

Corporate Social Responsibilities of Shell Petroleum Development Company (SPDC) and Nigeria Agip Oil Company (NAOC) for Socio-Economic Development of the Host Communities in Rivers State

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Abstract

The study examined the corporate social responsibilities (CSRs) of Shell Petroleum Development Company (SPDC) and Nigeria Agip Oil Company (NAOC) for socio-economic life of the host communities in Rivers State. The research design adopted was the descriptive survey design. The population of the study is one thousand, eight hundred and seventy two comprising of community development committee (CDC), Shell and Agip community Liaison officers (CLOs) who are the indigenes of the oil communities, staff of corporate community relation's department of SPDC and NAOC respectively. The total sampled size of 731 respondents representing 35% of the targeted population was drawn using proportionate stratified random sampling technique. The instruments used for data collection were questionnaire; focus group discussion and interview. These instruments were developed by the researcher. They are Community Corporate Social Responsibilities Questionnaire (CCSRQ), Community Corporate Social Responsibilities Focus Group Discussion (CCSRFGD) and Community Corporate Social Responsibilities Interview (CCSRI) respectively. The research questions were analyzed using mean and standard deviation while t-test statistics was utilized to test the hypothesis at 0.05 level of significance. The result of the study revealed that Shell CSR programmes were not well known to their host communities. Shell, through CSR could not contribute much to socio-economic development of the host communities while Agip through CSR programmes contributed to socio-economic development of their host communities.

Keywords: Corporate, Social Responsibilities, Socio-economic development and host communities.

1. Introduction

Corporate Social Responsibility (CSR) also referred to as corporate citizenship, is a concept which suggests that organizations should consider the interest of the society by taking responsibility of the impact of their activities on customers, employees, shareholders, communities as well as the entire environment where they operate. Corporate social responsibility goes beyond statutory obligation of business or corporate organization to comply with legislation but voluntarily taking further steps to improve the quality of life of employees, local communities and society at large. Today, the principle of CSR dictates that, organizations must not only ensure returns to share holders, wages to employees; products and services to customers, but must also respond to host communities and environmental concern.

Kaliski (2007) views social responsibility as an ethical or ideological theory which shows that an entity, government, corporation, organization or individual, has a responsibility to the society. He opines that this responsibility can be "negative" if it is a responsibility to refrain from acting (resistance- stance) or "positive" where there is a responsibility to act (proactive stance). According to him social responsibility is voluntary, since it is about going above and beyond what is prescribed by law (legal responsibility). Thus, it implies that it is better to be proactive towards a problem than retroactive. Social responsibility means eliminating corruption, irresponsible or unethical behaviour that might bring harm to the community, its people or the environment at large.

In compliance with CSR principles, Abigail and Donald (2002) assert that CSR depends on the size, level of diversification, research and development, advertisement, sales, consumers' income, labour, market conditions and stage in the life cycle of an industry or organization. Based on these cost benefit analysis of the organization, the ideal level of CSR which managers can offer is determined. There is therefore a relationship between CSR and financial performance of any organization operating in a given socio-political environment.

The principle of CSR makes companies or organizations to be largely responsible for the wellbeing of people whose resources they exploit. This is largely so because organizations have the financial resources to assist people. Thus, proponents of CSR are keen to demonstrate that business organizations have responsibilities beyond the production of goods and services and profit making. Arguably business concerns in contemporary societies need to uphold ethical principles in order to be genuinely successful.

Social responsibility is a doctrine which posits that every social entity be it village, town, state,

corporation, organization, government or individual has responsibility to the society.

The oil industry in Nigeria is predominantly located within the Niger Delta region. Most of the inhabitants of this region are heavily dependent on the environment for livelihood through fishing and farming. However, oil exploration by multinational oil companies (MNC) has had a lot of negative environmental, political and socio-economic influences on the host communities. The dynamite (explosives) for example use by exploration companies destroys aquatic life, cracks the communities buildings (houses) and result in spillages which flow into lands, rivers, swamps and creeks to destroy crops and make the soil sterile and unproductive.

Environmental degradation is very obvious especially in the destruction of farm land and fishing which constitute the main occupation of the oil producing communities in the Niger Delta region. Indeed, oil spillages (in land, swamps and offshore), over the years, have deprived these communities of their economic livelihood as a result of gross neglect by both government and multinational oil companies (Idemudia, 2002). Thus, oil-producing communities in Rivers State have lived below poverty levels and witnessed large scale socio-economic and infrastructure deficiency. These have resulted in the development of a sense of relative deprivation and perception of alienation by the host communities.

