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*Full Length Research Paper*

# Community Restiveness and Corporate Social Responsibilities of Oil Companies in Rivers State, Southern Nigeria

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Rivers State is the major crude oil producer in the Niger Delta, Southern Nigeria. The multi-national oil companies which operate in the area statutorily institute Memorandum of Understanding (MoU) with their host communities through which they undertake and implement Corporate Social Responsibilities (CSR) to develop the communities. This study, therefore examined the CSR activities undertaken by oil companies operating in the state. Specifically, it identified the causes of community restiveness and kinds of CSR carried out by the companies, ascertained host communities' level of satisfaction with the programmes / projects of the oil companies and constraints to successful implementation of the CSR. The multi-stage sampling technique was used to purposively sample four oil companies (SPDC, TEPN, NAOC and Chevron) and randomly sampled fifteen host communities. 100 and 150 respondents were sampled from the oil companies and communities, respectively, making a total of 250 respondents for the study. The data collected were analysed using percentages and mean scores. ANOVA result showed insignificant difference in the kinds of CSR provided by the oil companies in their host communities ( $P < 0.05$ ). The study identified infrastructure, education, health, agriculture, employment/empowerment, peace and security, sports competition, and Philanthropy and charity as the CSR activities undertaken by the four oil companies. Majority of the host communities were dissatisfied with the CSR of the companies. Youth restiveness, poor company budget for CSR, communal conflict, non-cooperation of Joint Venture Partners, and traditional belief were the major constraints to effective implementation of CSR programmes in the host communities. The study recommends, among others, that the oil companies should focus more on skills acquisition programmes to get the youths self employed and reduce idleness and community restiveness.

**Keywords:** Restiveness, Social Responsibility, Oil Companies, Nigeria.

## INTRODUCTION

Industrialization has been a mixed blessing to mankind. It

remains the vital engine for propelling economic growth in most developing countries (Ajala, 2001). The oil and gas business in Nigeria forms part of the general society, and as such, has to be operated in a way to enhance economic growth for all the stakeholders to benefit. The stakeholders

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include employees, host communities, local, state and federal government (Alagoa, 2003). Host communities in Rivers State perceived the coming of oil companies as a blessing because they would be the catalyst to rapid development of infrastructure lacking in the areas. In addition, they would promote economic prosperity and higher standard of living. As a result, they extended their right hands of fellowship by showing the traditional Rivers hospitality to the oil companies while hoping to benefit from their operations.

The stated expectation was, however, impaired when the oil companies offered jobs such as cleaners, security services, drivers and other unskilled labour to the citizens of the host communities while a few qualified ones were employed either as contract staff or as supervisors and middle management staff. On the infrastructural development such as roads, water supply, electricity, et cetera, the companies only provided these facilities in their operation sites and residential quarters, leaving the host communities without electricity, motorable roads and access to potable water (Nwobigwe, 1998). This creates a glaring difference in living standard between the companies' operation areas and those of the communities which leads to protest by host communities against the oil companies operating in the areas. Moreso, with the incessant oil spills, there has been loud protest from inhabitants in host communities as their livelihood was threatened by the oil operators. This unprecedented restiveness and heightened tension across the host communities led to the closure of flow stations in Kuka community in 2004 (Ezinwo, 2004).

In a bid to stop the restiveness, oil companies embarked on community development programmes (Alagoa, 2003). But the more they partake in community programmes, the more their host communities demand from them. Thus, to create an enabling environment for peaceful operations, a policy for oil companies to be in partnership with their Joint Venture partners (JVP) was established (Ayo, 2002), to develop their host communities through Corporate Social Responsibility (CSR) programmes. This involves oil companies working together with their host communities in initiation and implementation of programmes / projects in their communities through Memorandum of Understanding (MoU).

Thus, the study was directed at finding out: What causes community restiveness in the study area? What kinds of CSR activities do oil companies offer their host communities? Are the host communities satisfied with the programmes of the oil companies? What constraints limit the oil companies from implementing CSR in their host communities?

