom (df) 2, the  $\lambda^2$ -calculated value is 6.147 while the  $\lambda^2$ -critical value is 5.991. Since the  $\lambda^2$ -calculated value (6.147) is greater than the  $\lambda^2$ -critical value (5.991), the Null hypothesis is rejected indicating that the absence of an operative Petroleum Industry Governance Act for over 20 years up to 2020 in the oil/gas industry of Nigeria does have an adverse impact on relationship between oil/gas corporations and host communities.

## 4. Discussion of Findings

Hypothesis 1 (H01): The result as presented indicated that the calculated value is greater than the critical value (ie  $6.970 > 5.991$ ), and hypothesis is rejected based on the stated decision rule. The result is in agreement with host community complaints of marginalisation and deprivations by oil/gas corporations leading to conflicts and crises, unending agitations for natural resource controls and demand for equity based on production capacity since the last two decades. All of these according to Mbalisi & Okorie [22] have made an effective CSR delivery a mirage. Agitations have grown from economic to an intractable political equation issues and militancy in the region indicative of the deplorable and escalating trajectory of conflicts, crises and insecurity in oil/gas host communities.

Hypothesis 2 (H02): The analysis posted calculated value greater than the critical value (ie  $14.735 > 5.991$ ) which means that the hypothesis as stated is rejected. The result supports the fact that the increasing number of infrastructures, welfare programmes and social investments by oil/gas corporations (OGCs) in host communities (HCs) have not produced nor engendered equal and commensurate positive impacts on relationship and development. Effiong [14] recognised the above situation as a paradox and an anomaly. Stakeholders have also wondered at the lack of corresponding development measured against empirical notations of increased funding and social investments by oil/gas corporations (OGCs). The rejection of this hypothesis goes further to strengthen the argument that the infrastructures and welfare programmes executed by oil/gas corporations may not have been people originated and participatory at the conception, design, implementation and project evaluation stages. Grasso [17] posits this as part of the integrity and transparency question that has embroiled parties in relationship, CSR strategy and eventual development.

Hypothesis 3 (H03): Test result revealed that the calculated value is greater than the critical value (ie  $8.973 > 5.991$ ). The hypothesis is thus rejected. The result evidences a strong fact that the present land use policy in the country and associated issues of environmental degradations and impacts caused by OGCs operations do adversely affect relationship and development of host communities. By the same intent, Otubu [25] held that the agitation for resource control by oil/gas bearing and producing communities and demand for the scrapping of the land use Act of 1978. The outcome of this hypothesis is relative to the proposition. A case in point is the 1993 Shell Petroleum Development Company (SPDC) of Nigeria abandonment of operations in Ogoni land of Rivers State. The Kaima Declaration by the Ijaw Youth Council (IYC) on December 11, 1998 pronounced the Land Use Act a political aberration and an injustice, and condemned among others the denial of host community rights to natural resources in her geographic domains. Ebeku [12] condemned the attitude of OGCs in the payment of unilaterally decided value rates and paltry sums to landowners for access to land and compensation for surface economic items. Thus agitations by HCs have been driven more by the quest for transparency and equity occasioned by State disbursement policy and methodology of oil/gas revenue.

Hypothesis 4 (H04): Result of test revealed that the calculated value is greater than the critical value (ie  $14.735 > 5.991$ ) an indication that the hypothesis as stated is rejected. It goes to confirm that the absence of a Petroleum Industry Governance Act since the inception of Nigeria's oil/gas business in 1956 to this study date October, 2020; do have an adverse impact on relationship and development in host communities. Operators and government have focused on exploration and production (E & P) without due regard to environmental impacts and remediation, appropriate revenue and compensation in benefits and development consequent upon serial and escalating agitations for resource control and fiscal federalism policy.