The activities of the oil industries in Nigeria is dominated by multinational oil companies such as Shell Petroleum Development Company (SPDC), Chevron, Mobil, Texaco, Elf, Nigeria Agip Oil Company (NAOC), etc. These oil companies operate under a joint venture agreement with the Federal Government, represented by the Nigerian National Petroleum Corporation (NNPC).

Shell Petroleum Development Company of Nigeria Limited (SPDC) is the largest oil and gas exploration and production company in Nigeria. It is the oil operator of a Joint venture in which NNPC holds 55% percent shares; Shell 30 percent, Elf 10 percent and Agip 5 percent.

Shell Development Company in Nigeria is prominent in the history of Nigeria's development since the need to develop the country has over the years been wholly dependent on funds from the oil industry. With the discovery of oil in commercial quantity in 1956 at Oloibiri and its subsequent boom in 1970's, Nigerian societies have witnessed remarkable structural transformation in form of rapid urban development. However, the oil-bearing communities seem to have been neglected to face problems of environmental degradation caused largely by the activities of oil prospecting companies in Niger – Delta region.

Eni is an Italian integrated energy company which has been operating in Nigeria since 1962, and is the founder of Nigeria Agip Oil Company in 1965. Nigeria Agip Oil Company (NAOC) struck oil in 1965, but actually started production in 1970. The federal government of Nigeria has control over all oil companies through the Nigeria National Petroleum Corporation (NNPC), NNPC has a share of 55% on Nigeria Agip Oil company. Agip Oil Company has two terminals at Brass. The terminals handle treatment, storage and shipment of crude oil. The Brass terminal is one of the spots where crude oil is exported in Nigeria.

The Ogonis', the Umuechems', the Ogbakiris' and many other communities and individuals have spoken against the activities of Shell and Agip in their areas of operation. The assumptions hold that the oil companies in Nigeria are massively exploiting their host communities but giving little or nothing in returns to the people.

With its Community Assistance approach to development, Shell placed emphasis on "gift" rather than support for sustainable development programmes. This focused on what Shell felt the communities lacked on Shell's perception of poverty within the communities. Ite (2002) posits that as a result, the communities became perceived as helpless victims of circumstances rather than capable actors in the development process. Gradually, the dependence culture became established and the communities saw the development of infrastructure provided as charity and as a form of rent for Shell's use (and abuse) of the environment and resources. In effect, the community groups were the passive recipients of Shell's donations. This is typical of the top-down approach to development (development not conceived with the full involvement of the people) which has been found to be largely an ineffective approach to community development.

Some of the CSR of Shell and Agip include:

1. Water and sanitation: Community water project.
2. Health care: Community hospitals and health care.
3. Voluntary training: Basic skills in welding, plumbing, masonry, carpentry, auto engineering and electrical engineering.
4. Education: Programme of scholarship to University and secondary schools, building of classroom blocks.
5. Agriculture: Agricultural extension advisers to support farmers and corporative.
6. Micro-credit and business development income generating projects (e.g. water, land, transport and fishing).
7. Other infrastructures are; road, rural electrification project, land reclamation for community expansion (SPDC, 1997).

However with the prominence of the principle, doctrine and social sustainable community development,

the emphasis of the oil companies should now depend on the felt needs of the communities in question and not what they feel or felt the host communities would need.

Against this background, this study was conceived to determine the corporate social responsibilities of Shell Petroleum Development Company (SPDC) and Nigeria Agip Oil Company (NAOC) for socio-economic development in Rivers State.

2. Research Questions

- (1) What are the corporate social responsibilities of Shell and Agip for socio-economic development of the host communities in Rivers State?
- (2) To what extent have the corporate social responsibilities of Shell and Agip influenced the socio-economic development of the host communities in Rivers State?

3. Hypothesis

- (1) There is no significant difference in the mean response of respondents on the corporate social responsibilities of SPDC and NAOC for socio-economic development in their host communities in Rivers State.

4. Methodology

This study adopted the descriptive survey research design. The population of the study consists of members of community development committees (CDCs) SPDC and NAOC community liaison officers (CLOs) who are the indigenes of the oil bearing communities in Rivers State. Included also in the population are the staff of the Corporate Community Relations Development (CCRD) of SPDC and NAOC.

