

Comparative Evaluation of Compliance of SPDC, TOTAL (E&P) and AGIP (ENI) Corporate Social Responsibility to Host Communities in Rivers State, Nigeria

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Abstract: Corporate Social Responsibility is the commitment that organizations owe to contribute to sustainable development working with employee, the local community and society at large to improve their quality of life in areas of operation. Study examined the level of compliance of SPDC, Total E&P Ltd and AGIP Corporate Social Responsibility to their host communities in Rivers State. Cross sectional survey method was deployed in this study. Sample population was the host communities of SPDC and AGIP in Obio/Akpor and of Total E & P Ltd in Ogba/ Egbema/Ndoni Local government. Taro Yamane formula was deployed to get the sample size. Primary and Secondary sources of data were utilized. About (519) copies of questionnaire were administered, designed for closed and open ended questions. Analytical technique was ANNOVA and Spearman Correlation Coefficient. Questionnaire information was collated by means of rank order statistics liket scale, charts, simple percentages etc. Results showed that respondents agreed that SPDC provided water supply, cottage hospital and scholarship scheme for indigent students in some host communities. TOTAL E&P Ltd has impacted seriously on the communities of her operations, for example the Egi people in Ogba/Egbema/Ndoni Local government area in Rivers State. AGIP also provided water tanks and water in Mgbodohia and Mgboshimini, also scholarships were awarded to indigenes in both secondary and tertiary institutions every three year. Findings showed that rating of the companies on the provision of infrastructural facilities was low. Research found out that the relationship between the companies and their host communities may be good but not mutual or cordial, because the community lack the trust on the management of the companies to deliver on the core mandate of Corporate Social Responsibilities. Study suggests the gaining back of lost trust on company by host communities as well as host community's representatives avoiding corruption and greed. Strengthening policies of government on Corporate Social Responsibility through legislations which are weak and obsolete. Study recommends ways to improve good relationship with host communities and the companies, as community involvement in company's decision making process and Company's transparency in the carrying out of their operational activities in the communities.

Keywords: Comparative, Evaluation, Corporate Social Responsibility, Host Communities.

1. Introduction

It is obvious that most corporate organizations are not living up to expectations of their duties in their host communities. Their activities contribute immensely to environmental degradation of their areas of operations. Environmental aspects, such as the air, water, and land are polluted. There are destructions of natural habitations of flora and fauna as well as the use of waste disposal systems that are harmful and destructive to the environment and host communities, (Amao & Amaeshi, 2008; Adegbite & Nakajima, 2011). Lack of commitment especially by the International Oil Companies (IOCs) to tackle these problems facing the oil bearing communities and reduce the negative effects of their activities on the environments so as to raise the standard of living of the people in the host communities are still been debated today. There have been several initiatives deployed by both governments and corporate entities to combat the social challenges, especially such initiatives by (IOCs) activities to ensure that they are socially responsible (Baylis, & Smith, (2005). These social challenges faced by host communities include environmental degradation, global warming, climate change, bad business ethics, poor corporate governance practices, and human right abuses. In addressing these challenges, there have been different CSR initiatives put in place by the (IOCs), including both long term and short term CSR initiatives (Osemeke, et al., 2016). These initiatives range from capacity development and empowerment, philanthropic activities undertaken through foundations. They also include engagement in beautification projects, provision of scholarships for students in communities where (IOCs) operates, employment of disabled people, provision of relief materials to disaster victims, provision of medicines and medical ambulances etc, (Amaeshi et al., 2014). Despite all these efforts, communal crises still occur between host communities and (IOCs) as a result of failure of these organizations (IOCs) to live up to their expectations are still common place in the Niger Delta Region and even Rivers State in particular. Conflicts between community leaders and youth

due to improper channel of resources given by the (IOCs) to support the development of the communities and lack of standard infrastructures and social amenities in the host communities are just some of the issues which prompted this research. The research would carry out a holistic comparative evaluation of selected IOCs in Rivers State to ascertain what these oil companies have done for their host communities over the past years of doing business in these communities in Rivers State.

