Assessing the Effects of Corporate Social Responsibility of Multinational Oil Companies on Riverrine Communities in Rivers State of Nigeria

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Abstract

The study examined effects of corporate social responsibility of multinational oil companies on riverine communities in Rivers State of Nigeria. In line with the objective of the study, three null hypotheses were formulated to guide the research. The theoretical framework was based on the sustainable development framework endorsed by the World Business Council. The study adopted descriptive survey research design. The population size was based on the National population commission, 2007 of Rivers State, which cut across the eighteen (18) Local Government Areas. A sample size of 400 people was obtained using Topman's formula for an infinite population. A purposive random sampling technique was further used to distribute the sample size across the five study centre selected. A self-constructed questionnaire instrument of five point likert scale was used in data collection. Frequency, percentages, bar and pie charts were used in analyzing both the demographic data of the respondents and to answer research questions, while Kendall tau_b was implored in testing the three hypotheses formulated. All the null hypotheses formulated were rejected. The research therefore revealed that: Shell host communities in riverine areas of Rivers State can only attest to less that 30 percent of their expectation from Shell in the area of electricity provision, they also acknowledged that shell has not done much in providing portable drinking water, constructing feeder roads for their communities and Shell has not provided adequate health facilities which had affected the health standard of the communities. It was concluded that, Shell does not involve the communities in the planning and implementation of CSRs, and that the communities have no sense of belonging as some of the CSRs shell may have embarked on are not touching their felt needs. It was therefore recommended amongst others that, multinational 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.

Keywords: Corporate Social Responsibility (CSR), Multinational Oil Companies (MOC) Shell Petroleum Development Company (SPDC), Socio-economic effect, riverine communities, capacity development.

1. Introduction

The conceptualization of the social expectation of business within the general context of corporate social responsibility (CSR) is a recent phenomenon, in both social development thinking and corporate culture. The emergence of CSR has been shrouded in controversy that has often taken the form of a polemic debate. While most observers agree that businesses have social responsibilities, the crux of the disagreement between critics and advocates of CSR relates to the nature and scope of these responsibilities encapsulated under the umbrella of CSR. It also relates to the differences in perceptions and understanding of the role and purpose of business in society.

However, contemporary realities such as the bifurcation of world politics, and globalisation, the information technology revolution and incidences of corporate misdemeanours have all ensured that CSR is not just a passing phase in the business-society relationship. As such, the issue is not so much whether corporations would imbibe the principles of CSR or not: rather, it is the extent to which CSR principles influence corporate decisions and practices (Davis, 1960). In other words, theemphasis is on focusing on the extent to which corporate rhetoric of CSR matches with practices and how CSR can contribute to sustainable development. It is evident that national CSR agendas are a product of historical and cultural factors, and often continue to mature according to the prevailing economic and political priorities of the country. In Nigeria, the proactive pursuit of CSR initiatives and its implementation as a business strategy is, to some extent, a novel and emerging concept (Okafor, 2003a; Ite, 2004). Nonetheless, the concept and practices of CSR seem to have taken a strong root in certain sectors of the Nigerian economy, notably in the oil and gas industry. On the one hand, crude oil production has since become the mitochondrion of the Nigerian economy, and therefore always at the centre of public scrutiny. On the other hand, securing asocial license to operate within the Niger Delta has over the years become a top priority issue for multinational oil corporations (MNCs) in the oil business. Given the high incidence of hostage taking, flow station occupation and violent conflict between the MNCs and their host communities. For example, IHT (2014) report that, given the increase in the spate of violence in the Niger Delta, the Shell Petroleum Development Company of Nigeria (SPDC) might not be able to continue onshore oil production beyond 2016.

The report also declared that Chevron Texaco lost roughly $750 million due to community strife and oil pipeline vandalisation. Available evidence suggests that until recently the evolution and deployment of CSR policies within Nigeria's oil industry was largely a defensive strategy adopted by the MNCs to help minimise reputation damage and reduce increasing cost of operation due to community strife. However, current CSR practices within the oil industry have now evolved to a norm, as opposed to being a defensive strategy. Multinational oil corporations have impacted immensely on the economic development of the Nigerian economy. Economists consider the primary objective of any business concern to be profit maximisation. However, business organisations are increasingly becoming aware of the need to be socially responsible for this objective to be realisable. This shift necessitates the acceptance of corporate social responsibility by business organisations.

Accordingly, Davis and Bloomstron (1975) posited that corporate social responsibility is the obligation of a business organisation to take actions, which protect and improve the welfare of society as a whole along with their interest. Consequently, multinational oil companies in Nigeria pursued economic efficiency and fulfilled every legal and official requirement imposed by the state tobe assured of government protection. In the typical scenario, villagers protest over pollution from firm's activities, youth storm company's premises hold workers hostages and demonstrate over non-provision of social amenities by the companies. These manifestations necessitate a paradigm shift in the understanding of responsibility by multinational oil companies in Nigeria. In the contemporary context, corporate social responsibility is now taken to involve all the activities of organisations in which their resources are expended. Such include the award of scholarship, financial support for charity, construction of public roads, sinking of water boreholes and pipe borne water, the building of schools and health centres. When business organisations perform these functions, they generate goodwill for themselves and reduce greatly all-impending constraints to their operations. In the same vein, Ola (1993) opines that business organisation's corporate social responsibility reduces the social cost and hazard of their operations. Also, Onwuchekwa (1996) sees corporate social responsibility as managements' preconceived response in accommodating environmental challenges for organisational stability.

1.1 Statement of Problem

The oil industry in Nigeria has its operations base in the Niger Delta. Most of the inhabitants' of this region are heavily dependent on the environment for livelihood through fishing and farming. Consequently, oil exploration has resulted in environmental degradation with implication for economic activities. The high incidence of poverty is in sharp contrast to the region's critical importance to the Nigerian economy. This has bred a sense of deprivation and alienation within the host communities, which has culminated in violent conflicts between host communities and oil companies since the 1990s. Furthermore, it is evident that if communities are not in conflict with oil companies over land rights, compensation for environmental degradation or the provision of socio-economic infrastructures, the oil companies are targeted as aproxy of the Federal Government of Nigeria (FGN).