The sampling technique adopted for the study was proportionate stratified random sampling technique. This technique ensures that the sample size for the study was based on the proportion of the CDCs members and CLOs. Thirty five (35) percent of the local government areas in Rivers State were sampled. Thus, eight (8) local government areas were used for the study. This implies six hundred and two (602) and one hundred and seventeen (117) persons respectively. The researchers decided to include all of them because the number was not too large to manage. Random sampling technique was also used to select seven (7) 25% and five (5), 25% staff of CCRD of Shell and Agip respectively. Thus, the total sample for the study amounted to seven hundred and thirty one (731) respondents.

Questionnaire, Focus Group Discussion (FGD) and interview guide were the research instrument used and were all developed by the researcher. The questionnaire contains nineteen (19) items arranged in two clusters based on the two research questions. The Focus Group Discussion (FGD) and the interview guide were also based on the two research questions and two items were got from each respectively.

Two experts in the Department of Adult Education and Extra-Mural studies, University of Nigeria Nsukka validated the instruments. It was validated in terms of clarity of words, language difficulty, relevance to the research questions and also any other area they deemed necessary. Their observations and corrections were duly considered and incorporated into the final drafting before administration.

To ascertain the reliability of the instrument, thirty (30) copies of the questionnaire were administered to respondents made up of CDC members, SPDC and NAOC CLOs in Bonny Local Government Area of Rivers State. Data obtained from the responses to the instrument were analyzed using Cronbach Alpha statistic. The analysis revealed the reliability co-efficient of 0.617 and 0.755 on questionnaire item 1 and 2 respectively.

The researcher administered the instruments with the help of three trained research assistants. Specifically, seven hundred and thirty one (731) copies of the questionnaire were sent to the field, seven hundred and eighteen (718) were returned. However, eight (8) were not properly filled and were discarded. This left a total of seven hundred and ten (710) correctly filled, returned copies of questionnaire which were analyzed for the study.

The organization and management of the Focus Group Discussion (FGD) was handled by the researcher who also administered the interview on the selected respondents personally.

The data obtained were analyzed using mean and standard deviation, while t-test was used in testing the hypothesis.

5. Results

Results of data analysis based on related research questions and hypothesis are presented in the table below.

Table 1: Mean and standard deviation on corporate social responsibilities programmes of SPDC and NAOC for socio-economic development of the host communities.

	STATEMENT	\bar{X}	SPDC SD	Remarks	\bar{X}	NAOC SD	REMARK
1.	The communities in Rivers State have benefited from electricity provided by the oil companies	2.74	0.705	High Extent	3.52	0.304	Very High Extent
2.	Oil companies provide portable drinking water for their host communities.	2.23	0.767	low Extent	3.59	0.578	Very High Extent
3.	Oil companies in Rivers State have designed and implemented manpower development programmes for the youths of the communities.	2.31	0.836	Low Extent	2.80	0.932	High Extent
4.	Oil companies provide scholarship schemes for the youths in educational institutions.	2.73	0.732	High Extent	2.54	0.659	High Extent
5.	Oil companies provide adequate health facilities which have improved the health standard in the communities.	2.04	0.796	Low Extent	2.18	0.844	Low Extent
6.	Oil companies are involved in the constructions of feeder roads in the communities.	2.56	0.782	High Extent	3.19	0.854	Very High Extent
7.	Oil companies provide school blocks to the communities.	1.98	0.782	very Low Extent	2.25	0.854	Low Extent
8.	Oil companies provide laboratory equipments to the schools.	1.89	0.801	Very Low Extent	2.07	0.954	Low Extent
9.	Oil companies provide Agricultural facilities to the farmers in the communities.	1.82	0.812	Very Low Extent	2.49	0.748	Low Extent
10.	Oil companies provide civic centres to the communities.	2.22	0.776	Low Extent	2.69	0.768	High Extent
	Total	2.22	0.776	Low Extent	2.69	0.768	High Extent

Table 1 reveals that in Shell host communities, out of ten items proposed, the respondents responded positively to three, while respondents from Agip host communities responded positively to five of the items on the whole. A grand mean of 2.22 was recorded for Shell. This indicates that, Shell CSR programmes for socio-economic development of her host communities was very minimal (\bar{X}) 2.74, 2.73, 2.56 respectively) the fact that only electricity, scholarship and construction of feeder roads were provided.

On the other hand a grand mean of 2.67 recorded for Agip indicates that Agip to a high extent has CSRs

for socio-economic development for her host communities.

Agip host communities shows that items 1, 2, 3, 4 and 6 with mean scores of 3.52, 3.59, 2.80, 2.54 and 3.19 respectively received positive responses of Agip CSR. These suggest that, Agip provided electricity, portable drinking water, youth manpower development programmes, scholarships, feeder roads and civic centres for the host communities.