## 5. Conclusions

Berger-Walliser & Scott [9] has moted that Corporate Social Responsibility (CSR) function will continue to remain a viable option for rural development. It has emerged as a strong and veritable tool in relationship management between oil/gas corporations and host communities. Fundamentally, CSR deployment has offered positive and negative outcomes in relationship and HC development in the period 2000-2019. It has largely been responsible for amenities seen in some of these host communities against government inability to provide same for them. A case in point is that of over 3000 post primary and tertiary scholarships awarded annually by Total E & P Nigeria Limited in her Oml58 host communities in addition to multi-billion naira infrastructural projects, roads, water and electricity supply, healthcare, local empowerments, welfare schemes etc. Eleme Indorama Petrochemical Company Limited have given up 7.5% of her shareholding as partnership equity share to her six (6) primary host communities in addition to CSR initiatives in healthcare, education and infrastructure. Nigeria Liquefied Natural Gas Company (NLNG) is contributing 50% of the N120billion for the 34km trans local governments Bonny - Bodo road project in addition to several other CSR projects in education, healthcare, infrastructure, land reclamations etc. The three mentioned OGCs above are the selected companies for this study. Unfortunately, poor CSR management has also been linked to the hoard of conflicts and crises experienced by parties in relationship in the region. Agbiboa [2] noted that corruption has been at the root of failure of CSR initiatives in host communities. There is a palpable absence of HC ownership of OGCs executed projects due to lack of buy-in which is the killer to CSR performance. There is also no maintenance culture by parties as most CSR projects have no such funds for it while some host community people pillage, vandalise and damage projects in their localities only to go back to operating company to ask for contract to renovate them. CSR has thus become unsustainable. Recent OGC and government expenditure on HCs have been undermined by long years of marginalisation and deprivations supported by national systemic corruption. The Stay at Home syndrome is one of such emerging unethical practice whereby company staff and community leaders collaborate to enlist ghost workers whose salaries and benefits are paid into their private pockets thus denying community persons of earned wages and privilege of industrial skill experience. There is also the "Air Jobs" so called PR (public relation) contracts that are designed to pacify or satiate community leaders for some compromises while the jobs are not done. The company, government and host communities are the ultimate losers in this unwholesome game of poorly supervised and micro-managed contracts leading to scattered about uncompleted and abandoned projects.

As a response strategy, government established the Oil Minerals Producing Areas Development Commission (OMPADEC) in 1992 which body is now scrapped; the Niger

Delta Development Commission (NDDC) in 2000; and the Federal Government Niger Delta Amnesty Programme in 2009 matching them with funds. There is the statutory allocation of 3% of annual oil/gas companies budget to the NDDC, 13% of the Consolidated Federation Account paid monthly to oil/gas producing States and the ecological fund paid to States that are impacted either by natural or extractive industries activities. These payments run into billions of naira to the affected States. However, one fact remains to be proved right whether these financial allocations actually reach the receiving States and agencies as and when due consequent upon the effect of administrative bureaucracy and corruption. Thus these institutions have been sadly saddled with administrative, financial, economic and political system corruptions.

## 6. Recommendations

Parties and stakeholders should ensure an early multi stakeholder engagement platforms that allow for mutual consultation, inclusion, partnership and agreement. Henisz et al. [18] argued that early engagement will engender positive relationship, increase corporate image and profit, reduce and manage crisis variables and ensure effective delivery of CSR functions. This will involve a paradigm shift and application of a crisis management methodology that is more proactive and preventive than curative, devoid of present characteristic approaches that have rather promoted conflicts and crises in the oil/gas sector and region, bolstered by systemic corruptions.

OGCs, governments and partners should double on youth capacity building, skills acquisition, small and medium scale enterprise developments, and local economic empowerments as this will reduce the mass of unengaged community youths available for militancy, violence and other misdemeanors. Efforts should be geared to ensuring transparency in beneficiary selection, methods, quality of programmes and products. Such programmes should not be treated as a personal, political or group patronages nor as a *laissez-faire* where after training starter packs are sold by the trained. Indigent consideration should be paramount in the dispensation of CSR programmes. This will broaden the capacity of both national and state governments, corporate business, host communities and stakeholders in creating sectoral jobs and employment, and check the negative indulgences of the youth. There should be a paradigm shift from the traditional community relations and CSR deployment antics that is highly bedeviled with corruption to a sustainable development framework that is inclusive, transparent, equitable, auditable; technology, target and time driven; verifiable and enduring.