1.2 Objectives of the Study

Based on the problem identified and enumerated above, the main objective of this study is to assess the socio-economic effect of SPDC's corporate social responsibility on Riverine Communities in Rivers State. The specific objectives are;

1. To assess the effect of infrastructural facilities development on the quality of life of inhabitants of the riverine communities in Rivers State.
2. To evaluate the effect of scholarship grants by Shell Petroleum Development Company on the capacity development of inhabitants of the riverine communities in Rivers State.
3. To determine the effect of communal job creation by Shell Petroleum Development Company on the standard of living of inhabitants of the riverine communities in Rives State.

1.3 Research Questions

To guide the study, the following research questions were asked;

1. To what extent would the creation of infrastructural facilities by Shell Petroleum Development Company improve the quality of life of the inhabitants of riverine communities in Rivers State?
2. To what extent would the offer of scholarship by Shell Petroleum Development Company enhance the capacity development of the inhabitants of the riverine communities in Rivers State?
3. To what extents would the employment of the inhabitants of the riverine communities by Shell Petroleum Development Company enhance the economic strength/standard of living of the inhabitants of the riverine communities in Rivers State?

1.4 Research Hypotheses

Based on the objectives above and research questions, the following null hypotheses have been formulated;

H_1: There is no significant relationship between infrastructural facilities development of Shell Petroleum

Development Company and the quality of life of the inhabitants of riverine communities in Rivers State.

H$_2$:   There is no significant relationship between scholarship grants by Shell Petroleum Development Company and capacity development of inhabitants of the riverine communities in Rivers State.

H$_3$:   There is no significant relationship between communal job creation by Shell Petroleum Development Company and the standard of living of inhabitants of the riverine communities in Rivers State.

2. Literature Review

Corporate social responsibility (CSR) occupies the centre stage of the discourse on the operations of transnational corporations (TNCs) in the extractive industry in the developing countries (Cragg and Greenbaum, 2002; Wheeler et al., 2002; Jenkins, 2004; Kapelus, 2002). The ease of access to information and communication technologies in this age of globalisation has galvanised community groups, environmentalists and human rights entities across national borders to challenge the social performance and environmental records of Transnational Corporations in developing countries. The crusade against TNCs hinges on the claims that they undermine environmental laws in the developing countries (Aiyede, 2004; Phillips, 1999). Oil firms are particularly notorious for violating environmental laws in Nigeria and fostering unsustainable development (Boele, et. al., 2001a). They have been accused of 'taking away the people's oil and polluting the environment without giving them anything in return' (Okonta, 2000).

This paper examines CSR with regards to the operations of oil firms in the riverine communities in the Rivers state of Nigeria. Neglect of environmental sustainability by oil TNCs has spurred their host communities into social movements and militant actions. As an analytical device, a CSR framework could help oil firms to understand how their unresponsive posture could trigger militancy against them. CSR is a useful conceptual framework for probing corporate attitudes of firms towards stakeholders (Wheeler *et al.*, 2002). Corporate attitudes determine the nature of the relationship between oil TNCs and their host communities (Anderson and Bieniaszewska, 2005; Jenkins, 2004), and whether such a relationship is harmonious or antagonistic. For communities in the Niger Delta Region, CSR constitutes a frame of reference for addressing environmental problems and socioeconomic dislocation caused by the operations of oil transnational corporations.

2.1 Empirical Review

Idemudia, (2014) examined oil companies and sustainable community development in the Niger Delta Nigeria: the issue of reciprocal responsibility and its implication for corporate citizenship, theory and practice. The study sought to examine community perceptions of reciprocal responsibility in the Niger Delta. A survey design was employed in the study. Chi-square was usedin testing data for the study. The study found out that local communities accept and have a clear sense of what constitutes their reciprocal responsibility. Also, there was limited evidence to suggest that multinational oil companies (MNCS) efforts at community development affected government community initiatives in the region.

Snapps studied in (2008) entitled "multi-national oil companies and their investment on social responsibility in Nigeria". The study was undertaken to find out how thebusiness performance of multinational oil companies operating in the Niger Delta can be used to determine the level of their investment in social responsibilities. The study worked with survey design. The result of the study showed that there was no clear pattern on how turnover of these companies predicts the amount they expend on social responsibility. The paper suggested the establishment of aregulatory agency for benchmarking on social responsibility and legislation on aminimum percentage of turnover as expenditure on social responsibility.

In another study, Idemudia and Ite (2006) "corporate community relations in Nigeria's oil industry: challenges and imperatives in addressing the incidence of violent conflict between host communities and oil companies in the Niger Delta Nigeria. Sought to examine the reasons why CSR and CCR in the Nigerian oil industry are still prone to conflict. They adopted the survey design approach and found out that there was a failure on the part of the oil industry to seek, understand and integrate community perceptions into CSR policies and practices. The paper recommended that CSR will improve if and when the need and aspiration of the major stakeholders are addressed through a tri-sector partnership to development and conflict resolution.

Edoho (2008), found a positive collaboration between effective corporate social responsibility and the deplorable human tragedies in the Niger Delta Region. Strategies that recognise and balance the vital interests and needs of the major stakeholders in the Nigerian oil industry and locating accountability were suggested as solutions to the problem of the region.

2.2 Theoretical Framework

The literature on CSR is extensive (Carroll, 1979, 1991, 1999, 2004). For this paper, we use the conceptualization endorsed by the World Business Council for Sustainable Development (WBCSD). CSR is 'the continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large'

(Holmes and Watts, 2000).This approach has an affinity with the earlier views of CSR as 'the managerial obligation to take action that protects and improves both the welfare of society as a whole and the interests of the organization' (Davis and Blomstrom, 1975, p. 6). Also, the obligation of business to contribute to social welfare beyond their role of producing goods and providing services (Frederick, 1994).