Table 2: Mean and standard deviation of the use of corporate social responsibilities by Shell and Agip to influence the socio-economic life of the host communities.

	STATEMENT	\bar{X}	SPDC SD	Remarks	\bar{X}	NAOC SD	REMARK
1.	The CSRs of the oil companies have reduced suspicion and tension in the host communities.	2.50	0.793	High Extent	2.24	0.632	Low Extent
2.	The standard of living of the people are enhanced due to the infrastructure provided by the oil companies.	2.48	0.802	Low Extent	2.83	0.869	High Extent
3.	The provision of civic centres and halls by the oil companies has enhanced the social life of the communities.	2.65	0.703	High Extent	3.15	0.677	Very High Extent
4.	Community members are involved in the planning and implementation of CSR of the oil companies and these have brought a sense of belonging to them.	2.63	0.730	High Extent	2.88	0.930	High Extent
5.	What the oil companies provide is based on the felt needs of the communities and these have enhanced their socio-economic well being.	2.38	0.803	Low Extent	2.72	0.840	High Extent
6.	The manpower development programmes provided by the oil companies to the communities have provided jobs and have reduced unemployment.	2.15	0.751	Low Extent	2.72	0.840	High Extent
7.	The scholarship provided to the youths by oil companies has provided them with means of livelihood and has contributed to their socio-economic well-being.	2.50	0.782	High Extent	2.65	0.797	High Extent
8.	Through the skills acquisition provided by the oil companies, many people have become self employed and employers of labour.	2.22	0.851	Low Extent	2.57	0.843	High Extent
9.	Oil companies provide job opportunities for the communities which help to reduce poverty.	2.29	0.861	Low Extent	2.79	0.929	High Extent
	Total	2.42	0.786	Low Extent	2.72	0.799	High Extent

Table 2 shows that in SPDC host communities, the respondents were positively inclined to four items from the nine items proposed while Agip respondents responded positively to eight out of nine items.

A detailed analysis of data from Shell communities shows that items 1, 3, 4 and 7 have positive responses with mean scores of 2.50, 2.65, 2.63 and 2.50 respectively. On the other hand, items 2,5,6,8 and 9

with mean scores of 2.48, 2.38, 2.15, 2.22 and 2.29 were not covered by Shell, CSRs. However a detailed analysis of data from Agip host communities reveals that, items 2,3,4,5,6,7,8 and 9 with mean scores of 2.83, 3.15, 3.88, 2.72, 2.57 and 2.79 respectively were the prominent CSR of Agip to her host communities.

Testing the Hypothesis

Table 3: T-test of difference in the mean response of SPDC and NAOC on the use of Corporate Social Responsibilities for Socio-economic development of their host communities.

S/N	Source of Variance	N	(x)	SD	Total	df	Total	DEC
1.	SPDC	496	2.74	0.705	0.94	708	1.96	NS
	NAOC	214	3.52	0.304				
2.	SPDC	496	2.23	0.767	0.623	708	1.96	NS
	NAOC	214	3.59	0.578				
3.	SPDC	496	2.31	0.836	0.200	708	1.96	NS
	NAOC	214	2.80	0.932				
4.	SPDC	496	2.73	0.732	0.247	708	1.96	NS
	NAOC	214	2.54	0.659				
5.	SPDC	496	2.04	0.796	0.060	708	1.96	NS
	NAOC	214	2.18	0.844				
6.	SPDC	496	2.56	0.746	0.275	708	1.96	NS
	NAOC	214	3.170	0.859				
7.	SPDC	496	1.98	0.782	0.116	708	1.96	NS
	NAOC	214	2.25	0.832				
8.	SPDC	496	1.89	0.801	0.076	708	1.96	NS
	NAOC	214	2.07	0.954				
9.	SPDC	496	1.82	0.812	0.291	708	1.96	NS
	NAOC	214	2.49	0.748				
10.	SPDC	496	1.89	0.776	0.176	708	1.96	NS
	NAOC	214	2.29	0.768				

Result of the analysis reveals that all the 10 items calculated had t values less than the table t value of 1.96 at 0.05 level of significance and degree of freedom of 708. Since all the items have a t calculated value less than t critical value, the null hypothesis is accepted. That there is no significant difference in the CSR programmes for socio-economic development of SPDC and NAOC in their host communities.