2. Aim and Objectives of the Study

The study examined the level of compliance of selected international oil companies (IOCs) SPDC, Total E&P Ltd and AGIP Corporate Social Responsibility to their host communities in Rivers State. The objectives include the following to:

1. Determine what the selected International Oil Companies (IOCs) have done in the communities of operation as Corporate Social Responsibility.
2. Describe the relationship that has existed between the International Oil Companies (IOCs) and their host communities.
3. Identify the challenges faced by the host communities in getting infrastructural facilities from the International Oil Companies (IOCs) in their operational domain.
4. Evaluate what the laws and government agencies have done to assist the host communities in the implementation of Corporate Social Responsibility (CSR) in their host communities.

3. Method of Study

The study adopted a cross sectional survey research method. The sources of data for this study were primary and secondary sources. Questionnaire approach was deployed as an outline or a scheme that served as a useful guide to the researcher in his efforts to generate data for the study to bring into scope the issues about corporate social responsibility by the (IOCs) in Rivers state. Respondents were drawn from the host communities, staff of the IOCs, government agencies and NGOs on their perception of the (IOCs) execution of CSR in the oil bearing communities in the State.

Table 1: Details of Inclusive/ Exclusive Criteria for the Selection Communities

S/N	Inclusive Criteria	Exclusive Criteria
1	Oil producing community	Non oil Producing
2	Presence of Pipeline networks	No presence of pipeline network
3	Presence of flow stations	No flow stations
4	Presence of Gas stations	No gas station
5	Oil-well head location	No oil well head location
6	Presence of operations office	No presence of operations office

4. Population Sampling and Sample Size

The total population of Rivers State from National Bureau of Statistics (NBS) 2010 census figure was 5,198,176 and about 5 persons per house hold size, which gives a total of 1,037,080 households in the state. The study population comprises of a purposively selected local government /communities located around the operational base of the selected (IOCs) in the State such as Shell Petroleum Company Ltd, Total (E&P) Nigeria Limited and Agip (ENI Ltd) by means of inclusive /exclusive criteria. Two local governments were purposively selected in the state for the purpose of this study; Obio/Akpor local government with an estimated population of 462,350 persons and Ogba –Egbema Ndoni local government with an estimated population of 283,294 persons, which gives a total of (754,644) population sample. The Taro Yamane formula was used to get a sample size of 400 head of households, for each community. The study instrument (questionnaires) was administered to heads of households who are knowledgeable about oil and gas industry and activities in the state and the communities. Taro Yamane (1967) provides a simplified formula to calculate sample size where N is population size and e is the level of precision.

The formula for Taro Yamane;

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

Where n = sample size

1 = constant

N = Population size = 754,644

e = Error margin, 5% = 0.05

There is a need for the sample size to be at least 30% to make-up for inadequate and incomplete responses. Based on this, the sample size was moderated as follow:

Final Sample Size

$399 (0.3) + 399$

$119.7 + 399$

518.7

≈ 519 Sample size.

Hence, the number of respondents sampled was 519. Simple random sampling technique was also used to randomly select the communities where participants were drawn for the study because it gives an equal and non-zero opportunity for sample to be selected (Oyegun, 2003). About sixteen (16) communities were randomly selected by inclusive/exclusive criteria because of the oil/gas activities engaged in the area, which formed the sampling frame as shown in table 2 below. Systematic sampling technique was used to select the communities in the local government areas where copies of questionnaires were administered. This was done by listing and numbering the households in the communities at the local government area. The lottery method (Oyegun, 2003) was also used to randomly select the first element, subsequently; the sampling interval was added to the serial number of the chosen element as well as other elements until the desired elements were selected. This technique was utilized because it is quite representative of the total population. Afterward, simple random sampling technique was used to randomly select households for questionnaire administration. Furthermore, for the Key informant survey, a total of thirty copies of questionnaire were purposively administered to the selected IOCs for the exercise.