Evidence in the literature suggests two opposing views of CSR. First is the conventional view that considers CSR a 'misguided virtue' (Henderson, 2001). This view is vehemently opposed to CSR and advocates a limited role for business in society. The conventional view is widely embraced by TNCs operating in the developing countries. In Nigeria, the Shell Petroleum Development Company (SPDC, 2003) stated that "our most significant contribution comes from carrying out our direct business activities efficiently, profitably and to high standards. It also comes from the sizeable investments we make. These create wealth for the nation, through the substantial amounts of taxes and royalties generated, and the direct and indirect employment created."Until recently, oil TNCs were vehemently opposed to suggestions that they helped to provide infrastructures for socioeconomic development of their host communities in Nigeria 'on the ground that it was not their responsibility to do so' (Idemudia and Ite, 2005, p. 3). In fact, Shell had argued that its subsidiaries 'do not hold the solution to community demands for more amenities, more development, more employment and more control over oil revenues. That is primarily a government responsibility' (Shell International, quoted by Boele *et al.*, 2001a).

The second is a contemporary view of CSR that advocates social contributions, in addition to an economic role, of firms in asociety based on social contract. This view stems from the knowledge that the conventional view recognises only shareholders while ignoring other key stakeholders (Michael, 2003). The importance of recognising host communities as stakeholders is articulated by Ken Saro-Wiwa, who can be called the first 'environmental martyr' in Nigeria: "We refuse to accept that the only responsibility which Shell-BP owes our nation is the spoliation of our lands. . . . We shall continue to appeal to the . . . government . . .to . . .take cognizance of our desires about companies prospecting or operating on our soil" (quoted by Boele *et al.*, 2001b).Thus, for communities severely affected by oil spills and pollution, Shell's contribution to the federal revenue base alone is insufficient to grant it social legitimacy in its operating environment. Firms in the extractive industry face questions of legitimacy regarding how they address CSR through strategic initiatives (Wheeler *et al.*, 2002). Firms must address the welfare of all parties affected by their decisions and operations (Cragg and Greenbaum, 2002; Freeman, 1984). This is crucial because firms coexist symbiotically with other parties in a complex web of interlocking and mutually dependent relationships, reciprocal exchanges and expectations, and shared interests.CSR brings into sharp focus how the aggregate costs and benefits of resource exploitation are distributed among the stakeholders (Cragg and Greenbaum, 2002). In the oil industry, CSR would entail 'balancing the diverse demands of communities and the imperative to protect the environment with the ever present need to make profit' (Jenkins, 2004). CSR strategies can help oil firms in the Niger Delta Region to re-evaluate their behaviour towards their stakeholders to foster healthy relationships (Idemudia and Ite, 2005).

2.3 Study Variables and Research Framework

In this study, Corporate Social Responsibility is our predictor variable while Socio-Economic Effect is our criterion variable. The attributes of these variables are Infrastructural Development, Scholarship Scheme, Employment and Sustainable Development respectively.
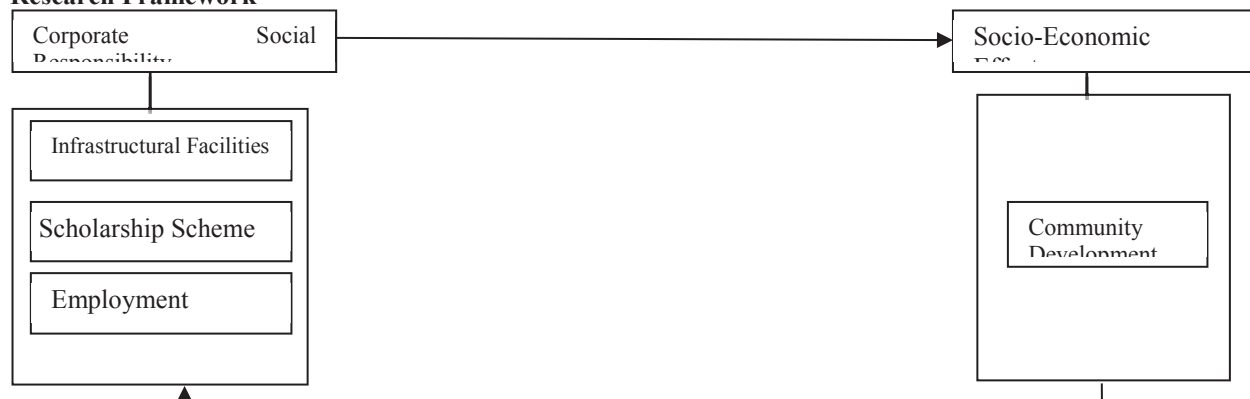
3. Research Methodology
Research Framework