## **METHODOLOGY**

The study was carried out in Rivers State. Rivers State is

one of the states that made up the Niger Delta region in South-South geopolitical zone of Nigeria. The state is the major crude oil producer with highest concentration of multi-national oil companies in the Nigeria Delta. The multi-stage sampling technique was used to sample respondents of the study. The first stage involved the purposive sampling of four oil companies. They included: Shell Petroleum Development Company (SPDC), Total E and P Nigeria Limited (TEPN), Nigeria Agip Oil Company (NAOC) and Chevron/Texaco. The second stage involved the random sampling of fifteen oil producing or bearing communities.

Hundred questionnaires were distributed to the four oil companies – 25 to each company, while 150 questionnaires were distributed to the fifteen communities – 10 to each community. A total of 250 respondents therefore formed the sample size. Data collected were analysed using percentages and mean scores developed from four-point likert type scale of highly satisfied, satisfied, dissatisfied and highly dissatisfied. This was designed to ascertain the satisfaction levels of host communities about the CSR of the oil companies. Analysis of variance (ANOVA) was utilized to test if differences existed in the CSR provided by the four oil companies in their host communities.

## **RESULTS AND DISCUSSION**

### **Causes of Restiveness in oil communities**

Table 1 depicts the causes of community restiveness in the study area as indicated by the staff of the oil companies. 83% of the respondents indicated that unemployment was the main cause of community/youth restiveness in oil communities. Next was 79% of respondents who stated that lack of education contributes to restiveness. 68% of the staff revealed that manipulation by the community elites and politicians contributes to community restiveness. 61% and 47% of the respondents stated that cultism and resource control, respectively, were the reasons for community restiveness. And illicit drugs used by the community youth as indicated by 23% of the respondents causes community restiveness.

The high level of unemployment coupled with poor education in the host communities formed the major causes of restiveness in the study areas. A similar study by Chukuigwe (2006) found that elites in the rural areas take advantage of unemployment and lack of education of the youth to manipulate them for selfish aim, especially for their political ambition. Most times the activities of these youth create tension, confusion and insecurity thereby preventing companies from effective development of their host communities.

**Table 1.** Causes of Restiveness in Oil Communities

Cause	Oil Companies				Percentage
	SPDC N=25	NAOC N=25	TotalFinaElf N=25	Chevron/ Texaco N=25	
Unemployment	23	20	20	20	83
Lack of /poor education	22	19	20	18	79
Manipulation by elites/politicians	18	15	18	17	68
Cultism	15	13	15	18	61
Fight for resource control	20	10	8	9	47
Use of illicit drugs by youth	7	6	5	5	23
<b>Total</b>	<b>Multiple Responses</b>				

**Table 2.** Corporate Social Responsibility activities undertaken by the oil companies

Kinds of CSR	Companies				Total No. of respondents	% response	Ranking
	Shell	NAOC	Total FinaElf	Chev. Tex			
						87	
Infrastructure	24	22	21	20	87	91	1st
Education	21	20	18	20	79	83	2 <sup>nd</sup>
Health	20	15	17	18	70	74	3 <sup>rd</sup>
Agriculture	20	24	9	9	62	65	4 <sup>th</sup>
Employment empowerment	18	17	15	15	55	58	5 <sup>th</sup>
Sport and competition	14	12	10	10	46	48	6 <sup>th</sup>
Peace/security	12	9	8	8	38	40	7 <sup>th</sup>
Philanthropy/charity	7	9	9	8	33	35	8th

### Corporate Social Responsibilities of the Oil Companies

Table 2 shows the social responsibility activities undertaken by the four oil companies studied. The table reveals the ranking of CSR undertaken by the companies. Infrastructural development was the most CSR activity adopted by the oil companies with 91% responses. The next was education (83%), health (74%) came third, agriculture (65%) was rated fourth, employment/empowerment (58%) fifth, sport (48%) was placed sixth, peace and security (40%) was rated seventh, while charity and philanthropy were rated the least.