Table 2: Sampled Population in Selected Communities

S/N	Communities	Estimated House Hold Size	Sample size base on Taro Yamane Computation	IOCs Ownership
1	Akabuka	812	30	Total E& P
2	Obite	1014	25	„
3	Ogboburu	702	28	„
4	Obienye	694	25	„
5	Obagi	1081	22	„
6	Ede	712	37	„
7	Iwofe	1045	35	NAOC
8	Mgbuosimini	884	37	„
9	Rumueme	1061	30	„
10	Nkpor Village	900	35	„
11	Mgbuodioha	954	30	„
12	Rumuokwursi	1061	35	SPDC
13	Rumuola	1050	30	„
14	Rumuobiokani	1032	35	„
15	Eneka	1008	40	„
16	Rumuomasi	1023	45	„
	Total	15,033	519	

5. Methods of Data Analysis

In line with the objectives of this study, descriptive statistics such as simple percentages, cross tabulations was used to explain the results of the analyses. Furthermore, the information filled in the questionnaires was collated and analysed by the use of mean and rank order statistics for research objectives 1, 2, 3, 4 and 5. The Likert scale as follows: Strongly Agree (SA) -5 points, Agree (A) - 4 points, Disagree (DA)- 3 points, Strongly Disagree(SD)-2points, Undecided (UD)- 1 point. **Weighted Mean:** This was calculated by multiplying the frequency of each point in the scale with its quantifier for all points and dividing by the total number of respondents. The criterion mean is the average of all the quantifiers, i.e $\frac{5+4+3+2+1}{5} = 3.0$

6. Results

Objective One: Determine what selected IOCs have done in the communities of operations as Corporate Social Responsibility.

Table 3: Provisions of Infrastructure by selected IOCs in their Host Communities

	SPDC (Frequency)	AGIP (Frequency)	TOTAL E&P NIG. LTD (Frequency)	Total	Percentage
Water supply	35	34	40	109	21.0
Health Care	41	31	29	101	19.5
Electricity	24	25	20	69	13.2
Roads	20	22	20	62	12.0
Town Halls	31	25	25	81	15.6
Skills Acquisition Center	34	30	33	97	18.6
Total	185	167	167	519	100

The table 3 above shows that 109 respondents agrees that water supply was provided by the IOC companies in their host communities corresponding to 21.0%, while 101 respondents attested that Health care facilities were equally provided corresponding to 19.5%. Also, about 69 respondents agree that the companies provided electricity, while about 62 respondents says that the companies provided roads. Similarly about 81 respondents agrees that the IOC companies provided town halls for their host communities and about 97 agrees that the companies also trained the indigenes especially the youths on skills acquisition and built skills acquisition centers for their host communities. These shows that the host communities have benefited from the selected IOCs Corporate Social Responsibility in Rivers State.

Objective Two: Describe the relationship that exists between the IOCs and their host communities.

Table 4: Weighted mean showing the Relationship between selected IOCs and Host Community

No	Interrogating Questions	SPDC (n= 185)		AGIP (n=167)		TOTAL E&P LTD. (n=167)		(Total N= 519)		Decision
		Weight ed Mean	Std. Dev.	Weighte d Mean	Std. Dev.	Weigh ted Mean	Std. Dev.	Weight ed Mean	Std. Dev.	
15	My community is in good relationship with SPDC/ AGIP /TOTAL E&P Nig. Ltd	3.54	1.44	2.54	1.40	3.41	1.23	3.2	1.35	Significant
16	Invite my community representatives for (MOU) Agreement SPD/AGIP/TOTALE&P Nig.Ltd	2.57	1.42	2.45	1.47	3.36	1.16	2.79	1.35	Not Significant
17	Implement decisions reached at MOU with your community.	2.60	1.44	2.50	1.53	3.70	1.22	2.73	1.39	Not Significant
18	Who determines the type of projects or services to be done in your community?	3.09	1.50	2.50	1.48	3.48	1.01	3.02	1.33	Significant
19	My community has organized protest and demonstration against SPDC/Agip and Total E&P Nig. Ltd.	2.70	1.45	2.45	1.48	3.49	1.16	2.88	1.36	Not Significant