Figure1: Conceptual Framework of the Association between Corporate Social Responsibility and Socio-Economic Effects.
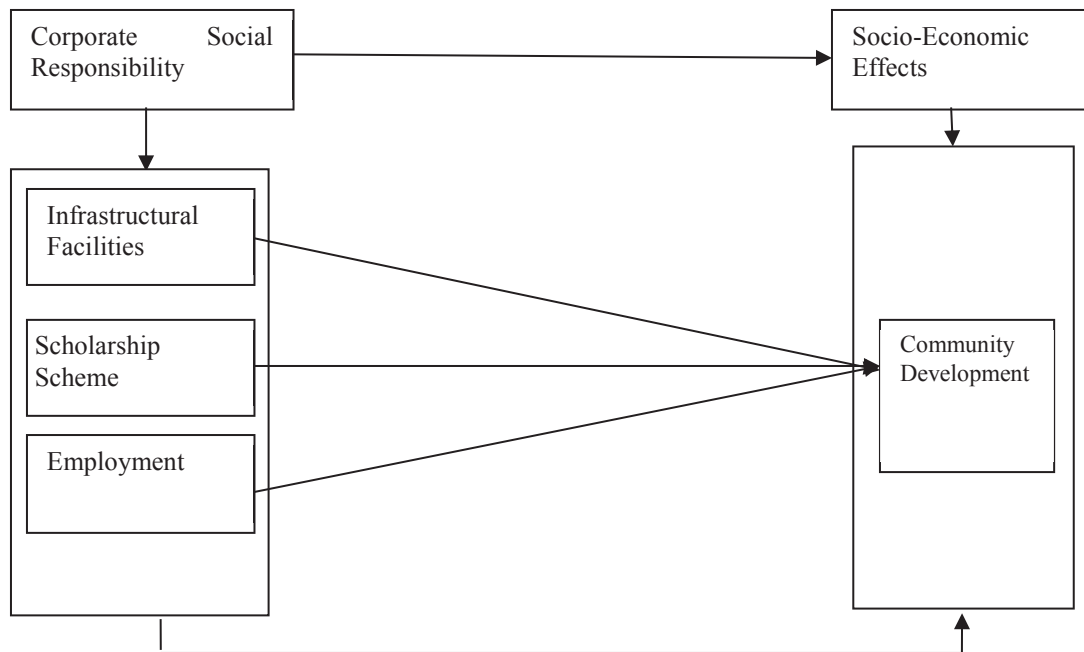
Source: (Desk Research, 2016)

Figure2: Operationalization of the Association between Corporate Social Responsibility and Socio-Economic Effects
Source: (Desk Research, 2016)

3.1 Research Design
This study adopted the survey research design aimed at gathering information from a representative sample of the population. A cross-sectional data was used to describe and interprets what exists at present. The study collected data from the rural communities in Rivers state where there is aheavy presence of multinational oil companies (MOCs). Both primary and secondary data were used for the study. The primary data was collectedthrough the use of semi-structured interview questionnaire (SSI), observation as well as some focused group discussion. Secondary data were gathered from the internet, records of some community gatekeepers and the state ministries.

3.2 Study Area
The study was carried out in Rivers State; the state has its capital asPort Harcourt, a cosmopolitan city which makes it the second largest commercial centre in Nigeria. Rivers State has a diverse ethnic population of about 2,355,812 (NPC, 2007). The state occupies an area of 11,077km^2 andis bounded on the South by the Atlantic Ocean, to the North by Imo, Abia and Anambra States, to the East by Akwa Ibom State and the West by Bayelsa and Delta states. It is home to many indigenous ethnic groups: Ikwerre, Ibani, Opobo, Eleme, Okrika, Kalabari, Etche, Ogba, Ogoni, Engenni and others. The major languages are Ijaw and Ikwerre, although 23 languages are spoken altogether. The state has innumerable rivers, some of which include: Barbara, Bonny,New-Calabar, Nun Orashi Santa, San Bartholomew,Sombrairo andSt Nicholas River. Rivers State accounts for over 40% of Nigeria's crude oil production and food production - no wonder it's called the 'treasure base of the nation'. Also, there are two major refineries and
seaports in Rivers state, with various industries spread across it.

3.3 Population of the Study
One simple way to capture the concept of thepopulation that all can relate to is the concept of thepopulation from the perspective of demography (Onodugo*etal.*, 2010). The population of interest for this study is the entire population of the Rivers State Nigeria. This population according to the 2007 national census is put at, 2,673,026 males and 2,525,690 females spread in the 23 local government areas.

Table 1: Population of rivers state by the LGAs

S/N	LGAs	Population
1	Port Harcourt	541,115
2	Obio-Akpor	464,789
3	Okrika	222,026
4	Ogu–Bolo	74,683
5	Eleme	190,884
6	Tai	117,797
7	Gokana	228,828
8	Khana	294,217
9	Oyigbo	125,687
10	Opobo–Nkoro	151,511
11	Andoni	216,009
12	Bonny	215,358
13	Degema	249,773
14	Asari-Toru	220,100
15	Akuku-Toru	156,006
16	Abua–Odual	287,988
17	Ahoada West	249,425
18	Ahoada East	166,747
19	Ogba–Egbema–Ndoni	284,326
20	Emohua	201,901
21	Ikwerre	189,726
22	Etche	249,454
23	Omuma	100,366
	Total	**5,198,716**

Source: National population commission 2007

3.4 Sample Size Determination

For the purpose of this research, eighteen (18) local government were selected which is 4,172,943, representing 80% of the Rivers State population. To reduce the number to an appropriate sample size, Topman formula was implored, using with 95% degree of freedom at 5% error tolerance. The sample size is calculated thus:

$$n = \frac{z^2 p.q}{e^2}$$

n = required sample size

z = the value of z-score associated with degree of confidence

p = probability of positive responses

q = probability of negative responses

e = tolerable error

Since there was no pilot test carried out, p = 0.5   q=0.5 at   e=0.05   z = 1.96.

n = $\frac{(1.96)^2 \times 0.5 \times 0.5}{(0.05)^2}$

n = $\frac{3.8416 \times 0.25}{0.0025}$

= $\frac{0.9604}{0.0025}$

= 384.16

The sample size was therefore round off to 400, due to the large population size in the study.

3.5 Sampling Technique

A purposive random sampling technique was used in this study. Five study centres namely Okirika, Kuala, Bonny Island, Premabiri and Kalabari were purposively selected to represent the study area. These centres were selected based on (1) they are purely riverine areas of the state and (2) the presence of Shell Petroleum Development Company is heavy in the centres as follows: Alakiri Gas Plant - Okirika, Ekulama Flow Station-Kuala, Bonny Terminal/Flow Station - Bonny Island, Diebu Creek Flow Station – Premabiri and Soku Gas Plant – Kalabari.At the second stage, eighty respondents were randomly selected from each of the communities

chosen in the first stage, making a total of Four Hundred (400) respondents as determined by the sample size above. Out of four hundred copies of aquestionnaire distributed, three hundred and twenty (320) copies were returnedfilled. This represents80% of the entire questionnaire distributed.