The findings show that the oil companies undertook and/or implemented all the eight kinds of CSR to address the developmental needs of their host communities. Nevertheless, infrastructure, education, health, agriculture and employment/employment were mostly used, while the rest were used very little. The study, in addition, reveals that peace/security was ineffectively executed by the oil

companies in their host communities. It is stated that no meaningful development can ever take place in an environment of conflict, disorder and insecurity (Gabriel-Pidomson, 2008; Nwachinyere, 2008). Social crisis has been a major hindrance to development efforts in the Niger Delta area of Nigeria.

Perception of Host Communities with the Social Responsibility Development Programmes of the Oil Companies.

Shown in table 3 are the levels of satisfaction expressed by the host communities with regard to development activities or CSR of the oil companies. The table indicates that only three communities (Obrikom, Bonny and Omoku) with mean values between 2.0 and 2.2 were satisfied with the social responsibility activities of the oil companies operating in their communities. The remaining twelve communities with mean scores between 0.6 and 1.6 were dissatisfied with the CSR activities of the oil companies in their areas. Thus, majority of the oil communities were

**Table 3.** Perception of host communities with the social responsibility development programmes of the oil companies

Communities	Companies	Infrast	Agric	Edu.	Health	Employ/ Empow	Phil/ Char	Sport Dev	Peace secure	Mean
Rumuekpe	TotalFina Elf	2(0.8)	6(2.4)	8(3.2)	4(1.6)	4(1.6)	-	-	-	(1.2)
Obagi		3(1.2)	7(2.8)	9(3.6)	7(2.8)	4(1.6)	-	-	-	(1.5)
Egi		7(2.8)	-	8(3.2)	3(1.2)	2(0.8)	-	-	-	(1.0)
Bomu	Shell	4(1.4)	8(3.2)	7(2.8)	5(2)	4(1.6)	-	-	-	(1.4)
Isiokpo		-	-	8(3.2)	-	3(1.2)	-	-	-	(0.6)
Bonny		6(2.4)	-	9(3.6)	6(2.4)	8(3.2)	2(0.8)	4(1.6)	4(1.6)	(2.0)
Alakiri		5(2)	2(0.8)	8(3.2)	6(2.4)	5(2)	-	2(0.8)	2(0.8)	(1.5)
Bodo		5(2)	5(2)	8(3.2)	7(2.8)	4(1.6)	-	-	-	(1.3)
Idu	Agip	4(1.6)	4(1.6)	8(3.2)	6(2.4)	4(1.6)	-	-	2(0.8)	(1.4)
Omoku		9(3.6)	2(0.8)	9(3.6)	3(1.2)	6(2.4)	4(1.6)	2(0.8)	4(1.6)	(2.0)
Ikirieze		3(1.2)	6(2.4)	7(2.8)	6(2.4)	3(1.2)	-	-	2(0.8)	(1.4)
Obrikom		8(3.2)	3(1.2)	9(3.6)	5(2.0)	8(3.2)	4(1.6)	1(0.4)	5(2.0)	(2.2)
Kula	Chevron/ Texaco	2(0.8)	2(0.8)	8(3.2)	3(1.2)	3(1.2)	-	-	-	(1.0)
Elekahia		6(2.4)	-	9(3.6)	6(2.4)	3(1.2)	-	2(0.8)	3(1.2)	(1.5)
Ogbelle		4(1.6)	2(0.8)	8(3.2)	4(1.6)	4(1.6)			3(1.2)	(1.3)