Host communities should strengthen their cultural, social and ethnographic capacity to conflict resolution and mitigation; guarantee CSR projects buy-in and assure safety and security of lives and assets. Government should ensure through relevant agencies that employment and related services quota as agreed between corporations and host

communities are enforced. The National Directorate of Employment (NDE) should be statutorily empowered to monitor this aspect of our national employment. The body could be renamed and recharged as the National Bureau of Employment (NBE) in the like manner of the Nigeria Bureau of Statistics (NBS) and to act as the watchdog on national employment statistics and performance with respect to agreements at the levels of multinational (oil/gas etc) corporations, private sector, government (public sector) and host communities. The obnoxious Stay at Home syndrome wherein host community employable persons are placed on paltry monthly stipends to give up employment opportunities is counter-productive, unethical and a breeder for youth restiveness. This practice has denied HC youths of opportunities to acquire technical skills needed for gainful engagement in the sector and should be highly discouraged. Abuse of expatriate quota permits by multinational corporations (oil/gas companies, others) in favour of immigrant staff should be checked and rightly corrected. This approach will help reduce host community unemployment and crisis, and build local capacities for gainful engagement.

Akikibofori [4] advised that Oil/Gas corporations and CSR functions should target and relate exponentially to environmental matters. Environmental and ecosystem pollutions, impact remediation and compensation should be done to internationally accepted standards. The clean-up campaign of polluted land and ecosystem (the affected environment) of Ogoni land of Rivers State where Shell Petroleum Development Company (SPDC) of Nigeria evacuated in 1993 is a case in point. This project is funded and supervised by the United Nations Environment Programme (UNEP), Federal Government of Nigeria (FGN) and handled by Hydrocarbon Pollution Remediation Project (HYPREP).

Issues of corruption in the sector should be addressed through effective reforms, investigations and prosecutions. Government should strengthen relevant agencies to morally, technically and structurally deliver in the fight against corruption. Values that encourage and have respect for human life and the law, dignity in labour, honesty, integrity, modesty etc should set the tone for national socio-cultural, economic and political life re-orientation. As a paradigm in ensuring effective delivery of CSR initiatives and amelioration of conflicts and crises in the region, the Host Community Concept (HCC) as a traditional development strategy can be adopted. The concept visualises development from the point of view of the host thus upholding that CSR activities and relational instruments be community proactive and generated. The concept targets individual host community issues and precludes the crowding of variant communities into a single development block with a single global template called the Global Memorandum of Understanding (GMOU). The concept captures the key drivers and flashpoint areas for conflict and crisis. It has potential and mechanism for conflict mitigation and resolution. The further exploration of this concept as a development paradigm will certainly contribute to scholarship and the management of relationship and CSR functions in host

communities (HCs) by oil/gas corporations (OGCs).

Government should carry out appropriate reforms on land titleship, land use, compensations and revenue allocation. According to Otubu [25], this should be done especially with respect to an equitable formula for oil/gas host communities who suffer the brunt of environmental and human impacts due to OGC operations. The Land Use Decree and the Oil Minerals Act should be reviewed to reflect land owner beneficiations. This will drastically reduce conflicts and crises in relationship, ensure CSR performance and guarantee sustainability of the highest (greatest) revenue generating sector to our national purse. Further, the application of stakeholder principles of inclusion, partnership, engagement and sustainable development in the matrix of relationship between HCs and OGCs constitutes a new approach in the search for solutions to conflicts and crises that has bedeviled the oil/gas sector and region.

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