3.6 Analysis Technique

The mass of data collected from respondents on the field were subjected to series of treatment. They were presented, for simplicity, using appropriate tables, bar charts, pie charts as well as texts. The SPSS(version 20) software package was used in generating and analysing the statistics for the study. Frequency, percentages, bar and pie charts were used in analysing the demographic data of the respondents as well as research questions, while Kendall tau_b was employed in analysing the hypotheses formulated. The questionnaire instrument was based on five-point Likert scale, Which is specified as follows; Very Little Extent (VLE) = 1 point with real limits of 0.5-1.49; Little Extent (LE) = 2 points with real limits of 1.50-2.49; Undecided (U) = 3 points with real limits of 2.50-3.49; Great Extent (GE) = 4 points with real limits of 3.50-4.49, Very Great Extent (VGE) = 5 points with real limits of 4.50-5.0

4. Data Presentation, Analysis and Discussion of Findings
Socio-economic characteristics of the respondents
Table 2: Percentage distribution of respondents by their Gender

GENDER

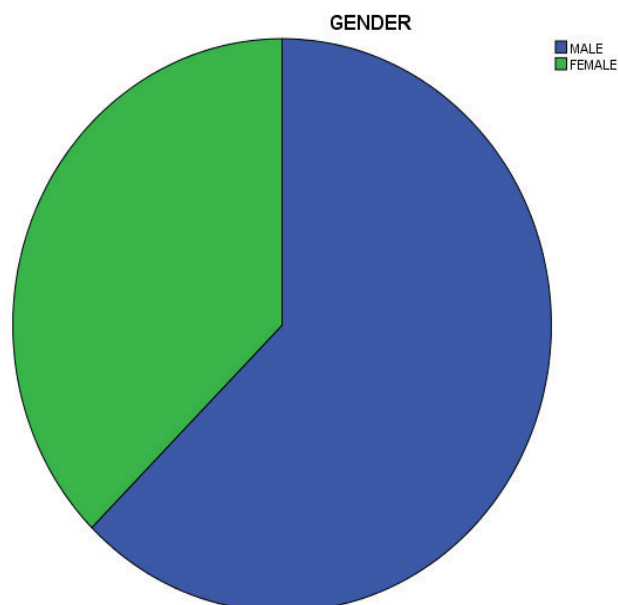|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	200	62.5	62.5	62.5
	FEMALE	120	37.5	37.5	100.0
	Total	320	100.0	100.0	

Source: SPSS output, 2016

Figure 3: Pie chart on the Gender of the respondents

Source: (SPSS output, 2016)

From the Table 2 above, out of the selected 320 respondents, 200 representing almost 62.5 percent were men while 120 respondent representing 37.5 percent were women. This finding shows those male headed households are still more than female headed households in the Rivers State. The findings do not agree absolutely with Idemudia, U. (2002), Okunmodewa, F. (2002) who opined that females head that majority of the household in the South –south of Nigeria due to massive death of males following incessant crisis.

Table 3: Percentage distribution of respondents on their Highest Educational Qualifications

EDUCATIONALQUALIFICATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NONE	30	9.4	9.4	9.4
	FSLC	58	18.1	18.1	27.5
	O LEVEL	85	26.6	26.6	54.1
	OND/NCE/TC11	64	20.0	20.0	74.1
	HND/BSC	71	22.2	22.2	96.3
	POST GRADUATE	12	3.8	3.8	100.0
	Total	320	100.0	100.0	

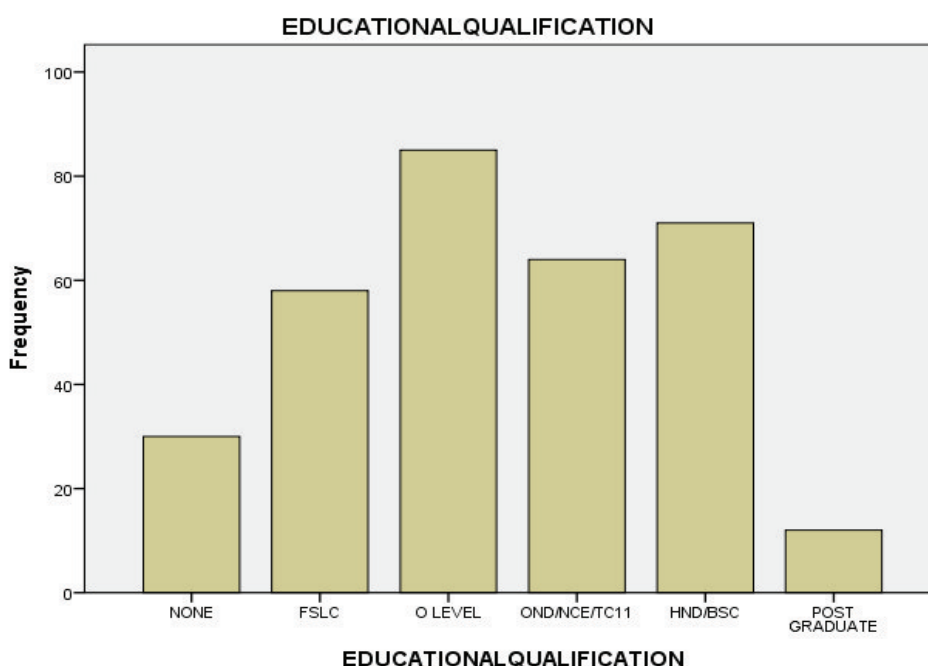**Source:** SPSS output, 2016

Figure 4: **Bar chart of the educational qualification of the respondents**

Source: SPSS output, 2016

Table 3 above revealed that 9.4 percent of the respondents did not attend any form of formal education, while 18.1 percent completed primary school. 26.6 percent completed secondary school level while 20 percent attended post-secondary education to the level of NCE, ND or TCII. Also, 22.2 percent finished degree courses with either Higher National Diploma HND or Bachelor's degree, while only 3.8 percent attempted post-graduate education such as PGD, M.Sc and above. This shows that 90.6 percent of the population represented by the sample can read and write while only 9.4 percent cannot. This is in agreement with Idemudia and Ite, (2005), Uzagu (2015)