The table 4 above shows the means of the respondents on the relationship that exists between the company and the host community. The respondents were interrogated to some questions on item 15, 16, 17, 18 and 19 with total mean of 3.2, 2.79, 2.73 and 3.02 and 2.88 respectively. Some means were less than the criterion mean of 3.0. The aggregate mean of 3.2 showed that there is a relatively good relationship between the companies and their host communities. However, the weighted mean of 3.70 shows that Total E&P Ltd has

stronger relationship with their host community. More so, the weighted mean of 3.54 showed also that SPDC has a relatively strong relationship with their host community, but the weighted mean of 2.54 shows that AGIP Company has not such strong relationship with her host community when compared with the other two IOC Company according to the data analysed.

Objective Three: Challenges faced by Host Communities in getting Infrastructural facilities from selected IOCs for the development of their communities.

Table 5: Challenges faced by Host Communities from getting Development Projects

Interrogating questions on Perceived Challenges	Frequency	Percentage
Poor Community Representation	108	20.8
Lack of Accountability and Dishonesty by stake holders	90	17.3
High Rate of Corruption	151	29.0
Poor Government Policies	101	19.4
Poor Communication	39	7.5
Poor Project Implementation	30	5.7
Total	519	100

The table 5 above shows that 108 respondents agrees that poor community representation is a challenge corresponding to 20.8%, while 90 respondents says that lack of accountability by representatives of the community in IOCs was a challenge corresponding to 17.3%, mores so, about 151 respondents agree that another challenge was high rate of corruption which is endemic in our system and poverty corresponding to 29.0%. Also about 101 respondents says the issue bad leadership and poor government policies, while about 39 respondents agree that poor communication between the representative of the communities and the people was another challenge corresponding to 7.5% and about 30 respondents says it was poor project implementation by the IOCs, because most time they projects executed are not the need of the communities at that particular as a serious challenge respectively of the respondents.

Objective Four: What ways has the law and government agencies assisted IOCs in the implementation of CSR in the host communities

Table 6: Ways the Law and Government Agencies assisted IOCs in the Implementation of CSR in the Host Communities

Items	SA	A	D	SD	Total
Regular sensitization of oil producing communities on CSR	352 (67.82)	142 (27.36)	20 (3.85)	5 (.096)	519 (100)
Award of surveillance of oil pipelines right of way contracts by CDC members.	309 (59.53)	172 (33.14)	26 (5.00)	12 (2.31)	519 (100)
Employment of youths of the community as enshrined in local content Act.	359 (69.17)	132 (25.43)	19 (3.66)	9 (1.73)	519 (100)
Training of youths on use of oil spill containments/dispersant/absorption equipment/materials	254 (48.94)	203 (39.11)	40 (7.70)	22 (4.23)	519 (100)
Oil pipeline maintenance contracts awarded to CDC members who are registered contractors in that field.	284 (54.72)	225 (31.41)	5 (0.9)	5 (0.9)	519 (100)
Implementation of laws and policies that will encourage development of the communities via CSR	279 (53.75)	177 (34.10)	40 (7.70)	24 (4.62)	519 (100)
Periodic evaluation of the IOCs (CRS) by agency of government is necessary	278 (53.56)	172 (33.14)	49 (9.44)	20 (3.85)	519 (100)
Training of community handlers of oil related businesses very often by the government and IOCs	279 (53.75)	225 (39.11)	40 (7.70)	24 (4.62)	519 (100)

Adequate implementation of legislation on CSR if available will help to maintain cordial relationship of IOCs with host communities.	352 (67.82)	142 (27.36)	20 (3.85)	5 (0.96)	519 (100)
Host communities should be assisted in bio- remediating of their soil whenever pollution occurred by activities of IOCs	291 (56.06)	203 (39.11)	15 (2.89)	10 (1.92)	519 (100)