6. Discussion

The result of Shell and Agip CSRs programmes on socio-economic life of the host communities revealed that, Shell and Agip host communities benefitted from electricity provided by these companies. They also provided scholarship schemes for the youths in educational institutions. Agip host communities acknowledge that Agip provided portable drinking water, designed and implemented manpower development programmes for the youths and also constructed feeder roads for their communities. Shell and Agip could not provide adequate health facilities which had affected the health standard of the communities, school blocks, laboratory equipment for schools, agricultural facilities to farmers and civic centres to the communities.

Shell could not provide portable drinking water, it could not design and implement manpower development or construct feeder roads for the communities. These findings against Shell is in contrast to Okunmodewa (2002) who asserts that, Shell has a long history of assisting the communities in Niger Delta, and its community development programmes dated back to the 1960s in Ughoten, Shell was ranked the number one institution by a group of elderly men and women, reflecting the importance of the company's activities for the development of the community. This findings by Okunmodewa (2002) could be as a result of its timing when the communities were not as exposed as they are now. The indigenes of the oil producing communities are now more educated, enlightened and more conscious of their right.

Findings from focus group discussions revealed that, most of these projects came out of conflicts, arguments, series of visitations, continuous reminder and follow up that some of these projects had been abandoned for over 5 years. This could be as a result of Shell trying to shy away from their responsibilities in order to maximize profit at the detriment of their host communities. Majority of the discussants argued that the roads were not for the communities but as an access to Shell location site. Even on that, both Shell and these communities make use of the roads which is an advantage to the community for having Shell among them. There were no such comments on Agip host communities.

The interview conducted on the staff of the two oil companies (Shell and Agip) revealed that, they provided these amenities in table one but, went further to say that CSRs of Shell differ from one community to another depending on the felt needs of that particular community. This means that if community A was provided with school blocks, community B gets electricity, C gets community hall and so on. When a teacher is posted to a community with school block without electricity or portable drinking water, the teacher might not accept the posting. Thereby making the school under populated or non-existent and hence not achieving the socio-economic sustainability as planned. This is in line with Ite (2002) and against Okunmodewa (2002) quoted above that Shell feels it has contributed much to socio-economic development in its host communities. It could be argued that, changes in Shells' strategies have not been far reaching and could be regarded as cosmetic, with insufficient mechanisms to ensure success. In other words, despite the changes in strategies, Shell is still part of the problem of unsustainable socio-economic development in Niger Delta as a result of inherent culture, which require further significant changes.

The result of the findings of research question two, on the use of CSRs by Shell and Agip to influence the socio-economic life of the host communities revealed that, Shell and Agip provided civic centres and halls to enhance the socio-economic life of the communities. They involved the communities in the planning and implementation of CRSs which brought a sense of belonging to the communities and they also provided scholarships to the youths which provided them with a means of livelihood. Agip went further to base their CSRs on the felt-needs of their host communities which enhanced their socio-economic well being. The manpower development programmes provided jobs to Agip host communities and had reduced unemployment. Through skills acquisition provided by the oil company many have become self employed and employers of labour. Agip provided job opportunities to their host communities.

Shell could not meet up with any of these CSRs. This went in line with the findings of friends of Earth (2000, 2004, 2005), which says; within the context of aspects of the policy design and implementation of Shell's community development strategies and programmes in the region have been queried. Shell in Nigeria has failed to deliver on its corporate social and environmental responsibilities in Niger Delta including community development activities.

The result of focus group discussion revealed that, Agip has touched the socio-economic lives of their host communities positively. That of Shell revealed that it had touched the socio-economic aspect of their lives but not commensurate to the activities of the company to the community.

The null hypothesis was tested at 0.05 level of significance and it was upheld. The hypothesis which stated that there would be no significant difference in the mean response of SPDC and NAOC for socio-economic development in their host communities was upheld in that, all the ten items calculated had t values less than the table t value of 1.96 at 0.05 level of significance and degree of freedom of 708. Since all the items had a t calculated value less than the t critical value, the null hypothesis was accepted that there was no significant difference between the CSR of SPDC and NAOC for socio-economic development of their host communities in Rivers State.

7. Conclusion and Recommendation

- Mass media should advertise CSRs accomplishment for the creation of awareness on expectations from individuals, organizations, parastatals and even the government.
- The results obtained from the study revealed that, Agip CSRs to their host communities were better organized and accomplished which was acknowledged by their host communities. Shell could not achieve much which had left their host communities with much agitations that often led to conflicts with the oil company (Shell).
- Oil companies should recognize their responsibilities, their host communities expectations and develop partnership as a preferred model for their communities development activities for peaceful co-existence.

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