Table 4: Percentage distribution of respondents on their primary occupation

PRIMARYOCCUPATION

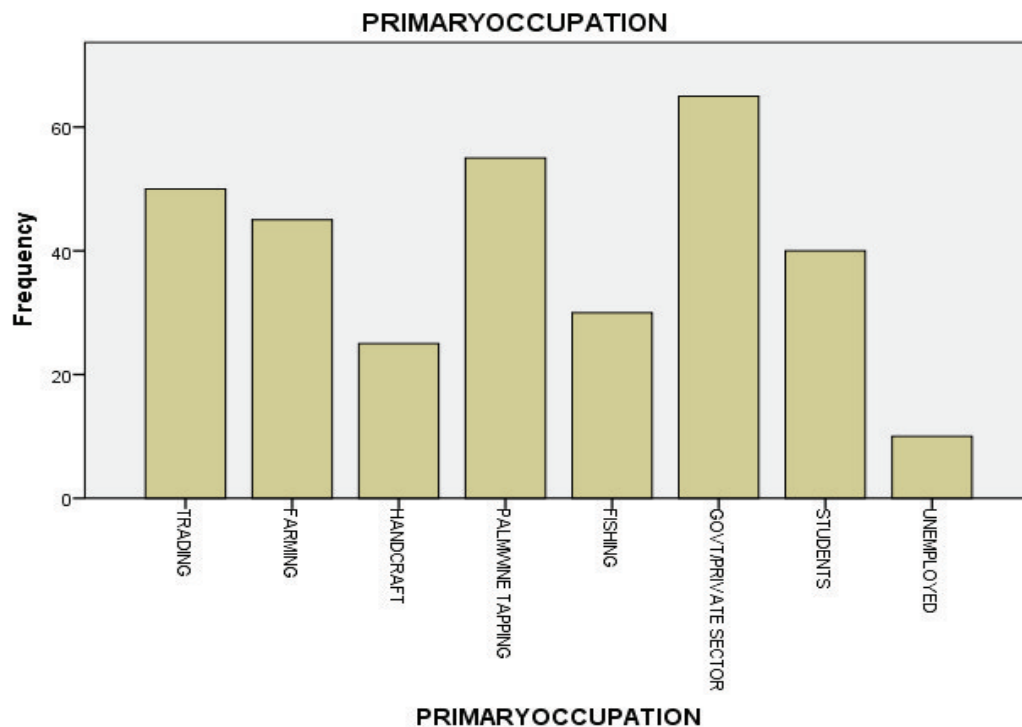|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TRADING	50	15.6	15.6	15.6
	FARMING	45	14.1	14.1	29.7
	HANDCRAFT	25	7.8	7.8	37.5
	PALMWINE TAPPING	55	17.2	17.2	54.7
	FISHING	30	9.4	9.4	64.1
	GOVT/PRIVATE SECTOR	65	20.3	20.3	84.4
	STUDENTS	40	12.5	12.5	96.9
	UNEMPLOYED	10	3.1	3.1	100.0
	Total	320	100.0	100.0	

Source: SPSS output, 2016

Figure 5: Bar chart of the primary occupation of the respondents

Source: SPSS output, 2016

Table 4 revealed that, 15.6 percent of the respondents were traders 14.1 percent were farmers,7.8 percent of them were involved in handicraft, 17.2 percent of them were palm wine tappers, 9.4 percent of them were fishermen, and the government either employed 20.3 percent of them in the public sector or by the private sector. Also, 12.5 percent were students, while 3.1 percent of the respondents were unemployed. This simply shows that the occupation of the riverine areas that was dominated by farming and fishing has changed due to constant damages of soil and water by oil spillages. The oil occupation accounted for only 23.5 percent of the response, hence agreeing with Abagail, D. and Donald, N. (2002); Idemudia, U. (2002) and Kaliski, B. (2007) that the people may have suffered absolute hardship as a result of environmental pollution.

Table 5: Percentage distribution of respondent's status in the community

STATUSINTHECOMMUNITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TRADITIONAL RULER	15	4.7	4.7	4.7
	YOUTH LEADER	38	11.9	11.9	16.6
	WOMAN LEADER	40	12.5	12.5	29.1
	CABINET LEADER	10	3.1	3.1	32.2
	CITIZENS	195	60.9	60.9	93.1
	MIGRANTS	22	6.9	6.9	100.0
	Total	320	100.0	100.0	