Table 6 shows the interrogating questions on the ways the law and government agencies have assisted the IOCs in the implementation of CSR in the communities. The analysis shows that about (98.15%) of respondents agreed it was by regular sensitization of the host communities on the CSR, while about (92.97%) says it was by awarding surveillance contracts to CDC members of the community to stem their agitations. Furthermore, about (92.06%) agreed that by way of employment of youths of the area as enshrined in the Nigeria's Local Content Act, while 88.05% agreed on training of youths on the use of oil spill containments/dispersal/absorption materials to be able to respond to oil spill cases when it arises. Furthermore, about 88.05% agreed on oil pipeline maintenance contracts awarded to CDC members who are registered contractors in the field of pipeline maintenance. In addition, (87.85% agreed on the implementation of laws and policies that will encourage development of the communities via CSR. About (86.70%) agreed that periodic evaluation of the IOCs (CRS) by agency of government was necessary to foster smoother operations of the CSR in the communities. More so, about (92.86%) agreed that training of community handlers of oil related businesses very often by the government and IOCs will engender transfer of technology which is also enshrined in the Nigeria's Local Content Act. Also, about (95.18%) agreed that adequate implementation of legislation on CSR if available will help to maintain cordial relationship of IOCs with their host communities. Finally, about (95.17%) agrees that host communities should be assisted in bio- remediation of their soil whenever pollution occurred by the activities of the IOCs.

7. Summary of Findings

Corporate social responsibility is the commitment of business or organizations to contribute to sustainable development workings with employee, the local community and society at large to improve their quality of life in ways that are both good for business and good for development. Corporate social responsibility in the oil and gas sector is geared towards remedying the effect of their extraction activities in the local economy. The study carried out a comparative study of the Corporate Social Responsibility (CRS) of three selected international oil companies (IOCs) in Rivers State; SPDC, AGIP and Total E&P Nig. Ltd, to ascertain what these companies have done so far in the implementation of the CSR in their host communities. From the analysis, it showed that AGIP's Corporate Social Responsibility is rated low due to the fact that they have not been able to provide enough basic amenities or bring much infrastructural development into the community where they operate, while SPDC and Total E&P Nig. Ltd are on the average due to some basic amenities that they have provided although what they have given back to the communities cannot be matched with the huge profits from the resources exploited from the community. Furthermore, it cannot also be measured by the level of degradation and pollution caused by their activities in the communities in particular and Niger Delta Region at large. In all the years that AGIP has been doing business in Rumueme/Rumuolumeni community, they have not been able to provide roads, schools, hospitals or health centers among others in infrastructural facilities to the community. These international oil companies (IOCs) operates in the host communities with the mind of enriching their home countries and relegating the host communities to the background in terms of development. This study was anchored on frustration aggression theory, Iron law of responsibility and stakeholder theory. Frustration aggression theory presents the idea of relative deprivation as a perceived disparity between value expectation and value capability. Scholars explain it as the difference between what people feel they want or deserve to what they actually get that is the "want get ratio" and the difference between expected satisfaction and the actual satisfaction. Simply put, when there is gap between the level of value expectation and the level of value attainment, tension build up due to the pressure of an unfulfilled aspiration or unsatisfied need. This when not handled leads to frustration and anger. This is a clear description of the situation in Rumueme/Rumuolumeni community. There was an expectation that as the oil company begin to carry out their operations and implement the idea embodied in their Corporate Social Responsibility, there would be employment opportunity, modern infrastructure such as electricity, pipe borne water, equipped hospitals, modern primary and secondary schools, good roads etc but since the opposite is the case they are faced with angry youth who sometimes disrupt their activities through restiveness. Iron law of responsibility says that in the long run those who do not use power in ways that society considers responsible will tend to lose it. It balances power with responsibility. It simply explains that companies who do not put the interest of the society or community where they operate at heart may face angry youth that will disrupt their activities and operations.