Maximum mean score = 4: 2.0 and above – satisfied;  
below 2.0 = dissatisfied

**Table 4.** Constraints to successful implementation of CSR programmes of the oil companies

Constraints	Oil Companies				Percentage
	SPDC N=25	NAOC N=25	TEPN N=25	Chevron/ Texaco N=25	
Poor company budget	20	21	23	20	88
Youth restiveness	25	24	20	21	95
Communal conflict	18	20	21	15	78
Non-cooperation of JVP	15	18	20	10	66
Traditional belief	5	7	10	12	36
<b>Total</b>	<b>Multiple Responses</b>				

unhappy with the CSR programmes of the oil companies in their communities. Similar studies by Obuzor (1998), Odua (2007) and Chukuigwe (2006) recorded that most host communities of oil companies in Rivers State were dissatisfied with the developmental activities of the multinational oil companies in their areas, especially in employment, education and physical structures. Most often there is disrespect of Memorandum of Understanding (MoU) by the companies, resulting in face-off and crises in the areas.

### Constraints to effective implementation of CSR Programmes of the Oil Companies

Table 4 highlights that 90/(95%) of the oil company respondents indicated that youth restiveness was the major impediment to successful implementation of the CSR programmes of the oil companies. Also, 84 (88%) and 74 (78%) of them indicated that poor company budget and communal conflict affected the programme implementation, respectively. The fourth constraint was the non-cooperation

**Table 5.** ANOVA Result showing the difference in CSR activities provided in the host communities between the four oil companies.

SV	Df	SS	MS	F-ratio
CSR(t)	3	29.1	26.37	f-cal =0.90
Company (E)	28	823.87	29.42	
Total	31	902.97		F-tab = 2.95

Not significant@  $p < 0.05$

of Joint Venture Partners (JVP) which recorded 63(66%) of responses. The last constraint was traditional belief that had 34(36%) of the respondents.

The results suggest, therefore that all the companies faced constraints in implementing their CSR activities in their host communities, but the greatest hindrance was youth restiveness. Chukuigwe (2006) and Gabriel-Pidomson (2008) emphatically stated that youth restiveness in the Niger Delta region of Nigeria has caused stoppage of development work, resulting to loss of huge amount of money of many multi-national companies, kidnapping of company personnel, destruction of company equipment, property and lives of members of host communities and foreign workers.

### Test of Hypothesis

**Ho:** There is no significant difference in the social responsibility development activities provided in the host communities between the four oil companies.

Table 5 shows the result of ANOVA test. At a degree of freedom of 3, 28, the F-value is 0.90, while the F-tabulated is 2.95. Since the  $F\text{-cal} < F\text{-tab}$ , the null hypothesis was accepted. This implies that there was no significant difference in the social responsibility development activities provided in the host communities between the four oil companies studied. From this result, it is obvious that, although the four oil companies operate in different communities, they basically used the same kind of CSR activities/programmes to meet the developmental needs and aspirations of their host communities.

### CONCLUSION AND RECOMMENDATIONS

The oil companies strongly believe in CSR. To demonstrate this, they adopted eight different kinds of CSR activities through which they contributed to the development of their host communities. These activities covered infrastructure, education, health, agriculture, employment/ empowerment, sports competition, peace and

security, and philanthropy and charity. To carry out these activities, the oil companies made use of Memorandum of Understanding (MoU) to reach out with the communities. However, the implementation of these MoU has remained contentious culminating in all manner of unrest in most of the host communities. Typical of these unrests was youth restiveness, mostly caused by unemployment and lack of education, among others. There was negative perception of the host communities as regards the CSR programmes of the oil companies.

It is recommended that MoU signed between oil companies and their host communities should be promptly and fully implemented. This will assure transparency, ensure trust and restore mutual respect between the two parties. To check the prevalent youth restiveness in the host communities, companies should embark on aggressive move to curb unemployment amongst the youth by encouraging self employment through skills acquisition programmes. These programmes should go beyond acquisition and empowerment to monitoring and reward for excellence as a way to continuously keep the youth away from restiveness. Finally, host communities should, on their part, ensure good relations with the oil companies as it is only in an atmosphere of mutual understanding and rapport between both parties that development can take place.

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