Source: SPSS output, 2016
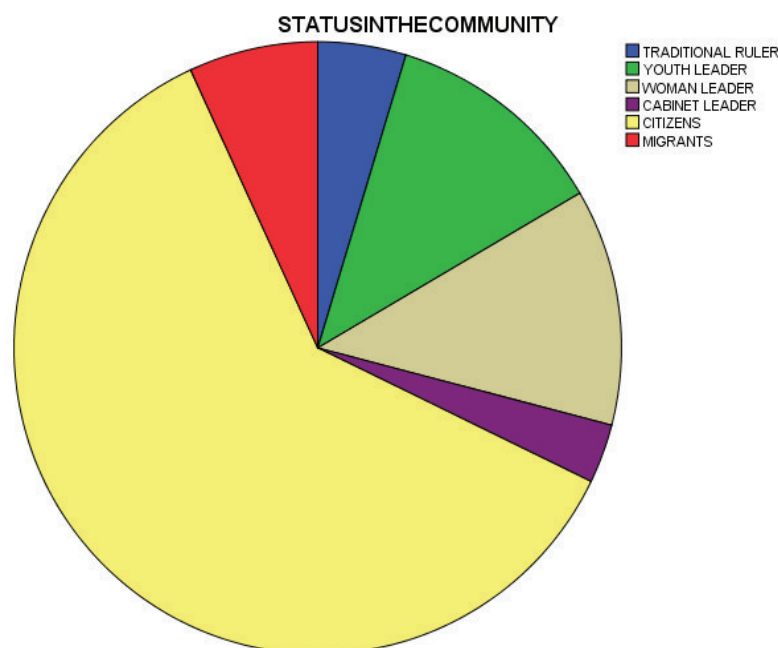
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Figure 6: Pie chart of the respondents showing their status in the community

Source: SPSS output, 2016

Out of the 320 respondents interviewed, 4.7percent of them were atraditional ruler, 11.9 percent were youth leaders, 12.5 percent of them were women leaders, 3.1 percent of them were cabinet chiefs, 60.9 percent were citizens, while 6.9 percent of the respondents were migrants.

Table 6: The Effects of Creation of Infrastructural Facilities by Shell Petroleum Development Company on the host communities

To what extent has the creation of infrastructural facilities by Shell petroleum development company improved the quality of lives of the inhabitants of riverine communities in Rivers State?

		VGE / GE		VLE/LE		Undecided		Total
		Freq.	%	Freq.	%	Freq.	%	Freq.
1	To what extent has your communities benefited from electricity provided by the Shell oil company	90	28.1	175	54.7	55	17.19	320
2	To what extent has your communities benefited from portable drinking water provide by the Shell oil company to their host communities	89	27.81	181	56.56	50	15.63	320
3	Shell Oil company provides adequate health facilities which have improved the health standard in your communities.	112	35	172	53.75	36	11.25	320
4	To what extent have Shell oil company been involved in the constructions of accessible road network in your community	90	28.1	175	54.7	55	17.19	320
5	Shell oil company provide recreational and civic centres to your community	120	37.5	162	50.63	38	11.89	320
		501	31.31	865	54.06	234	14.63	1600

Source: Researchers' Analysis, 2016

The findings in Table 6 above shows that the aggregate response of Very Great Extent (VGE), and Great Extent(GE) for the five questionnaire items is 31.31% and 54.06% indicated Very Low Extent (VLE) and Low Extent (LE) while 14.63% indicated Undecided (U).This simply shows that the creation of infrastructural facilities by shell petroleum has improved the quality of lives of the residents of riverine communities in Rivers State to a very low extent. The result of Shell CSRs programmes on thesocio-economic life of the host

communities revealed that Shell host communities in the riverine areas of Rivers state could only attest to less than 30 percent of their expectation from Shell in the area of Electricity. About 72% of the respondents believe that Shell has not done much on the issue of provision of electricity to the host communities. Shell host communities also acknowledge that Shell did not provide portable drinking water, Shell did not construct feeder roads for their communities rather that the roads they did were not for the communities but as access to Shell location site. Shell could not provide adequate health facilities which had affected the health standard of the communities. These findings agree with Uzoagu (2015); Idemudia (2012) Kaliski, (2010); Abagail and Donald (2012).

Table 7: Kendall's tau_b Tests Output

Correlations

			Infrastructural Facilities	Quality of Life
Kendall's tau_b	Infrastructural Facilities	Correlation Coefficient	1.000	.617**
		Sig. (2-tailed)	.	.000
		N	320	320
	Quality of Life	Correlation Coefficient	.617**	1.000
		Sig. (2-tailed)	.000	.
		N	320	320

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Author's calculations 2016

From the result of the above table, the correlation coefficient (r = 0.617) between infrastructural facilities and quality of life of the inhabitants of riverine communities in Rivers State is strong and positive. The coefficient of determination (r^2 = 0.38) indicates that infrastructural facilities can explain 38% of quality of life of the inhabitants of riverine communities in Rivers State. The significant value of 0.000 (p< 0.05) reveals a significant relationship. Based on that, the null hypothesis was rejected. Therefore, there is a significant relationship between infrastructural facilities development of Shell Petroleum Development Company and the quality of life of the inhabitants of riverine communities in Rivers State.

Table 8: The Effects of Scholarship Grants by Shell Oil Company on the host communities

To what extent has the offer of scholarship by shell petroleum enhance the capacity development of the inhabitants of the riverine communities in Rivers State?

		VGE / GE		VLE/LE		Undecided		Total
		Freq.	%	Freq.	%	Freq.	%	Freq.
6	To what extent has Shell Oil company provided scholarship schemes for the youths of your community in educational institutions	96	30	188	58.8	36	11.2	320
7	Shell oil company has provided school blocks to the schools in your community	90	28.1	185	57.8	45	14.1	320
8	Shell oil company has provided laboratory equipment and computers to the schools in your community.	100	31.3	180	56.3	40	12.5	320
9	The creations of school support programmes by Shell oil company indigenes of your community have helped to develop the people intellectually to what extent.	88	27.5	195	60.9	37	11.6	320
		374	29.2	748	58.5	158	12.3	1280

Source: Researchers' Analysis, 2016

The findings in Table 8 above shows that the aggregate response of Very Great Extent (VGE), and Great Extent(GE) for the four questionnaire items is 29.4% and 58.5% indicated Very Low Extent (VLE) and Low Extent (LE) while 12.3% indicated Undecided (U).This simply shows that the offer of scholarship by shell petroleum has enhanced the capacity development of the residents of the riverine communities in Rivers State to a low extent. The much talked about scholarship schemes for the youths in educational institutions also appear to be on papers as the response show that the shell scholarships, provision of school support materials, laboratory equipment for schools, building school blocks fall within about 29 percent which is less than expected. The study is in agreement with Idemudia (2015), (Ite, 2012) and is in contrast toEdoho (2008) and Okunmodewa (2002) who asserts that Shell has a long history of assisting the communities in Niger Delta.