Stakeholder theory asserts that companies have a social responsibility that requires them to consider the interest of all parties affected by their actions. Management should not only consider its shareholders in the decision making process but also anyone who is affected by their business decision.

8. Recommendations

Government should make a law that promotes Corporate Social Responsibility in the host community; the Nigerian Corporate Affairs Commission (CAC), is not law but a registry of companies. Government should also endeavour to provide basic amenities such as electricity for companies operating in Nigeria in order to reduce their expenses and in turn they will have enough resources to develop the host communities and also pay tax to the government. Companies should also endeavour to give opportunity to host communities to identify their area of priority when it comes to projects initiation for the host communities. There should be broad consultation at all levels of the community to identify their needs and priority. There should be honesty on the part of the community representative because they owe it to develop their community. The companies should conduct regular interaction programmes with the people rather than just the community development chairman, chiefs etc. There should be a proper public participation programmes for everyone to air their views and opinions concerning the company. Government also needs to get involved in the design and implementation of Corporate Social Responsibility (CSR) programme of oil and gas companies operating in Nigeria. This will ensure that CSR as an approach is geared towards engendering development.

9. Contributions to Knowledge

1. This study has been able to expose the fact that community representatives have a major role to play if they want their community to be developed by these oil companies. This can be achieved through trustworthy and honest leaders.
2. Also, it showed that there is no law in Nigeria constitution on Corporate Social Responsibility as assumed by most people.
3. The study has shown that there is disparity in the implementation of Corporate Social Responsibility (CSR) by the selected IOCs, because each IOC adopts approaches they feel best suited to the organization in Rivers State.

10. Conclusion

Arising from the major findings of this research, there is no doubt that the host community to AGIP is faced with underdevelopment which hinders the relationship between the community and them. The deficiencies are traceable to inadequate representation, poor accountability by community leaders and host company. On the other hand, Egi community as well as Rumuobiokani/Rumuomasi community host to Total E & P Nig. Ltd and SPDC are also faced with underdevelopment but not to the extent of the Rumueme/Rumuolumeni community. SPDC and Total E&P Nig Ltd has been able to carry out some level of Corporate Social Responsibility (CSR) in these communities where they operate, but the youths in these communities are faced with the challenges of unemployment as many of the youths ride Okada or Keke and are engaged in other menial jobs that cannot carter well for their families. This research discovered that there is no existing company Corporate Social Responsibility law in Nigeria constitution compelling companies to develop the host community, but what is on ground are advisory policies like the polluter pay principle which says if you pollute the environment you will pay for the cost of removing the pollution and also pay the cost of the damage to the environment and others. The issue is that most of the policies are not self-activating and companies capitalize on it by carrying out minor project like construction of one borehole in a community and claim they have carried out Corporate Social Responsibility (CSR). The aftermath of the actions has led to poor company's participation in host community development and has triggered the incessant restiveness in the oil bearing communities in Rivers State as we sometime observe as well as the agitations by Niger Delta youths for resource control in the oil rich Niger Delta Region in Nigeria. The findings also shows that the people are dissatisfied with the lack of response from the international oil Companies (IOCs) and have thus in recent years been agitated for the improvement in their situation through riots, conflicts, demonstrations and occasional dialogue with the company. This shows that without been confrontational most times, there would be no adequate compensation or provision of amenities and facilities for the communities in which they are operate. The international oil Companies (IOCs) are not committed to Corporate Social Responsibility, their practices fall short of the core value of Corporate Social Responsibility advocated by World Business Council for Sustainable Development (WBCSD,2000) in Natufe2001); which is community development, environmental protection, stakeholder's right, employee right and human rights. International oil Companies (IOCs)Oil in general often engage in Corporate Social Responsibility (CSR) as a mere palliative to calm aroused communities so as to enable them continue their oil exploration activities unhindered in the Niger Delta Region.

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