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Table 9: Kendall's tau_b Tests Output

Correlations

			Scholarship Grant	Capacity Development
Kendall's tau_b	Scholarship Grant	Correlation Coefficient	1.000	.628[**]
		Sig. (2-tailed)	.	.000
		N	320	320
	CapacityDevelopment	Correlation Coefficient	.628[**]	1.000
		Sig. (2-tailed)	.000	.
		N	320	320

 **. Correlation is significant at the 0.01 level (2-tailed).

Source: Author's calculations 2016

From the result of the above table, the correlation coefficient (r = 0.628) between scholarship grantby Shell Petroleum Development Company and capacity development of inhabitants is strong and positive. The coefficient of determination (r^2 = 0.39) indicates that scholarship grant can explain 39% of capacity development of inhabitantsby Shell Petroleum Development Company. The significant value of 0.000 (p< 0.05) reveals a significant relationship. Based on that, the null hypothesis was rejected. Therefore, there is a significant relationship between scholarship grants by Shell Petroleum Development Company and capacity development of inhabitants of the riverine communities in Rivers State.

Table 10: The Effects of Communal Job Creation by Shell Oil Company on the host communities

To what extent would the employment of inhabitants of the riverine communities by Shell petroleum development company enhance the economic strength/standard of living of the inhabitants of the riverine communities in Rivers State?

		VGE / GE		VLE/LE		Undecided		Total
		Freq.	%	Freq	%	Freq	%	Freq.
10	To what extent has Shell Oil Company designed and implemented manpower development programmes for the youths of the communities.	122	38.1	162	50.6	36	11.3	320
11	Shell oil companies provide Agricultural facilities to the farmers in your community, and that has enhanced their living standard.	90	28.1	185	57.8	45	14.1	320
12	Shell oil company has developed skill acquisition centres that have help the youth of your community to create job for themselves	125	39.1	172	53.8	23	7.2	320
13	Giving the local people an opportunity by SHELL to acquire gainful employment have helped to improve their living standard	112	35	182	56.9	26	8.1	320
14	Making out an appropriate proportion of employment spaces for your community members has helped improve on the financial position of the people	108	33.8	200	62.5	12	3.8	320
15	Operation of Shell oil company is justified by offering indigenous graduates opportunity to work in their company	85	26.6	196	61.3	39	12.2	320
		642	33.4	1097	57.2	181	9.4	1920

Source: Researchers' Analysis, 2016

The findings in Table 9 above shows that the aggregate response of Very Great Extent (VGE), and Great Extent(GE) for the six questionnaire items is 33.4%, 57.2% indicated Very Low Extent (VLE) and Low Extent (LE) while 9.4% indicated Undecided (U).This simply shows that the employment of citizens of the riverine communities by shell petroleum has not enhanced the economic strength/standard of living of the residents of the communities to a very great extent. Unlike other multi-national oil companies that havemanpower development programmes that provided jobs to host communities and had reduced unemployment through skills acquisition and has made many self-employed and employers of labour; Shell could not meet up with any of these CSRs. This agrees with Alibi &Ntukepo (2012);Ogutade&Mafimisebi (2011), Friends of Earth (2004), 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.

Table 11: Kendall's tau_b Tests Output

Correlations

			Job Creation	Standard of Living
Kendall's tau_b	Job Creation	Correlation Coefficient	1.000	.761[**]
		Sig. (2-tailed)	.	.000
		N	320	320
	Standard of Living	Correlation Coefficient	.761[**]	1.000
		Sig. (2-tailed)	.000	.
		N	320	320

Source: Author's calculations 2016

From the result of the above table, the correlation coefficient (r = 0.761) between communal job creation by Shell Petroleum Development Company and the standard of living of inhabitants is strong and positive. The coefficient of determination (r^2 = 0.58) indicates that 58% of communal job creation can be explained by the standard of living of inhabitants. The significant value of 0.000 (p< 0.05) reveals a significant relationship. Based on that, the null hypothesis was rejected. Therefore, there is a significant relationship between communal job creation by Shell Petroleum Development Company and the standard of living of inhabitants of the riverine communities in Rivers State

Summary of Findings

- There was a significant relationship between scholarship grants by Shell Petroleum Development Company and capacity development of inhabitants of riverine communities in Rivers State.
- There was a significant relationship between communal job creation by Shell Petroleum Development Company and standard of living of inhabitants of riverine communities in Rivers State

5. Conclusion

The result of Shell CSRs programmes on thesocio-economic life of the host communities revealed that Shell host communities in the riverine areas of Rivers state could only attest to less than 30 percent of their expectation from Shell in the area of Electricity provision. Shell host communities also acknowledge that Shell has not done much in providing portable drinking water, constructing or constructing feeder roads for their communities. Shell has not provided adequate health facilities which had affected the health standard of the communities. The much talked about scholarship schemes for the youths in educational institutions also appear to be on papers. This is because infrastructural facilities can explain only38% of the quality of life of the inhabitants of riverine communities in Rivers State, 39% of the capacity development of inhabitants can be explained by scholarship grant by Shell Petroleum Development Company, and 58% of communal job creation can be explained by the standard of living of inhabitants.   The study hence concludes that because Shell does not involve the communities in the planning and implementation of CRSs, the communities have no sense of belonging as some of the CSRs Shell may have embarked on are not touching their felt needs.

5.1 Recommendations

- The SPDC CSRs to their host communities should be better organised and targeted to the felt needs which will be acknowledged by their host communities to cushion the agitations that often led to conflicts with the oil company (Shell).
- Shell Oil companies should recognise 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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